see something here?

Greenply Industries Limited > Annual report, 2010-11

foresight.

product excellence.

environment friendliness.

all at Greenply

Contents

the company

Vision

- Making every house colourful, filled with vibrant interiors
- Helping India gain a significant position globally
- Transforming every house into a home

Mission

- Ensure timely delivery of high-quality products
- Help the country achieve worldwide renown
- Create a cordial atmosphere within the organisation
- Implement environmentally and socially-considerate decisions for our Company and the community

Location and presence

Greenply's corporate office is in Kolkata (West Bengal), and is present in seven state-of-the-art Indian manufacturing locations in West Bengal, Rajasthan, Gujarat, Nagaland, Himachal Pradesh and Uttarakhand. Brand presence is extended internationally, with one overseas office and two wholly-owned subsidiaries.

Marketing and distribution

The Company has 38 branches in Indian state capitals and major cities across more than 13,000 distributors, dealers, sub-dealers and retailers.

Portfolio

Greenply is India's premier interior infrastructure company that manufactures, markets, distributes and brands plywood, laminates, decorative veneers and medium density fibreboards. These products constitute basic interior building materials responsible for residential and commercial space attractiveness, safety and security. Over the past 25 years, the Company has created multiple growth drivers by developing a portfolio of world-class products.

The Company owns three strategic business divisions - plywood and allied products, laminates and allied products and medium density fibreboard. The Company enjoys a presence across diverse price points. The Company is the largest laminate company in Asia and globally the fifth largest, in terms of production capacity.

Pride-enhancing certifications:

- ISO 9001, ISO 14001 and OHSAS 18001 certifications for its Behror, Pantnagar, Nalagarh and Kriparampur units.
- ISO 9001 certification for Bamanbore unit.
- Greenguard Certification for Greenlam Laminates products.
- Green Fire Retardant Plywood certified by the Central Building Research Institute (CBRI).
- FSC accredited with a "Chain of Custody" certification for its Kriparampur, Bamanbore and Pantnagar units.
- Winner in the Inc. India 500 Awards for India's best performing enterprises.
- Chosen as 'Power Brand' for 2010-11 by Indian consumers.
- Social Accountability Certificate SA 8000 for our Kriparampur unit.
- Star Export House.

Listing

The Company's equity shares are listed on the NSE and the BSE. The promoters held 55% of the Company's equity with a market capitalisation of ₹473 crore as on March 31, 2011.

highlights, 2010-11

In numbers

- Net sales grew 39.55% from ₹871.41 crore in 2009-10 to ₹1,216.09 crore
- EBIDTA grew 24.44% from ₹93.57 crore in 2009-10 to ₹116.44 crore
- Post tax profit declined from ₹49.57 crore in 2009-10 to ₹25.09 crore.

On the shop floor

- Registered a 12.67% increase in plywood production from 26.36 mn sq.mtr in 2009-10 to 29.70 mn sq.mtr; capacity utilisation increased from 110% in 2009-10 to 119%
- Enhanced laminate production by 30.14% from 7.20 mn sheets in 2009-10 to 9.37 mn sheets; achieved capacity utilisation of 94% on the increased capacity of 10.02 mn sheets per annum.
- Decorative veneer production increased 16.81% from 1.19 mn sq.mtr in 2009-10 to 1.39 mn sq.mtr with an average capacity utilisation of 33%
- Strengthened Green Mantra practices in factories through soft-skills training, enhancing manpower retention and return on investments

In the market place

- Positioned our brand around the green platform through specific initiatives.
- Capitalised on promotional and advertisement expenditure made in the previous year, translating into a higher organised plywood market share of 35% against 30% in 2009-10
- Enhanced share of value-added flush door sales from ₹30.12 crore in 2009-10 to ₹43.90 crore in 2010-11
- Enhanced rural sales from ₹30 crore in 2009-10 to ₹63 crore in 2010-11

In the Boardroom

- The Company became the first interior infrastructure company to cross ₹1,000 crore revenues (standalone)
- The Company opened 11 one-stop gallery outlets (Green Design Studio) providing a world-class interior shopping experience. The Company also opened a few Green Shoppes and New Mika Shoppes to cater to a superior shopping experience.
- Greenply expanded its Gujarat plywood plant.

our performance

our strengths

Rich experience
The promoters of Greenply Industries Limited possess a near-three decade business experience across industry cycles, regions and products.

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

Market share
Greenply is a leading player in each of its business spaces. The Company accounts for almost 35% of India's organised plywood market and 22% of the organised laminates market.

Product range
Greenply is respected for its extensive product range across verticals from the economy to the premium end. Greenply covers most price points and graduates consumer choice based on growing budgets.

Brand appeal

The Greenply brand generates an immediate recall for a product of international quality at Indian prices. Greenply was selected by consumers as Power Brand 2010-11, following extensive research by Indian Council for Market Research (ICMR), endorsing its appeal.

Strategic locations

Greenply's facilities are located near raw materials or markets. Its Nagaland and Uttarakhand units are located near abundant raw material resources; its West Bengal and Gujarat units are located near ports leading to low transportation costs; its Tizit, Pantnagar and Nalagarh plants are located in tax-efficient states.

Competitive advantage

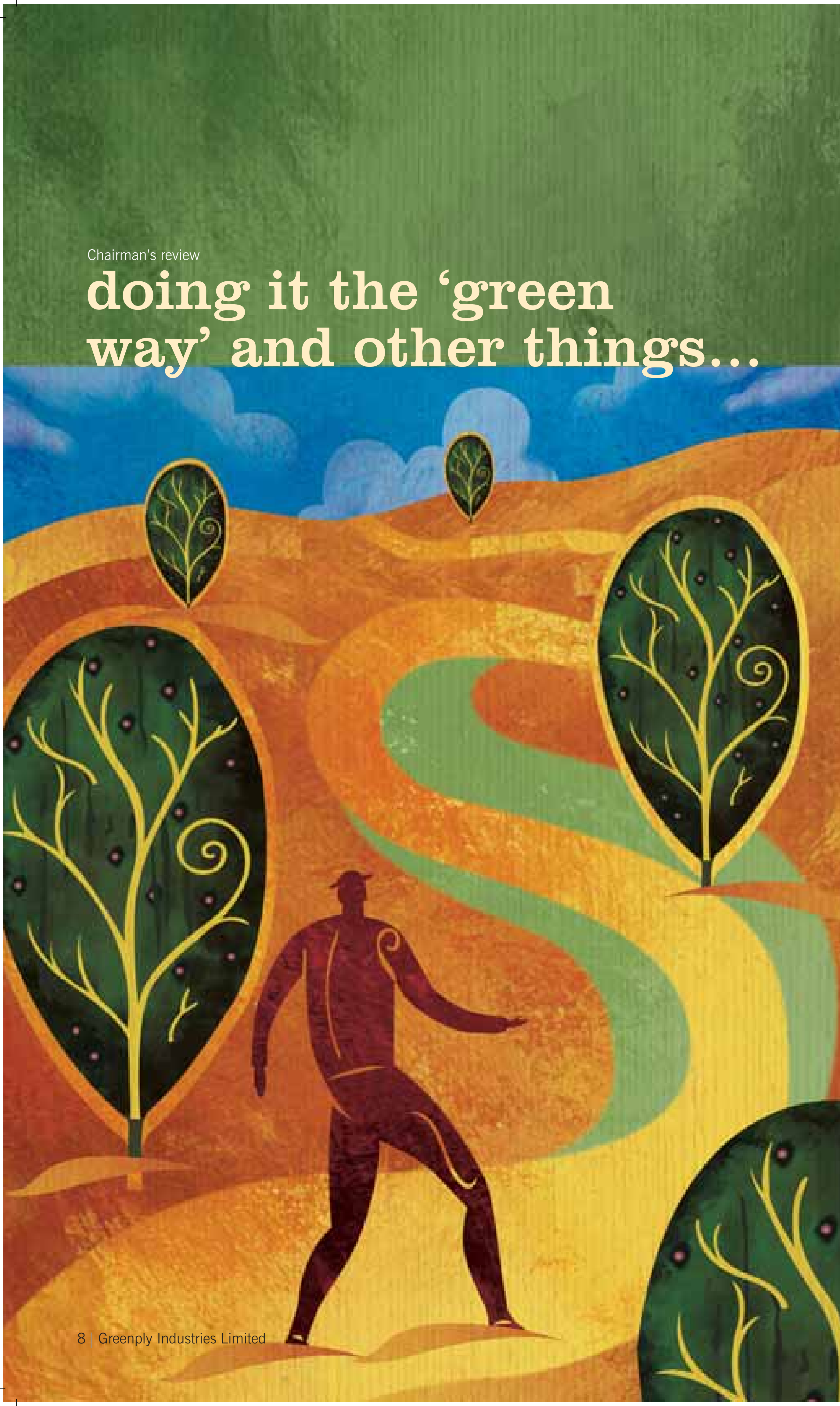
Greenply holds production licenses in the ply and board segment where the government regulates industry entry.

Employee strength

Greenply employs more than 4,000 talented people across its offices and factories.

Chairman's review

doing it the 'green way' and other things...



Dear Shareholders,

Let me start with a brief post mortem.

Our Company reported a 39.55% increase in its topline in 2010-11, but a temporary decline in the bottomline owing to certain reasons that we have since resolved and corrected.

This is perhaps an opportune time to ask: How do we keep growing? How do we do it again - and again?

The answer lies in 'a green way' which is as simple as taking care of our stakeholders' expectations and keeping them happy. The better we do this, the more effective we become.

This 'green way' essentially begins with the product that we are making. It is my conviction that the product that we make must serve an unmet need of society. It must not only stand for a certain pioneering feature – however aware I may be that such leads are usually plugged by competing forces – but be produced in a manner that makes it responsibly relevant in the world. The more we do this, the more enthused our trade partners would be (for they would now have newer products with which to excite customers) and our brand would emerge stronger.

At Greenply, we have a fair record of having done so over the last number of years that we have been in business. We invested in eco-friendly processes – we invested in the rice husk-based co-generation plant to produce power. Besides, our 'Green Strategy Group' is engaged in procuring raw materials from renewable resources. We are giving back to the planet through the planting of around half a million saplings in forest tribal areas. These initiatives are expected to reinforce our responsibility and sustainability in an increasingly sensitive world. It might be pertinent to indicate that a part of our power consumption was derived from captive 'green' sources; a major percentage of our raw material consumption was accounted by environment friendly inputs. These numbers will increase through our growing commitment to responsible manufacture in the coming years.

At Greenply, we recognise that the happier one's employees, the stronger the company. Over the years, we have trained and empowered our employees; our employees are our emotional owners and the result is high productivity and performance that helped created a culture of enduring excellence.

At Greenply, we recognise that if we are to remain profitably and sustainably in business, we need to be relevant to society. We need to ensure that our prosperity extends beyond our doors, reducing income and opportunity inequity. This resulted in specific initiatives by our Company – education, accommodation and facilities for girl children in Uttar Pradesh and West Bengal, the *Mera Abhiyaan Meri Pehchaan* programme for life-skill education and health interventions, tree plantation in the tsunami-affected Tamil Nadu and associating with the Save Tiger movement with *ARTIGER*.

The interplay of these initiatives – products, people and society – will translate into superior value that sustains our growth over the foreseeable future.

And it is precisely for this reason that I would treat the bottomline decline in 2010-11 as a temporary aberration that will soon correct itself and return us to profitable growth over the foreseeable future.

Sincerely,

S.P. Mittal, *Executive Chairman*

The Executive Directors' review the Company's performance for 2010-11 and look ahead

"We expect to raise our MDF plant's capacity utilisation to 60% in 2011-12, which should help us generate revenues of ₹220 crore from this plant and ₹1,700 crore on the overall at higher EBIDTA margins than what we reported in 2010-11."

Were you pleased with the performance of the Company during the year under review?

The year 2010-11 was challenging and we performed below our potential. These were some of the reasons why the year proved more difficult than usual:

We faced technical issues in the stabilisation of our Uttarakhand MDF and Nalagarh laminate plants; we failed to generate the kind of production that we anticipated and could not cover adequately the interest and depreciation that was charged, resulting in a decline in our net profit from ₹49.57 crore to ₹25.09 crore. It is our estimate that we lost ₹170 crore in estimated revenues and ₹24 crore by way of estimated EBIDTA, owing to snags in our MDF plant.

On the positive side, the decline in profits could have been worse, had it not been for our comprehensive product mix, the ability to customise our various products, our operational efficiency across the other products and the strength of our brand.

Shareholders need to know whether the technical issues have been resolved.

Before answering this question, it would be important to state that the MDF plant was set up with a clear objective: To provide consumers with an intermediate alternative to plywood products. Over the foreseeable future, with licensing in this product segment becoming increasingly stringent, we see a relative tapering of supply even as demand from the interior infrastructure sector continues to increase. We created our MDF capacity – nearly half the country's existing demand - as a plywood alternative with this scenario in mind. We commissioned this unit to manufacture an import substitute product. The plant's sophisticated nature created related cost and value mix issues that could not be immediately resolved and the result was that this plant (installed capacity of 600 cubic metres per day) delivered a utilisation level of only 15% during the year under review.

What then were the principal achievements of the Company during the year under review?

The fact that we increased our revenues by 40% at a time when we did not perform to our potential should only indicate our brand strength in the midst of a challenging period.

- This improvement was based on a large revenue base of ₹980 crore in 2009-10.
- Our laminate revenues increased 40% and our plywood revenues increased 33%.
- Each of our businesses (not including MDF) grew by more than 30% in 2010-11

What then is the outlook for the Company's performance?

The outlook is positive, because as far as the MDF plant is concerned, we expect to improve our utilisation levels in every successive quarter of 2011-12, providing us with the optimism that we will be able to run the plant at almost full capacity in 2012-13 and generate estimated revenues of ₹370 crore from this plant alone. We expect to raise the plant's capacity utilisation to 60% in 2011-12, which should help us generate revenues of ₹220 crore from this plant and ₹1,700 crore overall at higher EBIDTA margins than 9.57% we reported in 2010-11. We must also add that we should be cash-positive in our new laminate and MDF plant, to avoid an earnings drain in this regard. Our other businesses will continue to respond to the organic growth in demand within and outside the country.

How does the Company intend to enhance shareholder value?

Shareholders will need a two-year perspective: during this period, we expect to scale production across all our plants, we will provide for a fair amount of depreciation across all our gross block investments, our brands will start eating into unorganised competition and in doing so, we will continue to outperform market growth. In view of this, we expect a better 2011-12, which should enhance shareholders' value.

… we expect a better 2011-12, which should enhance value for our shareholders.

sustainability through a green mindset

At Greenply, sustainability is derived from manufacturing products that reconcile the interests of the Company, consumers, vendors, community and the environment.

Institutionalisation: The Company created The Green Strategy Group to make green-centric sustainability a consistent and holistic organisational reality, the first such instance in our industry.

Green certifications: The Company emerged as the first in India to be awarded the Greenguard Certificate for Indoor Air Quality and Greenguard Certificate for children and health in 2010. This low volatile organic compounds product will enhance indoor air quality. The Company possesses the widest complement of green and sustainable certifications like FSC (C-O-C), Greenguard or Green Label (Singapore). The Company's Greenlam Laminates received Greenguard certification in 2008.

Processes: The Company utilised waste rice husk to produce power for captive consumption, becoming the first laminate manufacturer in Asia to use biomass in operations and the first to earn carbon credits under UNFCCC guidelines.

Products: The Company's plywood products consume less natural material than block wood. The Company uses biomass and wood waste in processes. It maximises recycled paper and agro-forestry inputs in product manufacture. It plants nearly half a million saplings in tribal areas every year.

sustainability through the right business balance

At Greenply, sustainability results from a number of business initiatives that enhance profitability and business continuity.

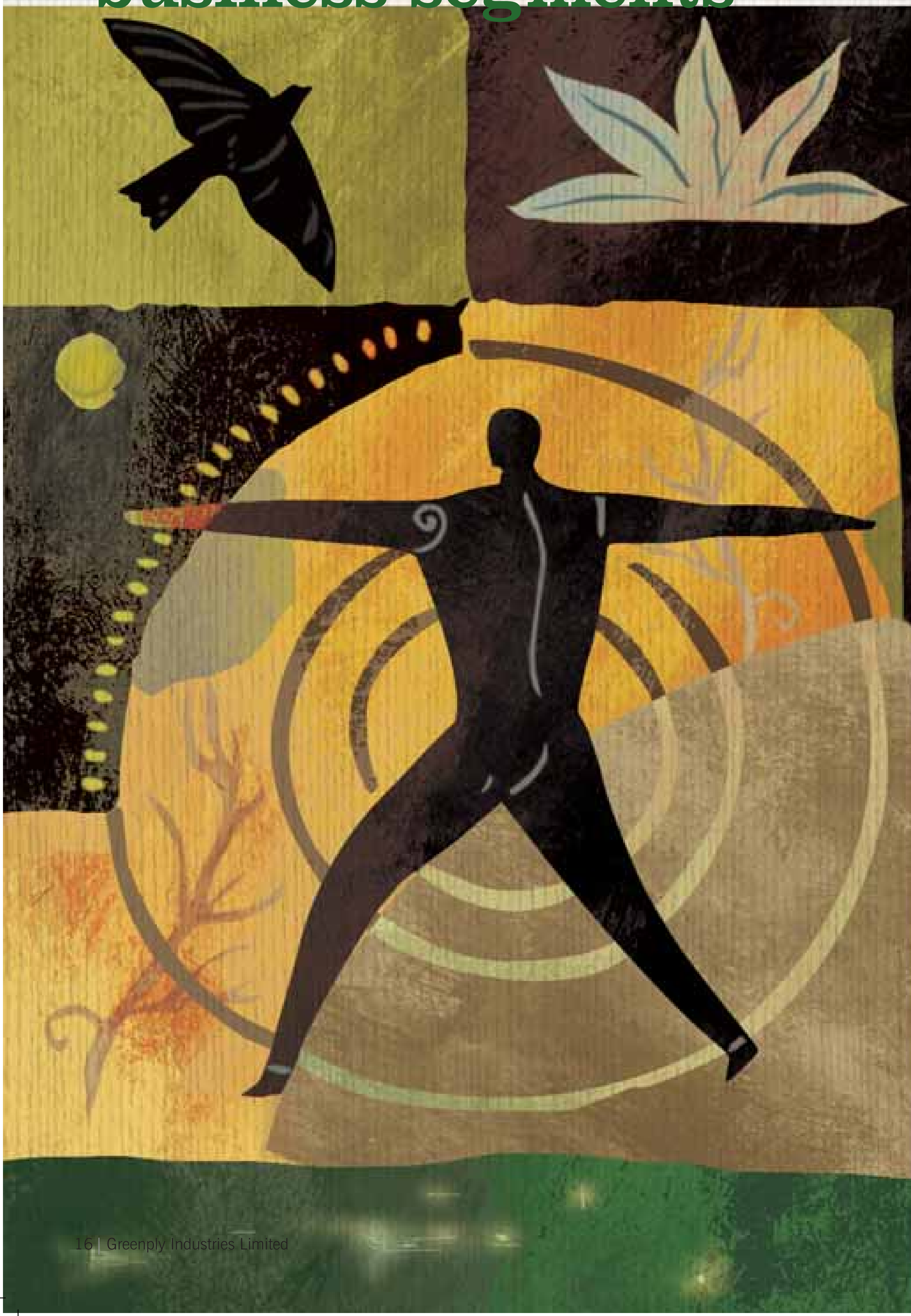
Scale: The Company consistently invested in its gross block, gradually emerging as India's largest integrated manufacturer of plywood, decorative and engineered products.

Value addition: The Company graduated towards the increased production of value-added grades across its plywood and laminate products.

Distribution: The Company's products are available pan-India through a 13,000 distributors, dealers, sub-dealers and retailers network, presence in more than 650 Indian urban locations and 38 pan-India branches.

Brand: The Company is India's number one interior infrastructure brand, recognised for product durability. It was selected as a Power Brand 2010-11 on the basis of research by Indian Council for Market Research.

business segments



A quick look at our business segments

Division	Revenue, 2010-11 (₹ crore)	Manufacturing facilities location	Installed capacity	Major brands	Outlook
Plywood and allied products	768.32	Tizit (Nagaland), Kriparampur (West Bengal), Pantnagar, (Uttarakhand) and Bamanbore (Gujarat)	26.55 mn (sq.mtr) with 119% average capacity utilisation on a proportionate basis	Greenply, Green Block board, Green Club Plus, Green Club, Optima Red, Optima Club, Ecotec, Green Spectrumwood, Green Doors, Green Naturals, Green Defender and Green Flexiply	■ Enhance Greenply sales by 25% ■ Enhance dealer loyalty by strengthening relationships ■ Enter into the technical plywood segment to cater to the growing transportation industry ■ Expand production capacity of value-added flush doors ■ Maintain direct representation at all district headquarters
Laminate and allied products	565.04	Behror (Rajasthan) and Nalagarh (Himachal Pradesh)	10.02 mn sheets with 94% average capacity utilisation	Greenlam, Green Touch, Green Gloss, Greenlam Supertuf, New Mika, Green Decowood and Greenlam Sturdo	■ Revamp dealer outlets to enhance pride ■ Invest in 360° brand building via digital, radio, print and electronic media ■ Create country-specific websites based on product offerings in few countries ■ Develop promotional activities like DIY (Do it yourself) application linked to the website ■ Launch 20 Green design studios in 2011-12
MDF (medium density fibreboard)	46.11	Pantnagar (Uttarakhand)	1,80,000 cu. mtr per annum	Green Panel Max	■ Enhance capacity utilisation to more than 90% by 2012-13 ■ Generate revenues close to ₹370 crore by 2012-13

Business segment 1

plywood and allied products

Revenue, 2010-11	₹768.32 crore
Proportion of Company's revenue, 2010-11	56%
Revenue growth	32.82%

Overview

Greenply is an established leader in the Indian market for plywood and allied products. The division comprises four plants across four locations with a cumulative capacity of 26.55 mn sq.mtr. Continued improvements in quality, reliability, cost-effectiveness and brand strategy translated into sustained growth. The Company's products are available in 17 Indian state capitals and more than 300 cities.

Our production capacities

Manufacturing unit	Product	Installed capacity	Capacity utilisation
Tizit, Nagaland	Plywood	45 lac sq.mtr	105%
Kriparampur, West Bengal	Plywood	60 lac sq.mtr	114%
Bamanbore, Gujarat	Plywood	55.5 lac sq.mtr	122%*
Pantnagar, Uttarakhand	Plywood and reconstructed veneers	105 lac sq.mtr	128%

* on a proportionate basis.

Highlights, 2010-11

- Grew 32.82% in value terms and 20.61% in volume terms
- Enhanced overall capacity utilisation from 110% in 2009-10 to 119%
- Increased production from 26.36 mn sq.mtr in 2009-10 to 29.70 mn sq.mtr
- Added compreg plywood to the product basket
- Enhanced sales from 28.67 mn sq.mtr in 2009-10 to 34.58 mn sq.mtr
- Created the flush doors vertical; increased sales from ₹30.12 crore in 2009-10 to ₹43.90 crore
- Increased rural revenues from ₹30 crore in 2009-10 to ₹63 crore
- Introduced products in the technical plywood segment for the transportation industry

Marketing

In the plywood business, superior marketing helps the product move faster across industry cycles. The Company enhanced its market share from 30% in 2009-10 to 35%, owing to a stronger brand pull and dealer respect. The Company strengthened dealer relationships by enriching existing relationships, periodic visits, handholding initiatives and competitive margins through mutually-accommodating terms of trade. The result was that the Company reported an increase in average plywood realisations from ₹189 per sq.mtr in 2009-10 to ₹211 per sq.mtr in 2010-11.

Two years ago, the Company entered the business of manufacturing doors with high density, quality surface finish and zero undulations. The Company's termite and borer-free tested doors generated an order book of more than two months of production. The Company reported an increase in the sale of doors by 45.75% to ₹43.90 crore and strengthened its spectrum wood veneer business by 96.93%. The Company enhanced its visibility through participation in international furniture fairs and deeper rural penetration. The Company rationalised its advertisement and promotional expenditure 10.69% to ₹33.13 crore, capitalising on existing appeal. It strengthened below-the-line promotional activities through sponsorships, exhibitions, discounts and coupons, among others.

Raw material management

Raw material management was a challenge, owing to spiralling international prices on one hand and scarcity of land available for plantation in India on the other. While the division's Uttarakhand and Nagaland plants are proximate to abundant local timber resources, the Kriparampur (West Bengal) and Bamanbore plants (Gujarat) are proximate to ports and use imported material. To facilitate easy access to timber and chemical resins, the Company introduced an open market system, making it easy for contractors and farmers to market their products to Greenply. The Company established a captive resin manufacturing facility to protect itself from price volatility, enhance availability and reduce costs.

Quality

The consistency-testifying certifications of the Company comprise ISO 9001 (quality management), ISO 14001 (environment system), ISO 18001 (health and safety) and SA 8000 (socially accountable practices).

The CE marking enjoyed by the Company testifies its commitment to quality and processes and provides the Company with an access to Europe, without product adaptation or rechecking. The Eco-mark from BIS authorities enhanced consumer awareness in identifying environment-friendly products. The FSC certification showcased the highest social and environmental standards.

Business segment 2

laminates and allied products

Revenue, 2010-11	₹565.04 crore
Proportion of Company's revenue, 2010-11	41%
Revenue growth	40.22%

Overview

A laminate is used as a surfacing material for panelling, partitioning, furniture, table top and work surface. Special purpose, high-pressure laminates include cabinet liners, high-wear, fire-rated, electrostatic dissipative and chemical-resistant varieties. Our laminates are manufactured in two units – Behror and Nalagarh, with a cumulative annual production capacity of 10.02 mn sheets. These plants are located near the large markets of NCR and West Zone. Besides, the Nalagarh unit enjoys fiscal benefits.

Our production capacities

Manufacturing unit	Product	Installed capacity	Capacity utilisation
Behror, Rajasthan	Laminate	5.34 million sheets	102%
Nalagarh, Himachal Pradesh	Laminate	4.68 million sheets	84%
Behror, Rajasthan	Decorative veneers	4.20 million sq.mtr	33%

Highlights, 2010-11

Laminates

- Production increased from 7.2 mn sheets in 2009-10 to 9.37 mn sheets
- Average realisation increased from ₹436 per sheet in 2009-10 to ₹480 per sheet
- Capacity utilisation at 94% on enhanced capacity.
- Exports grew 54.89% from ₹101.59 crore in 2009-10 to ₹157.35 crore
- Launched new Green Design Studios in Ludhiana, Kolkata, Gangtok, Bhopal, Erode, Bhatinda, Raipur, Ranchi and Chandigarh
- Launched anti-bacterial laminates for the first time in India
- Launched 'Extraordinaire' brand of super premium laminates (digitally printed, customised and unicore laminates)
- Recruited McCann-Ericson to provide brand solutions
- Created a website for Rest Room Cubicles

Decorative veneers

- Increased production from 1.19 mn sq.mtr in 2009-10 to 1.39 mn sq.mtr

■ Increased average realisation from ₹662 per sq.mtr in 2009-10 to ₹723 per sq.mtr

■ Capacity utilisation increased from 28% in 2009-10 to 33%

■ Launched value-added products under the brand 'Impression' called textured veneers and Sapwood (a veneer category)

Marketing

The Company enhanced its organised market share from 18% in 2009-10 to 22%. The division has more than 3,000 dealers/distributors/retailers and an international presence in more than 60 countries. It introduced more than 150 new designs, finishes and dimensions (laminate and decorative veneers).

Raw material management

The laminate raw materials comprise kraft, decorative paper, phenol and melamine. While kraft paper is sourced domestically, premium decorative paper is imported from Japan, Germany, France and other EU nations. Phenol and melamine are sourced from domestic and overseas markets, depending on price and credit terms.

Quality

The Company's Behror unit is ISO 9001-certified. Its product's are Greenguard certified, guaranteeing low emission. The Company's quality team members monitor raw material quality across physical and chemical compositions.

Our new Nalagarh laminate unit will enhance presence and prestige

Our Nalagarh unit is expected to emerge as the largest laminate unit in 2011 in India, driving the Company's revenues from 2011-12 onwards. The unit was commissioned in 2010 and enjoys fiscal benefits for 10 years until 2020. The plant's importance is derived from the fact that it can generate some high value-added products with an average realisation of ₹10,500 per sheet compared with a prevailing industry average of ₹500 per sheet. Besides, this plant is expected to account for 40% of the Company's laminate revenues in 2011-12, playing an effective role in lifting the overall profitability average.

Highlights, 2010-11

■ Production increased from 1.27 mn in 2009-10 to 3.95 mn sheets, owing to higher capacity utilisation.

■ The unit touched 90% capacity utilisation from December 2010 onwards.

■ The unit recorded a 28% growth in the second half of 2010-11.

Unit-strengthening initiatives

Output: Commissioned Second High Pressure Hot Water Accumulator and the seventh impregnation line to supplement output in December 2010 and January 2011. Commissioned a third High Pressure Hot Water Accumulator in May 2011.

Process: Steadily increased output. Improved yields consistently from October 2010 onwards. Stabilised wastage norms and fixed higher yield targets.

Cost-efficiencies: Improved raw material mix in chemical and dye inputs to resins. Undertook energy-saving in the finishing area. Modified export packaging.

Strengths

The Nalagarh unit is a state-of-the-art manufacturing facility with the following features:

- High-speed impregnation lines equipped with microprocessor-based process control systems
- Multi-daylight presses with automatic 'merry-go-round' build-up and break-down stations installed with precise hydraulic pressure control
- Hot water heating system to enhance finished product quality
- Finishing line comprising automated controlled sanding machines to enhance smooth perfect sanding with uniform laminate thickness
- Homag Line for the fabrication of compacts; in-house designed machines to enhance cutting attributes.

This unit offers large sizes (10'x 4.25', 5'x12', 6'x12') in addition to the routine (8'x 4'). The unit is the largest in India in the manufacture of compact laminates, now being increasingly used in rest room cubicles, self-supporting furniture, fixtures, partitions and modular work stations. As a forward integration, the Company installed a cubicle production section.

Rationale

Since the Company produces compact laminates from 3mm to 30mm in 6' x 12' size, it was a prudent decision to utilise the boards for a value-added product. By installing a Cubicle Production Line, the Company also enhanced the utilisation of the production capacity of compacts. In India, the market for direct utilisation of compacts is not yet established and maximum volume is exported – cubicle production provides the opportunity to utilise a part of the capacity. The market for cubicles is expanding and this business is expected to grow.

Applications

To enter the European and the US markets, it is necessary to have 10' x 4.25' & 5' x 12' size post forming grade laminates. These laminates are mainly used for post-formed kitchen tops/work tops, shutters, doors and covering panels of higher length without any joints.

Relevance

The market for 8' x 4' is limited to the Indian and Asian countries only. With a view to emerge as another outstanding world-class manufacturer of HPL, it was absolutely necessary to introduce higher sizes – both in length and width.

Capacity

10' x 4.25': 1,40,000 sheets/month (6.7 million sq.mtr/annum); 12' x 5': 30,000 sheets/month (2 million sq.mtr/annum); 12' x 6' compacts: 6,000 boards/month (0.48 million sq.mtr/annum)

Quality and R&D

The Nalagarh unit is investing in imported technology to enhance its product standard in line with the prevailing international standards, with virtually zero formaldehyde emission. The unit developed anti-bacterial and exterior grade compacts along with high-scratch and chemical-resistant compact laminates. The unit's compact grade laminate production is BIS-certified. The unit is completing the CE mark certification process. The flooring grade HPL, addressing the demanding AC3 and AC4 standards for the access flooring industry will be launched by mid-2011, opening the Company's access to this specialised segment.

Revenue visibility

The Nalagarh unit is equipped to address international standards like EN/BS and NEMA, customised size and thickness needs, special grades (post-forming, standard and fire-rated laminates) with different structures, textures, décor designs and colours.

The Nalagarh unit expects to emerge as the leading laminate unit in India in 2012-13 with a projected turnover of ₹300 crore and production of five million sheets (rated output in 10'x 4.25' and 12'x5' sizes).

The unit expects to use biomass fuel in its hot water system, which should generate carbon credit revenues in future.

Business segment 3

medium density fibreboard (MDF)

Revenues, 2010-11	₹46.11 crore
Proportion of Company's revenues, 2010-11	3%

Overview

As an alternative to plywood, medium density fibreboard is a kind of particleboard made from composite wood. It is specifically made from wood wastes (fibres) glued together using heat, resin and pressure.

Medium density fibreboard (MDF) is widely used by furniture manufacturers the world over because it is cost-effective, easy to apply and more flexible than plywood. However, Indian furniture manufacturers use plywood over MDF and particleboard products. Recently, the government reduced the issue of new licenses related to plywood capacity addition, which should strengthen plywood prices and create a shortage going ahead, based on plywood demand increase at a 5-7% CAGR. This increasing demand needs to be addressed by MDF.

Greenply's ₹255-crore, 1,80,000-cubic metre per annum MDF manufacturing facility at Pantnagar, Uttarakhand, is the first-of-its-kind in India, incorporating latest European technologies. The facility is also the country's largest and most technologically advanced in its category, utilising a continuous press system for the very first time.

Highlights, 2010-11

- Due to a series of unexpected developments in the first half of 2010-11, the plant could not resume production. Following repairs, the plant recommenced production in October 2010 and achieved a capacity utilisation of 57% in March 2011.

- The product was accepted and appreciated. The division offered more sizes than competitors. The chemicals and power consumption per unit of production was lower than multi-opening presses.

- The Company received FSC Certification of Controlled Wood (CW) and Chain of Custody (C-O-C). It works on new resin technology, meeting worldwide standards on formaldehyde emission and obtained E-1 and CARB certifications.

- The unit expects to achieve 60% utilisation in 2011-12, making Green Panelmax MDF, a market leader in India, riding growth in the Indian furniture market and evolving the country's preference from cheap plywood to MDF. The division expects to cross 90% capacity utilisation in 2012-13.

Optimism

The reasons for MDF's robust growth are as follows: Around 70% of the current demand is met by imports, only five organised Indian players manufacture MDF in a country where the proportion of organised sector consumption is growing with the government imposing an anti-dumping duty on MDF.

Significant trade barriers like the governmental control on the issue of new licenses, need for large investment and erratic raw material availability could deter intending industry entrants. Established players like Greenply can only benefit from an increase in MDF.

Strengths

Toughness: Unique interlocking technology in manufacturing MDF boards resulted in high bonding strength and rigidity.

Range: Greenply is the first Indian manufacturer to offer a vast MDF range in a variety of thicknesses (2.5mm to 35mm).

Eco-friendly: MDF boards are produced from 100% renewable and sustainable wood resources, sourced from agro-forestry plantation trees with a life cycle of 3-4 years, preventing forest cover depletion.

Termite and borer resistant: MDF boards undergo various chemical treatments that make them termite, borer and fungus-resistant.

Superior quality: Greenply takes stringent multi-stage quality measures to ensure that its MDF boards possess a smooth finish, superior machining characteristics and higher strength. Through the Panel Density Profiler technology, the Company controls through-panel density and thickness, giving its boards a consistent surface density.

Latex-free: MDF boards are made of 100% hardwood eucalyptus timber with no latex content, making them ideal for surface finishes like painting and polishing. Its application on primer with a couple of coats of paint leaves a finished surface, which is not the case with other composite wood products.

Homogenous construction: The homogenous construction of MDF boards allows intricate and precise routing, machining and finishing techniques for a superior finished product.

green and sustainable

Our sustainability leadership

YOUR COMPANY'S BUSINESS LEADERSHIP IN the wood and laminates industry is coupled with its sustainability principle, with the objective to enhance stakeholders' value. This objective comprises the manufacture of sustainable products and processes, under which products are sourced, manufactured, supplied and applied.

Greenply became the first company in the industry to create a dedicated and focused strategic sustainability team, comprising key strategic and operational members. The Company emerged as the first in the country to be awarded the Greenguard Certificate for Indoor Air Quality and Greenguard Certificate for children and health. The Company now possesses diverse green and sustainable certifications, be it FSC (C-O-C), Greenguard or Green Label (Singapore).

Greenply is Asia's first laminate manufacturer to use biomass in its operations and became the first to earn carbon credits under UNFCCC guidelines.

Our environmental commitment

Greenply ensures that its businesses have as low an environment impact as possible through the following initiatives:

- Ensures that all employees in the course of their duties act in accordance with the environmental policy; encourages suppliers, contractors and vendors to act in accordance with its environmental standards.
- Selects areas to transform within its business like non-polluting technology, waste minimisation and environment-friendly material consumption.

Our sustainable actions

- We make positive environmental contributions in the local communities of our presence by encouraging open communication, general environmental awareness and the promotion of community projects.
- We use biomass and wood waste in our processes, becoming the first in our industry to earn carbon credits under the UNFCCC framework.
- We use recycled paper in our product manufacture and agro-forestry to counter deforestation. The use of rapidly renewable raw materials showcases our environment management commitment.
- We use best practices to manufacture low volatile organic compound products to make indoor air quality better for our customers.
- We give back to the planet through the planting of close to half a million saplings in tribal areas.

Our sustainable firsts

- We were the first in Indian industry and the only non-US company to receive the coveted GREENGUARD certificate for Indoor Air Quality and the coveted GREENGUARD certificate for children and schools
- We were the first and only one in our industry to use biomass in the laminate manufacturing process
- We were the first in Indian industry and the only laminate manufacturer to earn carbon credits under the UNFCCC framework
- Our manufacturing facilities are ISO 14001, ISO 18000 and OHSAS-certified
- We were the first Indian brand to be certified with GREEN LABEL SINGAPORE by the Singapore Environmental Council
- We were the first Indian brand to be FSC (C-O-C)-certified

Your Company remains committed to strengthen its sustainability, year-on-year through new technologies, processes and products.

information technology

IN TODAY'S BUSINESS ENVIRONMENT, information is power. Staying abreast of the technology curve gives an organisation an edge, expands the portfolio and attracts customers. Besides, information technology makes it possible to reduce costs and finds ways to do more with less.

Your Company invested in information technology to enhance operational and administrative efficiency.

During the year under consideration, your Company implemented applications like Business Intelligence for faster and drilled down analysis. Business Intelligence addresses the challenge to transform data into information, which is used for business decisions. The Company also expanded its SAP domain with new roll-outs in various domains.

The Company invested in Unified Communications, to enhance employee productivity, collaboration and reduce telecom operation costs.

human resource management

DURING THE YEAR UNDER CONSIDERATION, your Company focused on improving employee training and productivity. We created a productive environment, with a strong performance management system to encourage a culture of all-round excellence.

Our manpower development

As we strive towards creating a leading industry organisation, we not only believe in acquiring the right talent but in nurturing it as well. We enhance learning through initiatives in knowledge accretion, skill enhancement and attitudinal evolution. During the year under review, the Company conducted training programmes, customised for employees, catering to soft-skills, products and technology.

HR initiatives

During the year under review, HR initiatives focused on productivity efficiency and engagements. There was a sustained effort in building an engagement within the workforce, coupled with initiatives to address workforce efficiencies. To make the organisation robust, progressive and dynamic, your Company focused on organisational development, employee engagement and talent management through the following initiatives:

- Employee connect initiatives with our senior leadership team across all our offices
- Reward and recognition programmes
- Launch of e-newsletter (women's editorial team) to enhance employee collaboration

corporate social responsibility

Sarve Bhavantu Sukhina

May all be happy; May all be without disease; May all have well-being; May none have misery of any sort.

As a responsible organisation, humanity represents a cornerstone of our values. Some major projects of your Company have comprised the following:

Education, accommodation and facilities for girl children in UP and West Bengal

Your Company is associated with an NGO called Udayan Care, supporting one Udayan Ghar in Uttar Pradesh and also sponsoring 10 girl students for the Udayan Fellowship Programme in West Bengal. Greenply is committed to support their basic needs, shelter, family environment and education. These homes were established with the goal of educating children in the best tradition of learning – to become independent members of society, inculcate human values and make a positive difference to society.

Mera Abhiyaan Meri Pehchaan

Your Company made relevant interventions in the areas of health, life skill education and adolescent education, with NGO 'Mamta' in Sikar district (Rajasthan). The Company adopted 65 villages, covering a population of 100,000, including 25,000 adolescents (age group 10-19). The Company expects to extend its reach to unmarried, married, school students, drop-outs, working and non-working young girls and boys through the programme. A campaign to teach something as simple as a signature for the elderly will enhance their confidence. Our goal is to create an enabling environment for adolescents' reproductive and sexual health and rights through integrated health and development initiatives. The project aims to empower adolescent boys and girls with life-skills to enable them to take decisions related to their education and reproductive health.

Tree plantations in tsunami-affected Tamil Nadu

The act of selecting, planting and caring for a tree also sends a message that you care about the environment. Your Company, in association with HOPE Worldwide, planted saplings in Chinnankudi Village, Nagapattinam District, Tamil Nadu, an area affected by the tsunami. The land area reserved for the tree plantation will be called 'Greenply Orchard'.

'Save Tiger' movement with ARTIGER

There are only 1,411 tigers left in India. Greenply pledged support to the movement to save the tiger. Around 56 renowned artists made fibre glass sculptures and each magnificent piece was allotted a partner and kept at 56 prominent locations across Delhi. This noble initiative brings together artists, corporate houses and conservationists to enhance related awareness. All proceeds will go to the Ranthambore Forest Management for the welfare and management of tigers.

industry review

Indian economy

India's GDP grew at a healthy 8.6% in 2010-11 (8% in 2009-10), largely due to the significant growth in the country's agriculture sector at 5.4% (0.4% in 2009-10); while the services and industrial sectors maintained their earlier growth. This resulted in record FII inflows and a revival in domestic investor confidence. Net capital inflow increased USD 13.7 bn to USD 36.7 bn as on March 31, 2010; foreign exchange reserves grew USD 20 bn to USD 305.49 bn.

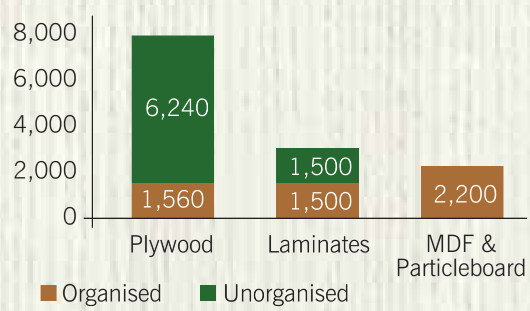
Even as the macroeconomic numbers indicated strong performance, there was marked volatility in numbers, sentiment and responses to inflation management. The country's headline inflation witnessed a relentless rise during the first half of 2010 and remained in double digits for almost five months of 2010. The erratic monsoon of 2009, domestic supply side constraints and rising international food grain prices hardened the prices of primary food articles.

Indian furniture industry

According to industry estimates, the Indian interior infrastructure industry is poised to grow at 15% annually over the foreseeable future. Plywood comprises around 60% of the interior infrastructure industry and is set to gain the most. India's real estate sector is expected to grow from USD 14 billion to around USD 50 billion by 2020, which increase the share of real estate in India's GDP from 5% to 6% in five years, translating into growth for the country's interior infrastructure sector.

India's per capita income doubled in seven years and is expected to increase to USD 2,000 by 2016-17 and USD 4,000 by 2025. Increasing per capita income strengthened the consumption of lifestyle products like furniture. Traditionally, Indians have invested in real estate, which augurs well for interior infrastructure companies.

Industry structure – (₹ in crore)



As in many other timber processing sectors in India, the share of small and medium-sized companies in the furniture sector is around 85% of the total output, which is expected to decline following a movement towards economies of scale and stronger tax coverage. As a result of the growing housing and tourism sectors and rising per capita incomes, the furniture sector output is expected to grow 15% annually for the next five years.

The furniture sector sources a significant share of raw material from local agro-forestry plantations and species like sissoo (Dalbergia sissoo), babul/kikar (Acacia arabica), mango (Mangifera indica) and neem (Melia azadirachta).

The country's furniture sector is predominantly in the hands of small unorganised units. Fortunately, large corporations started taking an interest in the production of modern furniture. The plywood industry, which is hardly discussed in any national forum, is growing rapidly. Moreover, following the recent spurt in the housing sector, plywood and laminates are likely to play a more prominent role.

Indian plywood industry

Indian plywood industry is estimated at ₹7,800 crore and the laminate industry at almost ₹3,000 crore, expected to grow 10% annually. The Indian plywood market is fragmented with small and medium-sized companies, accounting for almost 80% of the total market. The rest is supplied by large companies with the advantage of volume, quality and superior manufacturing facilities. Plywood alone accounts for 78% of the wood panel market in India, the rest comprising engineered panels like MDF and particleboard. For the housing interiors industry, the Indian market is still dominated by plywood and block board, though the trend is changing following a growing share of particle board and MDF.

Panel and plywood are the main wood products in India. Their product categories include veneer sheets, particle board (composite wood core with plastic laminate finish), panel products (fibreboard), plywood from hard and softwood (veneered panels and laminated woods) and medium density fibreboard. The Indian particle board and plywood industry is dominated by producers who account for 15% of the total production, producing some 30 million sq.mtr of plywood and block boards. Imports constitute 20% of the total annual wood consumption in India, while plantations and forestry contribute 58% and 22% respectively.

Timber and wood products are in great demand, with their prices firming. The shortfall in the supply of non-teak hardwood is met through the import of Malaysian hardwood logs. Teak trade is active, with prices hardening, owing to continuing demand from Europe, the US and the Middle East. Higher log prices are pushing sawn-wood prices higher. The demand for plywood is steady.

Growth drivers

Greenply is expected to benefit from the strong growth in the plywood industry due to the following factors:

Increasing urbanisation: CRISIL Research expects India's urban population to increase from 30% in 2010-11 to around 33% by 2020-21, primarily owing to improving employment prospects in cities, rising income levels and the growing trend of nuclear families.

More satellite cities: According to McKinsey Global Institute, owing to increasing urbanisation, India needs at least 25 new satellite cities, each with at least 1 mn population.

Housing shortage: CRISIL Research expects urban housing shortage to increase, owing to continuous migration and rise in nuclear families. Housing in urban areas was running short by around 19 mn units at the end of 2008, likely to touch 21.7 mn units by the end of 2013-14. Rural housing shortage is estimated at 53.8 mn units by 2013-14.

Reduction in renovation cycle: The urban consumer now prefers to renovate his residential facility once every 5-10 years (or less) than the earlier 15 years.

Organised growth: Due to an excise duty reduction (from 16% to 10%), organised players are now able to compete with unorganised players. Accordingly, organised players are growing at 20% while the total industry volume growth was estimated at 5% over 2004-05 to 2009-10 as per FAO.

Rising demand: The demand for wood-based panels is rising. The organised market is expected to grow at 20% CAGR during 2009-10 to 2013-14. Plywood and veneer sheets constitute 60% of the market.

Real estate

Segment	Growth drivers	Outlook
Residential space	■ Decreasing household size – growth in the number of nuclear families is leading to an increase in the number of households. India is expected to be home to 91 million middle-class households by 2030. ■ The demand and supply of affordable housing is growing.	■ India's housing shortage in 2007 was 24 million units; this is expected to increase to more than 26 million units by 2012 ■ The growing working age population in the 15–60 age group is expected to reach 918 million, or 64% of the population by 2025. ■ The Census of India estimated that by 2026 the urban population will rise to around 535 million or 38.2% of the total population, up from the figure of 285.35 million (27.8% of the total population) in 2011.
Commercial office space	■ The commercial real estate segment expanded on the back of growth in the Indian economy. ■ The influx of multinational companies and services sector growth drove office space demand. ■ Progressive liberalisation and relaxation of FDI norms in various sectors paved the way for real estate FDI growth. This, in turn, led to a burgeoning demand for office space from MNCs and other foreign investors.	■ The demand for office space is expected to increase, driven by a services industry growth (telecom, financial services, IT and ITeS), accounting for the maximum demand for commercial office space in the country.
Retail space	■ Consumerism is increasing on the back of rising disposable incomes. ■ Organised retailing grew to 10% of India's retail. ■ The entry of international retailers boosted industry growth. ■ Expansion by domestic retailers also provided industry impetus.	■ The Ministry of Commerce and Industry proposed 100% FDI for multi–brand retail outlets (approval awaited). ■ The share of organised retail in the total Indian retail trade pie is projected to grow at 40% per annum.
Hospitality space	■ The hospitality segment witnessed robust demand growth, riding tourism, business and leisure travel. ■ India is becoming increasingly popular as a medical tourism destination	■ Demand for hotel rooms is around 240,000 rooms, while supply is around 100,000. ■ This gap is expected to reduce as several hotel projects are in the pipeline. ■ The potential for budget hotels, service apartments, spas and other niche products is significant.

The big picture

According to the Technical Group report on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides an attractive investment opportunity.

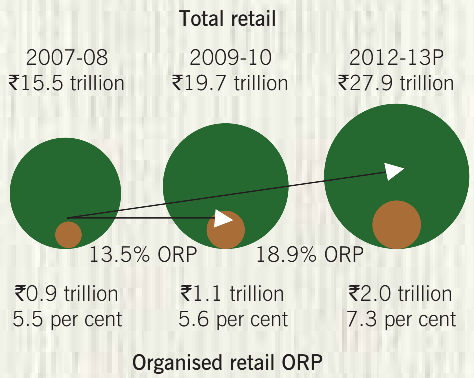
According to the Department of Industrial Policy and Promotion (DIPP), the housing and real estate sector (including cineplex, multiplex, integrated townships and commercial complexes, among others), attracted a cumulative foreign direct investment (FDI) worth USD 9,405 million from April 2000 to January 2011, wherein the sector witnessed FDI amounting USD 1,048 million during April-January 2010-11.

India has one of the largest numbers of retail outlets in the world. In the past few years, retail development has taken place not only in major cities and metros, but also in Tier-II and Tier-III cities.

According to a report released in October 2010 by Cushman & Wakefield, 240 mn sq.ft of commercial property and about 4.25 mn units of residential property will be required to meet demand over 2010-2014. Office space demand will total to about 55 mn sq.ft. Hotels are likely to experience demand for about 78 mn room nights over 2010-2014.

Organised retail penetration has grown to about 5.6% in 2009-10, which is further expected to increase to about 7.3% by 2012-13. In the past few years, India's organised retail industry posted high growth rates, given an improvement in key factors like lavish lifestyles, high disposable incomes and a propensity to spend. India's retail market was mainly unorganised until early 2000.

Retail market sizing



Source: CRISIL

ORP: Organised Retail Penetration

Government initiatives

The government introduced initiatives to encourage real estate sector growth:

- 100% FDI in townships, housing, built-up infrastructure and construction development projects through the automatic route (subject to guidelines prescribed by DIPP)
- 100% FDI under the automatic route for the development of Special Economic Zones (SEZ), subject to the provisions of Special Economic Zones Act 2005 and the SEZ Policy of the Department of Commerce

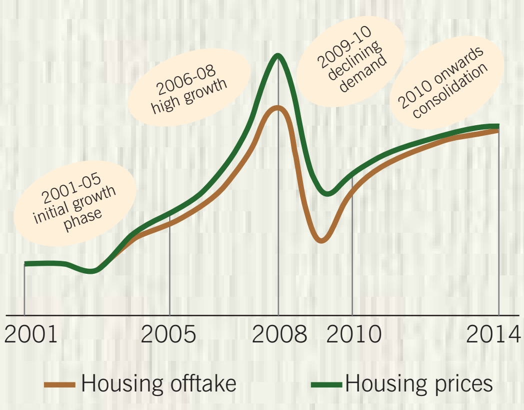
Union Budget, 2011-12

The Union Budget 2011-12 encouraged the country's real estate sector through the following proposals:

- Raised the limit on housing loans eligible for a 1% subsidy in interest rates.
- Widened the scope for housing under 'priority-sector lending' for banks, making interest rates cheaper.
- Earmarked a substantial amount to the Urban Development Ministry for spending on the extension of metro networks in Delhi, Bangalore and Chennai.
- Allocated USD 20.03 million to the urban infrastructure development project. The Urban Development Ministry received USD 1.5 billion, an increase of USD 68.53 million from 2010-11.
- Increased the allocation for Bharat Nirman to USD 12.89 billion.

The relaxed FDI rules implemented by the Indian government attracted more foreign investors and real estate investments in India.

Housing growth trajectory



Phase I (2001-2005): Initial growth phase with offtake and prices picking up

Phase II (2006-2008): High growth phase with high demand and prices more than double

Phase III (2009-2010): Substantial slowdown in demand due to dented affordability and economic environment

Phase IV (2011-2014): Consolidation phase, with demand, supply and prices gradually moving up in line with improvement in economic environment

Source: CRISIL

financial review

Accounting policy

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

A. Profit & Loss Account

Highlights, 2010-11

Absolutes	Derivates
■ Gross revenues increased 40.64% from ₹979.68 crore in 2009-10 to ₹1,377.86 crore ■ Net revenues increased 39.55% from ₹871.41 crore in 2009-10 to ₹1,216.09 crore ■ EBIDTA (excluding forex losses/gains and other income) grew 24.44% from ₹93.57 crore in 2009-10 to ₹116.44 crore ■ PBT declined 45.84% from ₹56.98 crore in 2009-10 to ₹30.86 crore, due to low capacity utilisations, product value-mix at the new MDF and laminate plants and increased depreciation (non-cash item) and higher interest charges ■ PAT declined 49.38% from ₹49.57 crore in 2009-10 to ₹25.09 crore	■ EBIDTA margin (excluding forex losses/gains and other income) declined 117 bps from 10.74% in 2009-10 to 9.57%, due to low capacity utilisations and product value-mix at the new MDF and laminate plants ■ PAT margin declined 363 bps from 5.69% in 2009-10 to 2.06%

Revenue

Net sales grew 39.55% from ₹871.41 crore in 2009-10 to ₹1,216.09 crore in 2010-11, largely due to increased production and enhanced realisations in the plywood and laminate divisions.

Revenue matrix

Business divisions	2009-10		2010-11		Growth over the previous year (%)
	Amount (₹ crore)	Proportion of gross sales (%)	Amount (₹ crore)	Proportion of gross sales (%)	
Plywood	578.47	59	768.32	56	32.82
Laminates	402.96	41	565.04	41	40.22
Medium Density Fibreboard	0.01	–	46.11	3	–
Total	**981.44**	**100**	**1,379.47**	**100**	**40.56**

Plywood division: The business's net revenues grew 32.82% from ₹578.47 crore in 2009-10 to ₹768.32 crore in 2010-11, led by increased production and enhanced realisations. The division accounted for 56% of the net revenue in 2010-11 against 59% in 2009-10.

Laminates division: Revenues from the business grew 40.22% from ₹402.96 crore in 2009-10 to ₹565.04 crore in 2010-11, despite technical issues in the new Nalagarh unit. Our existing units performed well in terms of capacity utilisation and produced quality products at higher realisations. The laminates division accounted for 41% of the net revenue in 2010-11. Exports grew 54.89% from ₹101.59 crore in 2009-10 to ₹157.35 crore in 2010-11.

Medium density fibreboard: Revenue from the business grew from ₹0.01 crore in 2009-10 to ₹46.11 crore in 2010-11. The division faced technical stabilisation issues and resumed production from the third quarter of the financial year under review. The division is expected to deliver stronger revenues of around ₹220 crore in 2011-12, through higher capacity utilisation.

Domestic revenues: Domestic market income increased 39.50% from ₹872.49 crore in 2009-10 to ₹1,217.10 crore in 2010-11, largely due to stronger market penetration and enhanced sale of value-added products.

Export revenue: Exports increased 49.98% from ₹107.19 crore in 2009-10 to ₹160.76 crore in

2010-11. Exports accounted for 13.22% of the net revenue in 2010-11 against 12.30% in 2009-10.

Other income: Other income declined from ₹1.94 crore in 2009-10 to ₹1.79 crore in 2010-11, due to a reduction in insurance claims received. Other income, as a proportion of total income, was 0.14%, reflecting the Company's focus on its core business.

Cost analysis

The Company's operating cost increased 41.37% from ₹777.85 crore in 2009-10 to ₹1,099.65 crore in 2010-11 largely due to the increased production of plywood and laminates. Total cost (including interest and depreciation charges) increased 45.40% from ₹816.38 crore in 2009-10 to ₹1,182.02 crore in 2010-11.

Cost break up

(₹ crore)

Segment	2010-11	2009-10
Raw materials consumed	691.63	478.49
Manufacturing expenses	88.89	51.86
Personnel expenses	103.73	76.64
Selling, distribution and administration expenses	158.23	131.28

Raw materials: Raw materials consumed increased 44.54% from ₹478.49 crore in 2009-10 to ₹691.63 crore in 2010-11, owing to increased scale. The major raw materials consumed comprised wood and chemicals for the plywood and MDF businesses and paper and chemicals for the laminates business.

Manufacturing expenses: The Company's manufacturing components include stores, spares, power, fuel, repair and log-yard expenses. This increased 71.40% from ₹51.86 crore in 2009-10 to ₹88.89 crore in 2010-11. Power and fuel costs increased 88.31% from ₹38.75 crore in 2009-10 to ₹72.97 crore in 2010-11.

Personnel expenses: Personnel expenses increased from ₹76.64 crore in 2009-10 to ₹103.73 crore in 2010-11, due to an increase in salaries and wages. Increased production in the plywood and laminate divisions translated into a 18.07% increase in revenue per employee and 4.50% increase in EBIDTA per employee.

Selling and administrative expenses: This increased 20.53% from ₹131.28 crore in 2009-10 to ₹158.23 crore in 2010-11, largely due to an increase in scale of operations.

B. Balance Sheet

Highlights, 2010-11

Absolutes	Derivates
■ Reserves grew 19.45% from ₹259.46 crore as on March 31, 2010 to ₹309.92 crore as on March 31, 2011 ■ Gross block grew 14.62% from ₹634.97 crore as on March 31, 2010 to ₹727.79 crore as on March 31, 2011	■ ROE declined 1,053 bps from 18.32% in 2009-10 to 7.79% due to a decline in net profit. ■ ROCE declined from 15.78% in 2009-10 to 8.77% in 2010-11, due to technical stabilisation issues in new plants, resulting in declining profits.

Capital employed

Capital employed increased 24.23% from ₹697.78 crore as on March 31, 2010 to ₹866.82 crore as on March 31, 2011, owing to an increase in equity capital, reserves and surplus and debt. Return on capital employed declined from 15.78% to 8.77% as the Company invested in gross block, but will progressively derive benefits from it during the next two financial years.

Sources of funds

Shareholders' funds: Net worth increased 19.03% from ₹270.51 crore as on March 31, 2010 to ₹321.98 crore as on March 31, 2011. This was largely due to an increase in reserves and surplus – from ₹259.46 crore as on March 31, 2010 to ₹309.92 crore primarily due to an increase in equity and share premium. The equity capital increased from ₹11.05 crore in 2009-10 to ₹12.07 crore in 2010-11, due to the conversion of 20,39,694 detachable warrants into equity shares. The number of fully paid equity shares stood at 2,41,36,374, with a face value of ₹5 each as on March 31, 2011. The promoter group held 55% share in the Company as on March 31, 2011.

External funds: The debt portfolio increased 27.59% during the year. The Company's debt (fully secured) stood at ₹434.49 crore as on March 31 2011 as against ₹366.57 crore as on March 31, 2010. Debt-equity ratio was 1.60 as on March 31, 2011 (1.50 as on March 31, 2010), following an increase in loan funds worth ₹112.39 crore due to expansions. Interest cost increased 59.50% from ₹23.69 crore in 2009-10 to ₹37.78 crore in 2010-11. The average cost of funds was 10.87% in 2010-11 against 9.39% in 2009-10. The Company sourced external funds from a consortium of eight banks.

Application of funds

Gross block: Gross block increased 14.62% from ₹634.97 crore as on March 31, 2010 to ₹727.79 crore as on March 31, 2011, due to additions in plant and machinery (₹62.56 crore) and buildings (₹29.21 crore). Depreciation increased 86.13% from ₹22.02 crore in 2009-10 to ₹40.99 crore in 2010-11. Accumulated depreciation, as a proportion of gross block, stood at 17%, reflecting asset newness.

Working capital: The Company's working capital is used to purchase raw material, manage inventories, overheads and provide credit. Net current assets increased 77.29% from ₹137.40 crore as on March 31, 2010 to ₹243.60 crore as on March 31, 2011. Net current assets as a proportion of capital employed increased from 19.69% in 2009-10 to 28.10% in 2010-11. Inventory (43.30% of the total current assets as on March 31, 2011) increased 14.78% from ₹199.75 crore as on March 31, 2010 to ₹229.28 crore as on March 31, 2011. Inventory turnover cycle (days) stood at 61 days of gross turnover equivalent as on March 31, 2011 compared with 74 days as on March 31, 2010.

The Company strengthened its receivables management through various initiatives: It assigned credit limits to customers and maintained a strict vigil on timely receivables; its debtors' cycle remained constant at 56 days of gross turnover inspite of a 40% growth in gross sales; it maintained a commitment to pay vendors on the agreed due date, strengthening trust and leading to a better negotiation capability.

Cash and bank balance: Cash and bank balance reduced from ₹18.92 crore in 2009-10 to ₹13.41 crore in 2010-11.

Current liabilities and provisions: Total current liabilities and provision declined from ₹288.32 crore in 2009-10 to ₹285.99 crore in 2010-11; sundry creditors, comprising 88.11% of the total current liabilities and provisions in 2010-11, declined 3.68%.

Foreign exchange management

During the year under review, the Company incurred a forex loss of ₹8.60 crore against a gain of ₹7.18 crore in the previous year.

risk management

Risk is the face of business uncertainty, affecting corporate performance and prospects. The Company's risk management framework comprises a clear understanding of strategies, policies, initiatives, norms, structured reporting and control. It ensures that the risk management discipline is centrally initiated by the senior management and progressively decentralised, extending to managers across hierarchies, facilitating risk mitigation at the transactional level.

1 Industry risk

A DOWNTURN IN USER INDUSTRIES COULD DENT GROWTH.

- According to the Technical Group report on estimation of housing shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big industry opportunity.
- The Indian middle class, (annual family income ₹3.4 lacs – ₹17 lacs at 2009-10 price levels), is expected to grow to 267 million in five years, a 67% growth opportunity.
- Wood-based panel demand is expected to rise at a 5% CAGR over the next ten years

2 Marketing risk

INEFFECTIVE OR INSUFFICIENT MARKETING EFFORTS MAY DILUTE MARKET SHARE.

- The Company has a pan-India marketing network with 38 branch offices and over 13,000 influencers like dealers, distributors, interior designers and retailers across 17 state capitals.
- The Company provided a structured training programme called 'Green Mantras', encompassing technical, analytical and soft skills training for all front-line sales employees and newcomers, enhancing dealer relationships and business opportunities.
- Greenlam laminates has an international presence in more than 60 countries, leveraging a robust marketing network.
- The Company invested ₹33.13 crore in brand promotions comprising above-the-line and below-the-line activities.

3 Brand risk

WITH COMPETITION RISING, BRAND RECALL MAY SUFFER.

- The Company commissioned its seventh Green Design Studio in Gangtok, influencing the shopping habits of customers through in-house consultants, providing customers with guidance.
- The Company updated interior designers and architects on new designs and finishes of laminates and decorative veneers through an architect-friendly website captioned Architect Leadership Council.
- The Company's 'Greenply Esplanade' (in Behror unit) makes it possible to showcase the product versatility of laminates, otherwise difficult in a showroom.

4 Liquidity risk

INSUFFICIENT FUNDS COULD IMPACT DAILY OPERATIONS, AFFECTING BUSINESS GROWTH.

- The Company's receivable cycle remained constant at 56 days of gross turnover, notwithstanding a 40% jump in turnover.
- The Company has a working capital loan sanction limit of ₹150 crore, of which, only 70% was used as on March 31, 2011.
- The Company's current and quick ratio stood at a healthy 1.30 and 0.71 respectively in 2010-11.
- The Company has a consortium of eight banks, providing working capital loans.

5 Raw material risk

INADEQUATE RAW MATERIAL SUPPLY COULD HINDER PRODUCTION.

■ The Company's Uttarakhand and Nagaland plants are proximate to abundant timber resources, while its Kriparampur plant in West Bengal and Bamanbore plant in Gujarat are near ports and can conveniently use imported material.

■ The Company established a captive resin manufacturing facility to safeguard against price volatility, enhance availability and reduce costs.

■ The Company entered into strong vendor relationships through direct dealings and prompt payments, ensuring regular supply.

6 Economy risk

ECONOMIC DISRUPTION COULD DENT TARGETS.

■ India's GDP grew at a healthy 8.6% in 2010-11 (8.0% in 2009-10), indicating a robust consumption-driven economic reality.

■ India's per capita income rose 17.9% from ₹46,492 to ₹54,835 in 2010-11.

7 Quality risk

ANY QUALITY DETERIORATION COULD AFFECT THE BRAND.

■ The Company's Behror unit is ISO 9001-certified.

■ The Company was granted the eco-mark license from BIS, which enhances the identification of environment-friendly products.

■ The Company has a strong seven-member quality team, ensuring stringent adherence to quality parameters.

8 Technology risk

TECHNOLOGY OBSOLESCENCE COULD AFFECT BUSINESS GROWTH.

■ The Company uses Taiwan-made core composers at the Tizit (Nagaland) and Pantnagar (Uttarakhand) plywood units, minimising waste and enhancing product quality.

■ The Company's SAP-based ERP, installed organisation wide, improved work processes and accelerated decision making.

■ The Company's MDF plant is equipped with state-of-the-art German technology.

9 Location risk

LONG DISTANCES BETWEEN RAW MATERIAL SOURCES OR MARKETS AND MANUFACTURING LOCATIONS COULD HAMPER VIABILITY.

- The Company's Uttarakhand unit is proximate to strong markets of Delhi-NCR and other western states.
- The Company's plywood expansion plans in Gujarat will double capacity, enabling it to cater to western India.
- The Company's Nagaland and Uttaranchal units are situated near abundant raw material resources.
- The Company's West Bengal unit is only 15 km from the Kolkata port, facilitating an easy access to international markets.

10 Product risk

DEPENDENCE ON A SINGLE PRODUCT COULD IMPACT THE BUSINESS IN THE LONG RUN.

- The Company provides a complete interior infrastructure solution through the manufacture of plywood, laminates and engineered products.
- The Company enhanced the volume-value matrix, signifying quality and quantity growth.
- The Company is foraying into the nascent domestic technical plywood segment.
- The Company created a new vertical in doors through expansion in a largely unorganised segment.

11 Environment risk

ENVIRONMENTAL NON-COMPLIANCE COULD AFFECT THE BUSINESS.

- The Company was the first in the Indian industry and the only non-US company to bag the coveted GREENGUARD certificate for Indoor Air Quality and a certificate for children and schools.
- The Company was the first and only one in the industry to use biomass in laminate manufacture and earn carbon credits under UNFCCC guidelines.
- The Company's manufacturing facilities are certified for ISO 14001, ISO 18000 and OHSAS.
- The Company was the first Indian brand to receive GREEN LABEL SINGAPORE certification by the Singapore Environmental Council.
- The Company was the first Indian brand to be certified with FSC (C-O-C).

Directors' Report

Dear Shareholders,

Your Directors present herewith the 21st Annual Report on the business and operations of the Company and the audited standalone and consolidated accounts for the financial year ended March 31, 2011.

Financial highlights

(₹ in lacs)

Particulars	Standalone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Gross sales	**1,37,785.67**	**97,968.26**	**1,42,043.51**	**1,00,729.30**
Total expenditure	1,27,001.61	87,893.59	1,31,363.88	91,532.30
Operating profit	**10,784.06**	**10,074.67**	**10,679.63**	**9,197.00**
Add: Other income	179.86	194.66	251.87	252.53
Profit before interest and depreciation	**10,963.92**	**10,269.33**	**10,931.50**	**9,449.53**
Less: a) Interest	3,778.17	2,368.73	3,827.99	2,401.54
b) Depreciation	4,099.42	2,202.48	4,182.66	2,236.74
Profit before exceptional items and taxes	**3,086.33**	**5,698.12**	**2,920.85**	**4,811.25**
Provision for taxation	577.42	741.47	574.19	743.95
Profit after taxation	**2,508.91**	**4,956.65**	**2,346.66**	**4,067.30**
Add: Balance brought forward from previous years	12,744.40	8,674.25	11,713.92	8,533.12
Amount available for appropriation	**15,253.31**	**13,630.90**	**14,060.58**	**12,600.42**
Appropriations:				
Proposed dividend on equity shares	241.36	331.45	241.36	331.45
Tax on distribution of dividends	39.16	55.05	39.16	55.05
Transfer to General Reserve	500.00	500.00	500.00	500.00
Balance carried to balance sheet	**14,472.79**	**12,744.40**	**13,280.06**	**11,713.92**

Review of operations

Gross turnover for 2009-10 was ₹97,968.26 lacs and ₹1,37,785.67 lacs in 2010-11, reflecting a robust growth of 40.64%. The net profit for the year was ₹2,508.91 lacs against ₹4,956.65 lacs for the corresponding previous year. Exports recorded a growth of 49.98% from ₹10,718.54 lacs in the previous year to ₹16,075.65 lacs in the current year.

As per the consolidated financial statements, the gross turnover and net profit for 2010-11 were ₹1,42,043.51 lacs and ₹2,346.66 lacs.

The decline in the bottomline in 2010-11 was a temporary aberration involving technical issues in stabilisation of our MDF plant and low product value-mix in new Nalagarh laminate plant. We failed to achieve the expected production target and could not cover adequately the interest and depreciation that was charged, resulting in a decline in our bottomline.

During 2010-11, your Company continued its efforts in the area of product integration and market penetration. Your Company continued to expand its export markets for laminates during 2010-11. Over the years, your Company has steadily grown as an interior infrastructure solutions provider, offering the entire product range viz. plywood, laminates, decorative veneers and medium density fibreboard (MDF). Your Company is present across different price points to cater to all customers across high-end, mid-market and value segments.

Dividend

Your Directors recommend a final dividend of 20% i.e. ₹1.00 per share on the Company's 2,41,36,374 equity shares of ₹5 each for 2010-11. The final dividend on the equity shares, if declared as above, would involve an outflow of ₹241.36 lacs towards dividend and ₹39.16 lacs towards dividend tax, resulting in a total outflow of ₹280.52 lacs.

Outlook and expansion

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

During the year under review, your Company commenced commercial production of densified plywood by increasing the production capacity of the plywood unit situated at GIDC Estate, Bamanbore, Surendranagar, Gujarat. The said new product can be used in railway seats, floorings, truck body building, transformers etc.

Further, after overcoming the technical issues, the operation of the MDF plant stabilised in October, 2010 and we recorded improved utilisation levels in every successive month and expect to cross more than 90% capacity utilisation in 2012-13.

We have also recorded improved capacity utilisation from our new laminate plant in Nalagarh. The unit is expected to achieve higher capacity utilisation and better product mix over the next three to four quarters.

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

Subsidiaries

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

The following may be read in conjunction with the consolidated financial statements enclosed with the accounts. Ministry of Corporate Affairs, Government of India vide General Circular No: 2/2011 dated February 8, 2011 has granted general exemption by directing that the provisions of Section 212 of the Companies Act, 1956 shall not apply in relation to subsidiaries of those companies which fulfil certain conditions mentioned in the said circular. Accordingly, by fulfilling the conditions mentioned in the said circular, the balance sheet, profit and loss account and other documents of the said subsidiaries are not attached with the Company's accounts. As required by the said circular, the financial information of the said subsidiaries is being disclosed in the Annual report and the detailed accounts of individual subsidiary shall be put on the Company's website www.greenply.com. The Company will make available the annual accounts of the said subsidiaries and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the said subsidiaries will also be kept open for inspection by any shareholders at the Company's registered office and that of the respective subsidiaries. The consolidated financial statements presented by the Company include financial results of the said subsidiaries. A statement of holding Company's interest in said subsidiaries is also furnished.

Consolidated financial statements

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

Transfer to General Reserve

Your Directors propose to transfer ₹500 lacs to the General Reserve.

Exercise of detachable warrants and changes in capital structure

During the year under review, your Company, on March 24, 2011, had allotted 20,39,694 equity shares of ₹5 each at a premium of ₹137 per equity share on account of conversion of 20,39,694 detachable warrants issued and allotted on October 16, 2009 pursuant to the Letter of Offer dated September 14, 2009 and received ₹2,896.37 lacs from the conversion of said detachable warrants. Accordingly, the paid-up equity share capital of the Company has been increased from ₹11,04,83,400 (2,20,96,680 equity shares of ₹5 each) to ₹12,06,81,870 (2,41,36,374 equity shares of ₹5 each). As on March 31, 2011, the utilisations of the proceeds from warrants conversion were as under.

Particulars	Amount (₹ in lacs)
MDF project	1,755.91
Laminate project	104.66
General corporate purposes	423.41
Issue expenses	0.43
Total	**2,284.41**

As per the Letter of Offer dated September 14, 2009, the warrant exercise price for the above referred detachable warrants was calculated at ₹144.52 per warrant. However, the warrant exercise price was capped at ₹142.00 else the warrant proceeds along with the rights proceeds received earlier would have exceeded ₹75.00 crores limit as resolved by the Board in its meeting held on March 7, 2009. In the course of listing, the Stock Exchanges, under instructions from SEBI, advised the Company to bring in the difference in issue price (i.e. ₹142.00) and the computed price as per the offer documents (i.e. ₹144.52), with respect to the shares allotted to promoter/promoter group on account of conversion of detachable warrants and accordingly the Company, on May 17, 2011, brought in the differential amount of ₹28.27 lacs from the promoter/promoter group in respect of 11,21,961 equity shares allotted to them. Now, the total issued capital of the Company is listed with both National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Directors

At the ensuing Annual General Meeting, Mr. Susil Kumar Pal and Mr. Vinod Kumar Kothari shall retire by rotation and being eligible, offer themselves for reappointment.

Further, the Remuneration Committee, subject to the approval of members of the Company, has reappointed Mr. Rajesh Mittal as Managing Director for a period of five years with effect from January 1, 2011, Mr. Saurabh Mittal as Joint Managing Director & CEO for a period of five years with effect from September 1, 2011 and Mr. Shobhan Mittal as

Executive Director for a period of five years with effect from September 1, 2011. Resolutions are being placed for approval of members in respect of the above reappointments made by the Remuneration Committee.

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

Directors' responsibility statement

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

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

Insurance

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

Public deposits

During 2010-11, the Company did not invite or accept any deposits from the public under section 58A of the Companies Act, 1956.

Disputed demand of sales tax and central excise in appeal

In contingent liability under notes on accounts, the amount relating to disputed demand of sales tax in appeal is due to sales tax declaration forms pending to be submitted to sales tax authorities.

The Company received a substantial portion of the sales tax declaration forms from its clients and these will be submitted after the hearing is fixed. The Company is trying to collect the remaining forms. In case these are not received, the liability will be passed on to the client.

Further, in contingent liability under notes on accounts, the amount relating to disputed demand of central excise in appeal was due to an adjudication order passed by the Commissioner of Central Excise imposing ₹2,670.52 lacs towards disallowance of CENVAT credit, penalties and duties in relation to timber imported. The Company filed a Stay Petition and also an appeal against the said order before CESTAT, Kolkata. The Stay Petition was heard on March 9, 2009 by the Customs, Excise and Service Tax Appellate Tribunal and an order no. S-24-26/Kol/09 dated March 13, 2009 was passed whereby the Company, Mr. Rajesh Mittal, Managing Director and Mr. Arabinda Kumar Saha, General Manager of the Company were directed to pre deposit an amount of ₹80,000 and compliance thereof to be reported on April 16, 2009. The amount has since been deposited. A waiver was received in respect of pre-deposit of remaining amount of duty and penalties. The matter is currently pending.

Auditors and their report

M/s. D. Dhandaria & Company, Chartered Accountants, statutory auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company received a certificate from them to the effect that the reappointment, if

made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of section 226 of the said Act.

The observations made in the Auditors' Report are self-explanatory and, therefore, do not call for further clarification.

Corporate Governance report

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

Management discussion and analysis report

The management discussion and analysis report for the year 2010-11, pursuant to Clause 49 of the Listing Agreement with stock exchanges is given as a separate statement in the annual report.

CEO and CFO certification

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

Code of Conduct for Directors and senior management personnel

The Code of Conduct is posted on the Company's website. The Joint Managing Director & CEO of the Company has given a declaration that all Directors and senior management personnel concerned affirmed compliance with the code of conduct with reference to the year ended on March 31, 2011. Declaration is attached with the annual report.

Particulars of employees

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

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

The particulars regarding conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are annexed with this report.

Acknowledgement

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

On behalf of the Board of Directors

Place: Kolkata
Dated: May 30, 2011

S. P. Mittal
Executive Chairman

Annexure to the Directors' Report

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

A. Conservation of energy

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

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

(b) Additional investments and proposals, if any
The Company is considering additional investments and proposals for further conservation of energy.

(c) Impact of measures taken
Energy conservation measures stated above have resulted in gradual savings.

(d) Total energy consumption and energy consumption per unit of production
Particulars relating to energy consumption and other details are not being provided because the Company is not on the list of industries specified for this purpose.

B. Technology absorption

a) Research and development (R&D)

1. Areas of R&D activities

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

2. Benefits of the R&D exercises

- Improved product quality and increased timber recovery.
- Cost reduction and technology upgradation.
- Strengthened market leadership status.

- Reduced manufacturing and delivery time.
- Catering to changing/unique needs of customers.

3. Future strategy

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

4. Expenditure on R&D

(₹ in lacs)

Capital	42.11
Revenue	14.80
Total	**56.91**
Total R&D expenditure as a percentage of net turnover (%)	0.05

b) Technology absorption, adoption and innovation

1. Steps adopted

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

2. Benefits of the steps adopted

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

3. Technology improvement

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

c) Foreign exchange earnings and outgo

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

2. Earnings and outgo:

(₹ in lacs)

	2010-11	2009-10
Earnings on account of:		
a) FOB value of exports	1,37,49.87	9,404.94
Total	**13,749.87**	**9,402.94**
Outgo on account of:		
a) Raw-materials and consumables	22,864.00	20,420.98
b) Capital goods	776.73	15,096.78
c) Traded goods	195.85	–
d) Others	1,786.30	2,861.73
Total	**25,622.88**	**38,379.49**

On behalf of the Board of Directors

Place: Kolkata
Dated: May 30, 2011

S. P. Mittal
Executive Chairman

Particulars of employees as required under section 217(2A) of the Companies Act, 1956 and rules made there under forming part of Director's Report for the year ended March 31, 2011

Sl. No.	Name	Age (years)	Designation/ nature of duties	Remuneration (₹)	Qualification	Experience in years	Date of employment	Last employment
1.	Mr. Shiv Prakash Mittal	62	Executive Chairman	97,83,800.00	B. Sc.	38	February 1, 2007	Himalaya Granites Ltd.
2.	Mr. Rajesh Mittal	48	Managing Director	93,67,000.00	B.Com	27	January 1, 1991	Not Applicable
3.	Mr. Saurabh Mittal	35	Joint Managing Director & CEO	89,37,400.00	B. Com	13	April 1, 2002	Himalaya Granites Ltd.
4.	Mr. Shobhan Mittal	31	Executive Director	81,47,000.00	BBA	6	September 1, 2006	Worthy Plywoods Ltd.
5.	Mr. Rakesh Kumar Budhiraja	56	President-Finance (Decorative Division)	59,75,410.00	FCA, FCS, LLB & MBA	30	May 24, 2010	Dunlop India Ltd.
6.	Mr. Sudeep Jain	48	Business Head (EPD)	71,40,365.00	CA	23	May 26, 2009	Lion Forestry Ltd.

Notes:

1. Remuneration shown above includes salary, allowances, cost of accommodation, leave encashment, medical reimbursement, contribution to provident fund and other perquisites as per the terms of employment.
2. All the employees have requisite experience to discharge the responsibility assigned to them.
3. Nature and terms of employment are as per resolution/appointment letter.
4. None of the employees own 2% or more of the equity shares of the Company as on March 31, 2011 within the meaning of sub-clause (iii) of clause (a) of sub-section (2A) of Section 217 of the Companies Act, 1956.
5. Within the meaning of Section 6 of the Companies Act, 1956 (a) Mr. Shiv Prakash Mittal and Mr. Rajesh Mittal (b) Mr. Shiv Prakash Mittal, Mr. Saurabh Mittal and Mr. Shobhan Mittal, are related to each other.

Management discussion and analysis

Industry structure and development

According to industry estimates, ₹13,000 crore Indian interior infrastructure industry is poised to grow at 10% annually over the foreseeable future. Plywood comprises around 60% of the interior infrastructure industry and is set to gain the most. India's real estate sector is expected to grow from USD 14 billion to around USD 50 billion by 2020, which increase the share of real estate in India's GDP from 5% to 6% in five years, translating into growth for the country's interior infrastructure sector.

India's per capita income doubled in seven years and is expected to increase to USD 2,000 by 2016-17 and USD 4,000 by 2025. Increasing per capita income strengthened the consumption of lifestyle products like furniture. Traditionally, Indians have invested in real estate, which augurs well for interior infrastructure companies.

As in many other timber processing sectors in India, the share of small and medium-sized companies in the furniture sector is around 85% of the total output, which is expected to decline following a movement towards economies of scale and stronger tax coverage. As a result of the growing housing and tourism sectors and rising per capita incomes, the furniture sector output is expected to grow 15% annually for the next five years.

The furniture sector sources a significant share of raw materials from local agro forestry plantations and species like sissoo (Dalbergia sissoo), babul/kikar (Acacia arabica), mango (Mangifera indica) and neem (Melia azadirachta).

The country's furniture sector is predominantly in the hands of small unorganised units. Fortunately, large corporations have started taking interest in the production of modern furniture. The plywood industry, which is hardly discussed in any national forum, is growing at a rapid pace. Moreover, following the recent spurt in the housing sector, plywood and laminates are likely to play a more prominent role.

Indian plywood industry

Indian plywood industry is estimated at ₹7,800 crore and the laminate industry at almost ₹3,000 crore, expected to grow 10% annually. The Indian plywood market is fragmented with small and medium-sized companies accounting for almost 80% of the total market. The rest is supplied by large companies with the advantage of volume, quality and superior manufacturing facilities. Plywood alone accounts for 78% of the wood panel market in India, the rest comprising engineered panels like MDF and particleboard. For the housing interiors industry, the Indian market is still dominated by plywood and block board though the trend is changing following a growing share for particle board and MDF.

Panel and plywood are the main wood products in India. Their product categories include veneer sheets, particle board (composite wood core with plastic laminate finish), panel products (fibreboard), plywood from hard and softwood (veneered panels and laminated woods) and medium density fibreboards. Imports constitute 20% of the total annual wood consumption in India, while plantations and forestry contribute 58% and 22% respectively.

Timber and wood products are in good demand, their prices firming. The shortfall in the supply of non-teak hardwood is met through the import of Malaysian hardwood logs. Teak trade is active, prices hardening, owing to continuing demand from Europe, the US and the Middle East. Higher log prices are pushing sawn-wood prices higher. The demand for plywood is steady. Local production costs are rising; the import of plywood and other panel products from China make it difficult for Indian producers to pass these cost increases to consumers.

Opportunities and threats

Opportunities

Increasing urbanisation: CRISIL Research expects India's urban population to increase from 30% in

2010-11 to around 33% by 2020-21, primarily owing to improving employment prospects in cities, rising income levels and the growing trend of nuclear families.

More satellite cities: According to McKinsey Global Institute, owing to increasing urbanisation, India needs at least 25 new satellite cities, each with at least one million population.

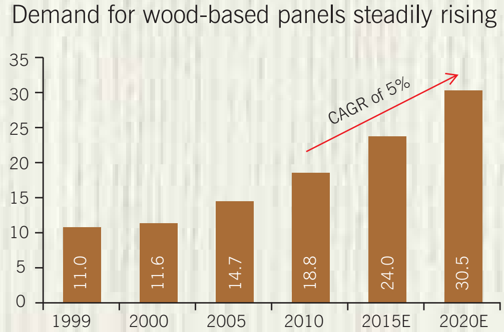
Housing shortage: CRISIL Research expects urban housing shortage to increase, owing to continuous migration and rise in nuclear families. Housing in urban areas was running short by around 19 million units at the end of 2008, likely to touch 21.7 million units by the end of FY14. Rural housing shortage is estimated at 53.8 million units by FY14.

Reduction in renovation cycle: The urban consumer now prefers to renovate his residential facility once every 5-10 years (or less) than the earlier 15 years.

Organised growth: Due to a reduction in excise duty (from 16% to 10%), organised players are now able to compete with unorganised players. Accordingly, organised players are growing at 20% while the total industry volume growth was estimated at 5% over 2005-10 as per FAO.

Rising demand: The demand for wood-based panels is rising. The organised market is expected to grow at 20% CAGR during 2010-14. Plywood and veneer sheets constitute 60% of the market.

Demand for wood-based panels steadily rising



Real estate growth

The contribution of this sector has gone up to ₹1.02 lac crore in 2010-11 compared with ₹35,885 crore in 2004-05, registering annual compound growth of 19.16% in the last six years. According to global real estate consultant Jones Lang LaSalle, the sector will witness further growth with most companies operating in the city firming up expansion plans or executing real estate growth plans with upswing in the economy.

According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides an attractive investment opportunity.

According to Department of Industrial Policy and Promotion (DIPP), housing and real estate sector (including cineplex, multiplex, integrated townships and commercial complexes etc.), attracted a cumulative foreign direct investment (FDI) worth USD 9,405 million from April, 2000 to January 2011, wherein the sector witnessed FDI amounting USD 1,048 million during April-January 2010-11.

India has one of the largest number of retail outlets in the world. In the past few years, retail development has been taking place not only in major cities and metros, but also in Tier-II and Tier-III cities.

According to a report released in October, 2010 by Cushman & Wakefield, 240 million sq.ft of commercial property and about 4.25 million units of residential property will be required to meet demand over 2010-14. Office space demand will total about 55 million sq.ft. Hotels are likely to experience demand for about 78 million room nights over 2010-14.

Threats

- Cheap imports
- Competition from both unorganised and other organised players, leading to difficulties in improving market share
- Shortage of primary raw material (wood fibre)

- Stringent regulatory norms regarding concerns over the environment

Segment-wise performance

Plywood and allied products

Highlights, 2010-11

- Grew 32.82% in value terms and 20.61% in volume terms
- Enhanced overall capacity utilisation from 110% in 2009-10 to 119%
- Increased production from 26.36 million sq.mtr in 2009-10 to 29.70 million sq.mtr
- Enhanced sales from 28.67 million sq.mtr in 2009-10 to 34.58 million sq.mtr
- Created the flush doors vertical; increased the sales from ₹30.12 crore in 2009-10 to ₹43.90 in 2010-11
- Increased rural revenues from ₹30 crore in 2009-10 to ₹63 crore
- Introduced products in the technical plywood segment for the transportation industry
- Added compreg plywood to the product basket.

Medium density fibreboard (MDF)

- Due to a series of unexpected developments in the first half of 2010-11, the plant could not resume production. Following repairs, the plant recommenced production in October, 2010 and achieved a capacity utilisation of 57% in March, 2011.
- The product was accepted and appreciated. The division offered more sizes than competitors.
- The Company received FSC Certification of Controlled Wood (CW) and Chain of Custody (C-O-C). It is working on new resin technology, meet worldwide standards on formaldehyde emissions and obtain E-1 and CARB certifications.
- The unit expects to achieve 60% utilisation in 2011-12, making Green Panelmax MDF market leader in India, riding growth in the Indian furniture market and evolving preference from cheap plywood to MDF. The division expects to cross 90% capacity utilisation in 2012-13.

Laminates and allied products

Highlights, 2010-11

Laminates

- Production increased from 7.2 million sheets in 2009-10 to 9.37 million sheets
- Average realisation increased from ₹436 per sheet in 2009-10 to ₹480 per sheet
- Capacity utilisation at 94% on enhanced capacity.
- Exports grew 54.89% from ₹101.59 crore in 2009-10 to ₹157.35 crore
- Launched new Green Design Studios in Ludhiana, Kolkata, Gangtok, Bhopal, Erode, Bhatinda, Raipur, Ranchi and Chandigarh
- Launched anti-bacterial laminates for the first time in India
- Launched 'Extraordinaire' brand of super premium laminates (digitally printed, customised and unicore laminates)
- Recruited McCann-Ericson to provide brand solutions
- Created a specific website for Rest Room Cubicles

Decorative veneers

- Increased production from 1.19 million sq.mtr in 2009-10 to 1.39 million sq.mtr
- Increased average realisation from ₹662 per sq.mtr in 2009-10 to ₹723 per sq.mtr
- Capacity utilisation increased from 28% in 2009-10 to 33%
- Launched value-added products under the brand 'Impression', textured veneers and Sapwood (a veneer category)

Outlook

Residential

- India's housing shortage in 2007 was 24 million units; this is expected to increase to more than 26 million units by 2012
- The growing working age population in the 15–60 age group is expected to reach 918 million, or 64% of the population by 2025
- The Census of India has estimated that by 2026 the urban population would rise to around 535 million or 38.2% of the total population, up from the figure of 285.35 million (27.8% of the total population) in 2011

Commercial

The demand for office space is expected to increase, driven by a growth in the services industry (telecom, financial services, IT and ITeS), which accounts for the maximum demand of commercial office space in the country.

Retail space

- The Ministry of Commerce and Industry proposed 100% FDI for multi–brand retail outlets (approval awaited).
- The share of organised retail in the total Indian retail trade pie is projected to grow at 40% per annum.

Hospitality space

- Demand for hotel rooms is around 2,40,000 rooms, while supply is around 1,00,000.
- This gap is expected to reduce as several hotel projects are in the pipeline.
- The potential for budget hotels, service apartments, spas and other niche products is significant.

Information Technology

In today's business environment, information is power and a critical asset for any organisation. As we accelerate our pace, we need to understand how information technology (IT) impacts organisational characteristics and outcomes. Staying abreast the technology curve gives an organisation an edge over its competitors, expands business operations portfolio and brings in new customers. The business environment in these times demands that organisations continually respond to evolution, change and transformation, while laying parallel emphasis on becoming agile, quick response and increased productivity. Every business has to focus on the cost elements of their operation and for ways to do more with less.

Information technology is a wide field, and has enabled organisations across the world to work in an efficient manner. It plays a very important role in effective management and running of a business. Information technology contributes largely to process advancements in organisations.

Your Company kept its focus on the use of technology in processing various transactions to improve operational efficiency. Greenply is witnessing strong business growth year-on-year, and is going to surge incrementally with increase in consumer sentiments in domestic and global markets. Our IT strategy has complemented the business initiatives and ensured that benefits are realised at operational level.

In the year under consideration, your Company rolled out applications like Business Intelligence for faster and drilled down analysis. BI (Business Intelligence) addresses the challenge to transform data into information, which can be further used for taking apt business decisions. The year also saw us expand our SAP ERP domain with new roll-outs in various domains.

Another important technology your Company effectively started using is Unified Communications. This technology of Unified Communications helps achieve strategic objectives of enhancing employee productivity, improving collaboration and reducing cost of telecom operations.

IT is a driver for business transformation. We are geared up to embrace technology, to bring new innovations in our business and become more competitive in the market. Your company shows that IT will stand true in reciprocating the trust and faith through business enabled IT solutions and will help improve organisational effectiveness.

Risks and concerns

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

Internal control systems and their adequacy

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

Financial and operational performance

Greenply's gross turnover increased by 40.64% to ₹1,377.86 crores from ₹979.68 crores in 2009-10. The net turnover recorded a jump of 39.55% to ₹1216.09 crores. The Company's operating profit (after adjusting currency gains and other income) increased by 24.44% to ₹116.44 crores from ₹93.57 crores in 2009-10. The Company's PAT declined to ₹25.09 crores from ₹49.57 crores in 2009-10.

Human resources

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

On behalf of the Board of Directors

Place: Kolkata
Dated: May 30, 2011

S. P. Mittal
Executive Chairman

Corporate Governance Report

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

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

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

2. Board of Directors

Composition:

The Board comprises 10 directors headed by an Executive Chairman.

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

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

Board meetings:

During 2010-11, six board meetings were held on April 12, 2010, May 27, 2010, July 27, 2010, November 10, 2010, January 31, 2011 and March 11, 2011.

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

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

*including directorship in foreign companies.

Information supplied to the Board of Directors:

During 2010-11, all necessary information, as required under the provisions of the Companies Act, 1956, Corporate Governance and other applicable laws and rules were placed and discussed at the board meetings.

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

Name of the Director	Mr. Rajesh Mittal	Mr. Saurabh Mittal	Mr. Shobhan Mittal	Mr. Susil Kumar Pal	Mr. Vinod Kumar Kothari
Father's Name	Late Sanwarmal Palriwal	Mr. Shiv Prakash Mittal	Mr. Shiv Prakash Mittal	Late Jiban Krishna Pal	Sri Hanuman Mal Kothari
Date of Birth	November 10, 1962	October 6, 1975	August 19, 1980	January 3, 1943	September 1, 1961
Date of Appointment	November 28, 1990	August 13, 1996	August 8, 2006	December 6, 2005	May 31, 2006
Expertise in specific functional areas	Mr. Rajesh Mittal has been associated with the Company since inception and possesses over 27 years of experience in the fields of finance, administration and marketing. He has been the driving force in implementing various strategic operational and marketing policies.	Mr. Saurabh Mittal has rich and diverse experience spanning operations, finance, import, export, investor relations and corporate affairs. With his able leadership and continuous innovations, Mr. Saurabh Mittal has been able to create a niche for the Company's Laminate products both in domestic and export markets.	Mr. Shobhan Mittal possesses innovative ideas and expertise in business administration and marketing strategy. He has been a pioneer in bringing the MDF project of the Company into operation	Mr. Susil Kumar Pal has vast experience in the area of Finance, projects preparation and accounts.	Mr. Vinod Kumar Kothari has vast knowledge in the area of Finance and Corporate Governance. He is also an author, a trainer and a consultant on specialised financial subjects such as securitisation, credit derivatives, accounting for financial instruments. He is the former Chairman of the Eastern India Regional Council of Institute of Company Secretaries of India.
Qualification	B. Com	B. Com	B. B. A	B.Sc. (Hons). M.Tech (Chem.Engg)	B.Com, Chartered Accountant and Company Secretary
List of outside directorship held excluding alternate directorship	1. S. M. Management Private Limited. 2. Dholka Plywood Industries Private Limited 3. Awadh Maintenance Private Limited	1. Himalaya Granites Limited 2. Greenply Leasing and Finance Limited 3. Prime Properties Private Limited 4. Greenlam Asia Pacific Pte. Ltd. 5. Greenlam America, Inc.	1. Prime Holdings Private Limited 2. Vanashree Properties Private Limited 3. Dholka Plywood Industries Private Limited 4. Educational Innovations Private Limited (w.e.f. April 18, 2011)	1. Ballasore Alloys Ltd. 2. Websol Energy Systems Ltd.	1.Gontermann -Peipers (India) Ltd. 2. Rupa & Company Ltd. 3. Ispat Industries Ltd. 4. Vinod Kothari Consultants Pvt. Ltd. 5. Wise Men's Consultancy Co. (P) Ltd. 6. Academy of Financial Services Pvt. Ltd. 7. Investec Capital Pvt. Ltd. 8. Association of Leasing and Financial Services

Name of the Director	Mr. Rajesh Mittal	Mr. Saurabh Mittal	Mr. Shobhan Mittal	Mr. Susil Kumar Pal	Mr. Vinod Kumar Kothari
Chairman/ member of the committee of the Board of Directors of the Company	**Chairman:** Nil **Member:** Share Transfer & Investors Grievance Committee Operational Committee Right Issue Committee	**Chairman:** Nil **Member:** Audit Committee Share Transfer & Investors Grievance Committee Operational Committee Right Issue Committee	Nil	**Chairman:** Audit Committee Remuneration Committee **Member:** Share Transfer & Investors Grievance Committee Operational Committee Right Issue Committee	**Chairman:** Nil **Member:** Audit Committee Right Issue Committee
Chairman/ member of the committee of the Board of Directors of other companies in which he/she is a director	Nil	Nil	Nil	**Chairman (Audit Committee):** Websol Energy Systems Ltd. **Member (Audit Committee):** Balasore Alloys Ltd. **Member (Share Transfer & Investors' Grievance Committee and Remuneration committee** Balasore Alloys Ltd. Websol Energy Systems Ltd. **Member (Project Committee):** Balasore Alloys Ltd.	**Chairman (Audit Committee):** Rupa & Company Ltd. Ispat Industries Limited **Chairman (Remuneration Committee):** Rupa & Company Ltd. **Member (Audit Committee, Share Transfer & Investors' Grievance Committee, Remuneration committee and Project Management Committee):** Gontermann -Peipers (India) Ltd.
Number of equity shares held in the Company	661180	159000	472400	Nil	Nil

Disclosures of relationships between directors:

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

3. Code of Conduct

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

4. Audit Committee

Composition:

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

Mr. Susil Kumar Pal, Chairman

Mr. Shiv Prakash Mittal

Mr. Gautam Dutta

Mr. Vinod Kumar Kothari

Mr. Anupam Kumar Mukerji and

Mr. Saurabh Mittal

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

Powers and role of the Audit Committee:

Powers:

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

Role:

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

- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

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

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

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

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

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

f) Disclosure of any related party transactions.

g) Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses/applications of funds raised through an issue (public issue, right issue, preferential issue, among others), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public/right issue, and making the appropriate recommendation to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, the adequacy of the internal control systems.
- Reviewing the adequacy of internal audit functions, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain areas of concern.
- To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the whistleblower mechanism, in case it is existing.
- Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

Review of information by the Audit Committee:
The Audit Committee reviews the following information:

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

Meetings attended during the year:
During 2010-11, five meetings of the audit committee were held on April 12, 2010, May 27, 2010, July 27, 2010, November 10, 2010 and January 31, 2011.

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Susil Kumar Pal	Non-executive, Independent director	5	5
Mr. Shiv Prakash Mittal	Executive-Promoter director	5	5
Mr. Gautam Dutta	Non-executive Independent director	5	5
Mr. Saurabh Mittal	Executive-Promoter director	5	3
Mr. Anupam Kumar Mukerji	Non-executive Independent director	5	3
Mr. Vinod Kumar Kothari	Non-executive Independent director	5	4

5. Subsidiary companies

The Company has two overseas wholly-owned subsidiaries viz. Greenlam Asia Pacific Pte. Ltd. and Greenlam America, Inc. Greenlam Asia Pacific Pte. Ltd. explores new markets for our laminates in South-east Asian countries. Greenlam America, Inc. is engaged in the marketing and distribution of our high-pressure laminates in North and South America.

6. Remuneration Committee

Composition:

Mr. Susil Kumar Pal, Chairman

Mr. Gautam Dutta, Member and

Mr. Anupam Kumar Mukerji, Member

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

Terms of Reference:

- To determine the Company's policy on remuneration package for Executive Directors and any compensation payment.
- To discuss, approve the appointment, re-appointment of Executive Directors, Managing Directors and also to fix their remuneration packages and designation.

Meetings and Attendance:

During 2010-11, one meeting of the Committee was held on November 10, 2010.

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

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

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

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

(I) Executive Directors

The details of remuneration including commission to all Executive Directors for the year ended March 31, 2011 are as follows and the same is within the ceiling prescribed under the applicable provisions of the Companies Act, 1956.

Name and Designation	Service Contract/ Notice Period*	Salary including Leave Encashment (₹)	Commission (₹)	Perquisites and other allowances (₹)
Mr. Shiv Prakash Mittal (Executive Chairman)	Appointed as an executive chairman for 5 years w.e.f. 01.02.2007	68,90,000.00	6,59,000.00	22,34,800.00
Mr. Rajesh Mittal (Managing Director)	Re-appointed for 5 years w.e.f. 01.01.2011	61,75,000.00	6,59,000.00	25,33,000.00
Mr. Saurabh Mittal (Jt. Managing Director & CEO)	Re-appointed for 5 years w.e.f. 01.09.2006	50,70,000.00	6,59,000.00	32,08,400.00
Mr. Shobhan Mittal (Executive Director)	Appointed as an Executive Director w.e.f. 01.09.2006	39,00,000.00	6,59,000.00	35,88,000.00

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

(II) Non-executive Directors

The details of sitting fees and annual commission to Non-executive Directors for the financial year 2010-11 are as follows:

Name	Service Contract/ Notice Period	Sitting Fees paid (₹)	Commission payable (₹)	Number of shares held in the Company
Mr. Moina Yometh Konyak	Retire by rotation	10,000	4,00,000	Nil
Mr. Gautam Dutta	Nominee director	75,000*	Not Applicable	Nil
Mr. Susil Kumar Pal	Retire by rotation	95,000	4,00,000	Nil
Mr. Vinod Kumar Kothari	Retire by rotation	80,000	4,00,000	Nil
Mr. Anupam Kumar Mukerji	Retire by rotation	55,000	4,00,000	Nil
Ms. Sonali Bhagwati Dalal	Retire by rotation	Nil	4,00,000	Nil

**Paid to IDBI Bank Limited*

7. Share Transfer and Investors Grievance Committee

Composition:

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

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

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

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

The table gives the number of complaints received, resolved and pending during the year 2010-11.

Number of complaints:

Received	Resolved	Pending
8	8	Nil

During 2010-11, four meetings were held on October 1, 2010, December 1, 2010, December 17, 2010 and February 7, 2011 and the attendances of member directors were as follows:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Rajesh Mittal	Executive-promoter director	4	Nil
Mr. Saurabh Mittal	Executive-promoter director	4	4
Mr. Susil Kumar Pal	Non-executive-independent director	4	Nil
Mr. Anupam Kumar Mukerji	Non-executive-independent director	4	4

8. Operational Committee

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

9. Right Issue Committee

The Right Issue Committee comprises three promoter directors and two non-executive independent directors.

Mr. Shiv Prakash Mittal, Chairman
Mr. Rajesh Mittal
Mr. Saurabh Mittal
Mr. Susil Kumar Pal and
Mr. Vinod Kumar Kothari

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

The Committee exercises various powers relating to issue and allotment of equity shares and detachable warrants under the rights issue of the Company in accordance with its terms of reference determined by the Board of Directors of the Company from time to time. The Committee meets as and when required to execute the matters within the purview of their terms of reference. During 2010-11, the Committee met once on March 24, 2011.

10. General Body Meetings

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

Financial year ended	Date of AGM	Venue	Time
March 31, 2010	06-08-2010 (20th AGM)	Makum Road, Tinsukia, Assam - 786 125	10:00 A.M.
March 31, 2009	07-08-2009 (19th AGM)	Makum Road, Tinsukia, Assam - 786 125	10:00 A.M.
March 31, 2008	07-08-2008 (18th AGM)	Makum Road, Tinsukia, Assam - 786 125	10:00 A.M.

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

- At the 20th Annual General Meeting held on August 6, 2010

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

- At the 19th Annual General Meeting held on August 7, 2009

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

- At the 18th Annual General Meeting held on August 7, 2008

Resolution under Section 31 of the Companies Act, 1956 for alteration of Article 122 of the Articles of Association of the Company relating to payment of sitting fees to the directors of the Company.

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

11. Disclosures

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

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

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

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

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

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

12. Adoption of non-mandatory requirements

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

13. Means of communication

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

Details about the means of communication:

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

14. General shareholders' information

i. Date, time and venue of the Annual General Meeting	August 19, 2011 10:00 a.m. at the Regd. Office of Greenply Industries Ltd. Makum Road, P.O. Tinsukia, Assam -786 125
ii. Financial Year	Financial year of the Company is from April 1 to March 31. Publication of results for the financial year 2011-12 (tentative and subject to change) First quarter results: On or before August 14, 2011 Second quarter and half year results: On or before November 14, 2011 Third quarter results: On or before February 14, 2012 Fourth quarter results and results for the year ending March 31, 2012: On or before May 15, 2012 and on or before May 30, 2012 respectively.
iii. Dates of book closure	From August 3, 2011 to August 5, 2011 (both days inclusive)
iv. Dividend payment date	Within 15 days from the date of Annual General Meeting
v. Listing of equity shares at stock exchange:	Bombay Stock Exchange Ltd. (BSE) Floor 25, P. J. Towers, Dalal Street, Fort, Mumbai-400 001 National Stock Exchange of India Ltd.(NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai– 400 051
vi. Stock Code/Symbol	BSE: 526797 NSE: GREENPLY

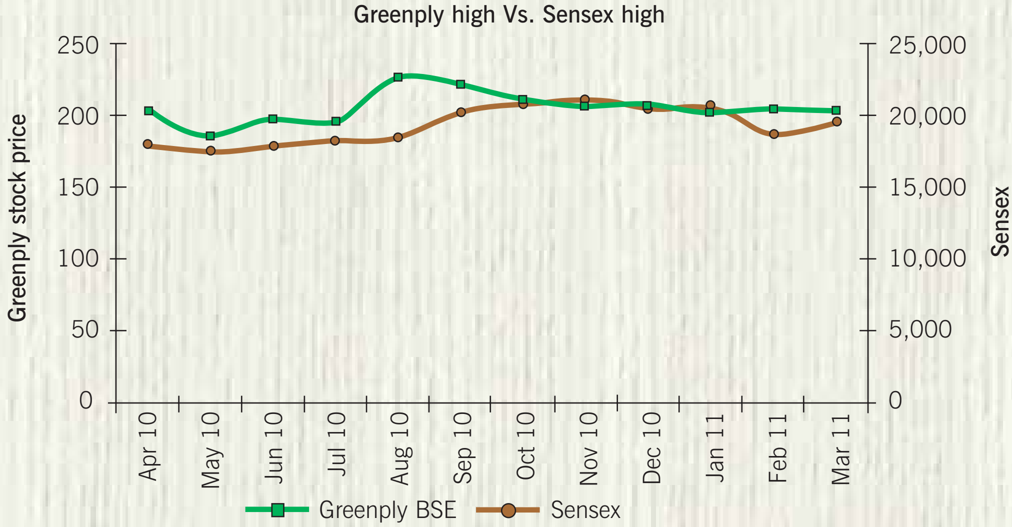
vii. Market price data for the financial year 2010-11:

Month	At BSE		At NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2010	202.95	180.00	202.50	180.00
May 2010	186.30	170.00	187.40	170.60
June 2010	198.00	170.30	198.90	174.25
July 2010	196.00	181.25	196.90	186.00
August 2010	227.00	187.00	227.50	188.45
September 2010	221.85	193.35	222.50	193.40
October 2010	211.90	192.00	211.25	190.30
November 2010	207.00	180.00	209.00	181.95
December 2010	207.70	181.65	208.00	185.00
January 2011	202.80	172.05	196.00	167.60
February 2011	204.70	172.50	198.00	175.45
March 2011	204.20	158.30	202.65	158.50

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

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

Greenply shares performance:



x. Registrars & share transfer agents

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

xi. Share Transfer System

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

xii. Distribution of equity shareholding as on March 31, 2011.

a. Distribution of shareholding by size is as given below:

Range in number of shares held	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of shares held
1-500	4592	89.84	391748	1.62
501-1000	182	3.56	140569	0.58
1001-2000	145	2.84	208853	0.87
2001-3000	35	0.68	87224	0.36
3001-4000	22	0.43	76803	0.32
4001-5000	27	0.53	121412	0.50
5001-10000	34	0.67	261522	1.08
10001-50000	37	0.72	758121	3.14
50001-100000	9	0.18	607968	2.52
100001 and Above	28	0.55	21482154	89.01
Total	**5111**	**100.00**	**24136374**	**100.00**

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

Category of Shareholders	Number of shares	Percentage of shares
Promoter and Promoter Group	1,32,75,000	55.00
Foreign Institutional Investors	20,17,508	8.36
Mutual Funds/UTI	1,06,558	0.44
Bodies Corporate	25,04,202	10.38
Individuals	55,99,647	23.20
Others	6,33,459	2.62
Total	**2,41,36,374**	**100.00**

xiii. Dematerialisation of shares and liquidity

The Company's equity shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE 461C01020. Nearly 99.81% of total listed equity shares have been dematerialised as on March 31, 2011. Pending approval from Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., 20,39,694 equity shares allotted on March 24, 2011 on account of conversion of 20,39,694 detachable warrants could not be listed as of March 31, 2011 but got listed subsequently.

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

xv. Corporate Identity Number (CIN):
L20211AS1990PLC003484

xvi. Plant locations:

Plywood & Allied Products

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

Plywood & Particle Board

- Integrated Industrial Estate
Pantnagar, Udham Singh Nagar
Uttarakhand

Laminate & Allied Products

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

Medium Density Fibreboard

- Integrated Industrial Estate
Pantnagar, Udham Singh Nagar
Uttarakhand

Windpower

- Chellianallur Village,
Tirunelveli, Tamil Nadu

xvii. Address for correspondence:
M/s. S.K. Computers
34/1A, Sudhir Chatterjee Street
Kolkata – 700 006
Phone: (033) 2219-4815/6797
Fax: (033) 2219-4815
Contact Person: Mr. Dilip Bhattacharya, Sr. Manager
Email: agarwalskc@rediffmail.com

On behalf of the Board of Directors

Place: Kolkata
Dated: May 30, 2011

S. P. Mittal
Executive Chairman

Auditors' Certificate

To
The Members of
Greenply Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by Greenply Industries Limited for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

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

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

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

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

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

Place: Kolkata
Dated: May 30, 2011

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

To
The Members of
Greenply Industries Ltd.

In accordance with Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2011.

Saurabh Mittal
Joint Managing Director & CEO

Dated: May 30, 2011

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

To
The Board of Directors
Greenply Industries Ltd.

(a) We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2011 and that to the best of our knowledge and belief:

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

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

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

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

(d) We have indicated to the Auditors and the Audit Committee that there are no

  (i) significant changes in internal control over financial reporting during the year;

  (ii) significant changes in accounting policies during the year; and

  (iii) instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	Saurabh Mittal	**Vishwanathan Venkatramani**
Dated: May 30, 2011	*Joint Managing Director & CEO*	*Chief Financial Officer*

Financial Section

Auditors' Report

To
The Members of
Greenply Industries Limited

We have audited the attached Balance Sheet of M/s. GREENPLY INDUSTRIES LIMITED as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

(2) Without qualifying our opinion, we draw attention to note no. 2.05 of Schedule-V regarding valuation of Investments and Trade Receivables.

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

(a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account, as required by law, *subject to note no. 2.04 of Schedule V regarding credit of export incentives* have been kept by the Company so far as appears from our examination of those books and proper returns, certified by the Branch Managers, adequate for the purpose of our audit have been received from some of the branches, which have not been visited by us;

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

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

(e) On the basis of the written representations received from the directors other than nominee directors and taken on record by Board of Directors, we report that none of the said directors is disqualified as on 31st March, 2011 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956. The provisions of section 274(1)(g) relating to disqualification of directors are not attracted in case of nominee directors.

(f) In our opinion and to the best of our information and according to the explanations given to us, *the said accounts, subject to Note No. 2.04 of Schedule V to the Accounts regarding credit of export incentives whereby profit is overstated to the extent stated therein with corresponding effects on the assets and liabilities of the company* and read together with Significant Accounting Policies and other notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

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

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

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

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

Place : Kolkata
Dated: 30th May, 2011

Annexure to Audit Report

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) A substantial portion of the fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) As the company has not disposed off any major part of the fixed assets, the going concern status of the company is not affected.

2. (a) As explained to us, the inventory has been physically verified during the year by the management at reasonable intervals.

   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.

3. In respect of the loans, secured or unsecured granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

   (a) As informed to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such clauses (iii)(a) to (iii)(d) of Paragraph 4 are not applicable;.

   (b) As informed to us, the Company had taken loans from four companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved was ₹1543.79 lacs and the year end balance is ₹Nil ; and

   (c) The loans were interest-free and as informed to us, other terms and conditions of loans taken by the company were not prima facie prejudicial to the interest of the company; and

   (d) The loans were repaid during the year.

4. In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system;

5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered and the register required to be maintained under that section; and

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The company has not accepted any deposits from the public during the year.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. In respect of the company, no cost records have been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.

9. According to the information and explanation given to us in respect of statutory and other dues:

   (a) According to the records of the Company, the Company has generally been regular in depositing provident fund, investor education protection fund, employees' state insurance, income tax, value added tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities though there has been a slight delay in a few cases.

   Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

   (b) According to information and explanations given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess and other undisputed statutory dues were outstanding at the year end, for a period of more than six months from the date they become payable.

Annexure to Audit Report (Contd.)

(c) According to the information and explanation given to us, the following disputed amounts have not been deposited by the company :

Statement of disputed dues

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
A) i) West Bengal Sales Tax Act, 1994	Sales Tax Surcharge & Additional Surcharge Penalty (For short submission of Declaration Form 11)	8.70 1.66 0.05	1997 – 1998	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata
ii) West Bengal Sales Tax Act, 1994	Sales Tax Surcharge & Additional Surcharge Penalty (For short submission of Declaration Form 11)	27.57	1997 – 1998 & 1998 – 1999	Senior joint Commissioner of Commercial Taxes, Corporate Division
iii) West Bengal Sales Tax Act, 1994	Sales Tax Surcharge & Additional Surcharge Penalty (For short submission of Declaration Form 11)	70.61	1999 – 2000 & 2000 – 2001	Assistant Commissioner of Commercial Taxes, South Circle, Kolkata
iv) West Bengal Sales Tax Act, 1994	Disallowance of Input Vat and Addition of Extra Purchase	8.40	2005 – 2006	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata
v) West Bengal Sales Tax Act, 1994	Disallowance of Input Vat and Addition of Extra Purchase	16.05	2006 – 2007	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata
B) i) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	1.72	1997 – 1998	West Bengal Commercial Taxes Appellate & Revision Board Kolkata.
ii) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	58.31	1997 – 1998 & 1998 – 1999	Senior joint Commissioner of Commercial Taxes, Corporate Division
iii) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	32.43	1999 – 2000 & 2000 – 2001	Assistant Commissioner of Commercial Taxes, South Circle, Kolkata
iv) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	8.72	2005 – 2006	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata
v) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	3.35	2006 – 2007	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata.
C) Central Sales Tax Act, 1956	Tax Demand on Raw Material Sales	2.94	2002 – 2003	Tax Board, Ajmer

Annexure to Audit Report (Contd.)

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
D) Rajasthan Entry Tax – Goods Act, 2003	Set-off of the Entry Tax with the Sales Tax in respect of Branch Transfer	76.06	2003 – 2004	Tax Board, Ajmer
E) Rajasthan Entry Tax – Goods Act, 2003	Set-off of the Entry Tax with the Sales Tax in respect of Branch Transfer	30.44	2004 – 2005	Tax Board, Ajmer
F) Rajasthan Entry Tax – Goods Act, 2003	Set-off of the Entry Tax with the Sales Tax in respect of Branch Transfer	55.74	2005 – 2006	Deputy Commissioner of Commercial Taxes (Appeals), Alwar
G) Rajasthan Entry Tax – Goods Act, 2003	Writ Petition filed in respect of levy of Entry Tax	12.37	2007– 2008	Rajasthan High Court, Jodhpur
H) Central Sales Tax Act, 1956	a) Set-off of the Entry Tax with the Sales Tax in respect of Branch Transfer b) Form pending	13.51 9.75	2006 – 2007	Deputy Commissioner of Commercial Taxes (Appeals), Alwar
I) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	30.24	2007 – 2008	Deputy Commissioner of Commercial Taxes (Appeals), Alwar.
J) Central Excise Act, 1944	Wrong claim of Cenvat Credit on Service Tax paid on Input Services	4.89	2007-2008	Deputy Commissioner, Central Excise, Jorhat
K) Central Excise Act, 1944	Wrong claim of Cenvat Credit on Service Tax paid on Input Services	0.65	2006-2007	Deputy Commissioner, Central Excise, Jorhat
L) Central Excise Act, 1944	a) Disallowance of Cenvat Credit b) Penalty imposed on Company, Managing Director and an Executive	769.94 1900.58	2006-2007 to 2007-2008	Customs, Excise and Service Tax Appellate Tribunal, East Zonal Bench, Kolkata
M) Central Excise Act, 1944	a) for imposition of Penalty (appeal filed by the department)	43.71	2000-2001 to 2005-2006	Customs, Excise and Service Tax Appellate Tribunal, East Zonal Bench, Kolkata
N) Income Tax Act 1961	Income Tax Demand	27.49	2002-03	Commissioner (Appeals) Central III, Kolkata

Out of the total disputed dues aggregating ₹3215.88 lacs as above, ₹2670.52 lacs has been stayed for recovery by the relevant authorities.

Annexure to Audit Report (Contd.)

10. The company does not have accumulated losses at the year end and has not incurred cash losses during the period covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not issued any debentures. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
15. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by its subsidiary company from a bank are not prejudicial to the interest of the company.
16. In our opinion and according to information and explanations given to us, the term loans have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
19. According to the information and explanations given to us, the company has not issued any debentures.
20. The company has not raised money by public issue during the period and hence the question of disclosure and verification of end use of such money does not arise.
21. According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

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

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

Place : Kolkata
Dated: 30th May, 2011

Balance Sheet as at 31 March 2011

₹ in Lacs

As at 31 March	Schedules	2011		2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	1206.82		1104.83	
Reserves & Surplus	B	31102.69		26141.37	
			32309.51		27246.20
Loan Funds					
Secured Loans	C	43449.43		36656.74	
Unsecured Loans	D	8530.42		4083.27	
			51979.85		40740.01
Deferred Tax Liabilities (Net)	E		2469.64		1892.22
Total			**86759.00**		**69878.43**
APPLICATION OF FUNDS					
Fixed Assets	F				
Gross Block		72779.86		63497.74	
Less : Depreciation		12386.18		9221.00	
Net Block		60393.68		54276.74	
Add : Capital Work-in-Progress		1053.84		1348.99	
			61447.52		55625.73
Investments	G		874.50		412.70
Current Assets, Loans & Advances					
Inventories	H	22928.25		19975.37	
Sundry Debtors	I	21274.74		15112.57	
Cash & Bank Balances	J	1340.50		1891.73	
Loans & Advances	K	7414.64		5591.97	
		52958.13		42571.64	
Less : Current Liabilities & Provisions	L	28598.58		28831.80	
Net Current Assets			24359.55		13739.84
Miscellaneous Expenditure	M		77.43		100.16
Total			**86759.00**		**69878.43**
Significant Accounting Policies & Notes on Accounts	V				

The Schedules referred to above form an integral part of the Balance Sheet.
As per our annexed report of even date.

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

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

Place: Kolkata
Date: 30 May 2011

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Greenply Industries Limited

Profit and Loss Account for the year ended 31 March 2011

₹ in Lacs

For the year ended 31 March	Schedules	2011		2010	
INCOME					
Gross Sales	N		137785.67		97968.26
Less : Central Excise Duty			5542.12		3720.86
Less : VAT / Sales Tax & Turnover Tax			10634.59		7106.03
Net Sales			121608.96		87141.37
Other Income	O		179.86		194.66
Increase/(Decrease) in Stocks	P		1314.47		(274.47)
Total			**123103.29**		**87061.56**
EXPENDITURE					
Purchase of finished/traded goods	Q		7031.98		3684.28
Raw Materials Consumed	R		69162.83		47848.52
Manufacturing Expenses	S		8888.81		5186.49
Payments & Other Benefits to Employees	T		10372.98		7663.50
Administrative, Selling, Distribution & Other Expenses	U		15823.11		13127.50
Loss/(Gain) due to Fluctuation in Foreign Exchange Rates			859.66		(718.06)
Interest (Net)			3778.17		2368.73
Depreciation		4102.65		2212.51	
Less : Transfer to Pre - Operative Expenses		–		4.92	
Less : Transfer from Revaluation Reserve		3.23		5.11	
			4099.42		2202.48
Total			**120016.96**		**81363.44**
Profit before Tax			**3086.33**		**5698.12**
Less : Provision for Taxation					
For Current			(620.00)		(970.00)
For Deferred			(577.42)		(634.15)
Income Tax for earlier years			–		(107.32)
Add/(Less) : Mat Credit Entitlement			620.00		970.00
Profit after Tax			**2508.91**		**4956.65**
Add : Balance brought forward from last year			12744.40		8674.25
Amount Available for Appropriations			**15253.31**		**13630.90**
APPROPRIATIONS					
Proposed Dividend					
- Equity Shares		241.36		331.45	
Tax on Distribution of Dividend		39.16		55.05	
Transfer to General Reserve		500.00		500.00	
			780.52		886.50
Balance Transferred to Balance Sheet			**14472.79**		**12744.40**
Basic Earnings Per Share (₹)	V		11.33		25.64
Diluted Earnings Per Share (₹)	V		10.39		24.46
Significant Accounting Policies & Notes on Accounts	V				

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our annexed report of even date.

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

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

Place: Kolkata
Date: 30 May 2011

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Schedules forming part of the Account as at 31 March 2011

₹ *in Lacs*

As at 31 March	2011	2010
A SHARE CAPITAL		
Authorised		
3,20,00,000 Equity Shares of ₹5/- each	1600.00	1600.00
50,00,000 Cumulative Redeemable Preference Shares of ₹10/- each	500.00	500.00
	2100.00	**2100.00**
Issued, Subscribed and Paid Up		
2,41,36,374 (Previous Year 2,20,96,680) Equity Shares of ₹5/- each fully paid up	1206.82	1104.83
	1206.82	**1104.83**

Of the above, 60,11,446 Equity Shares of ₹5/- each have been allotted as fully paid up in earlier years pursuant to Scheme of Amalgamation without payment being received in cash.

The Company had alloted 20,39,694 detachable warrants on 16.10.2009 along with the Equity Shares on a rights basis to the existing equity shareholders, which were convertible into equity shares, on exercise of option by the shareholders within a period of 18 months from the date of allotment. All such warrants were converted into equity shares on 24.03.2011, pursuant to exercise of such option.

As per the terms and conditions of the issue, the Warrant exercise price was to be the higher of a) floor price being ₹90, and b) 75% of the average of the daily closing price of the equity shares on the relevant stock exchange for a period of 90 days before the relevant date. Such price was computed at ₹144.52 per warrant. Had the warrant been converted at this price, the total amount raised would have exceeded the amount sought to be raised through the "Letter of Offer". So, the warrants were issued at a price of ₹142/- each.

Subsequently, as directed by SEBI, a differential amount of ₹28,27,341.72, calculated at the rate of ₹2.52 per warrant on 11,21,961 warrants has been collected from promoter/promoter group on 17.05.2011.

Disclosure as per SEBI Guidelines

The proceeds from the conversion of detachable warrants raised during the year amounting to ₹2896.37 lacs has been partly utilised during the year for the following purposes.

Capital Expenditure	₹ *in Lacs*
MDF Project	1755.91
Laminate Project	104.66
General Corporate Purposes	423.41
Issue Expenses	0.43
Total	**2284.41**

₹ *in Lacs*

	As at 1st April, 2010	Addition	Deduction	As at 31st March, 2011
B RESERVES & SURPLUS				
Capital Redemption Reserve	500.00	–	–	500.00
Capital Reserve	20.00	–	–	20.00
Revaluation Reserve	95.13	–	61.45*	33.68
Securities Premium Account	8803.26	2794.38	–	11597.64
General Reserve	3978.58	500.00	–	4478.58
Profit & Loss Account (Balance at credit)	12744.40	1728.39	–	14472.79
	26141.37	**5022.77**	**61.45**	**31102.69**
Previous Year's Total	17241.98	8904.50	5.11	26141.37

* Represents amount transferred to Profit & Loss Account :-

a) On account of difference between depreciation on revalued cost of assets and it's original cost	3.23
b) On account of difference on loss on asset discarded between revalued written down value and it's original written down value	58.22
	61.45

Schedules forming part of the Account as at 31 March 2011

₹ *in Lacs*

As at 31 March	2011	2010
C SECURED LOANS		
A. Term Loans		
From Financial Institutions		
Export Import Bank of India	2519.59	2163.87
From Banks		
ING Vysya Bank Limited	166.67	500.00
ING Vysya Bank Limited (FCL)	639.89	1707.60
IDBI Bank Limited	3206.79	3692.09
State Bank of India (FCNR)	948.31	1820.32
State Bank of Hyderabad	500.00	321.24
State Bank of Indore	2666.86	3165.27
Axis Bank Limited	2913.82	3736.97
Standard Chartered Bank (FCTL)	5349.60	5410.80
Landesbank Baden-Wurttenberg (FCTL)	8643.49	8977.21
Bank of Baroda	5000.00	–
IndusInd Bank Ltd.	3000.00	–
B. Working Capital		
From Financial Institutions		
Export Import Bank of India	670.00	–
Export Import Bank of India (PCFC)	445.80	450.90
From Banks		
Rupee Loan	5562.73	4542.70
Foreign Currency Loan (FCNR(B))	966.80	–
D. Vehicle Finance		
From Banks & others	249.08	167.77
Total	**43449.43**	**36656.74**

Notes:

A. **Term Loans**

All Term Loans except term loan from Landesbank Baden-Wurttenberg are secured by first mortgage and charge on the immovable and movable properties of the Company other than MDF plant, ranking on pari passu basis, save and except current assets, both present and future and second charge over the current assets. Some of the loans are also secured by personal guarantees of three Directors of the Company.

Term Loan from Landesbank Baden-Wurttenberg is secured by first priority security charge on MDF plant.

B. **Working Capital**

All Working Capital Loans are secured by first charge by way of hypothecation of current assets and second charge over movable and immovable properties of the Company, on pari-passu basis.

C. **Vehicle Finance**

Vehicle finance are secured by hypothecation of respective vehicles.

D UNSECURED LOANS	2011	2010
From Banks	1000.00	1500.00
Commercial Paper from a Bank	2000.00	–
From Corporate Bodies	5530.42	2583.27
	8530.42	**4083.27**

E DEFERRED TAX LIABILITIES (NET)	2011	2010
Deferred Tax Liabilities		
Depreciation	3088.10	2479.83
	3088.10	2479.83
Less : Deferred Tax Assets		
Provision for Gratuity/Liabilities	450.43	406.67
Deviation in value of Closing Stock U/S 145A	168.03	180.94
	618.46	587.61
Net Deferred Tax Liabilities	**2469.64**	**1892.22**

Schedules forming part of the Account as at 31 March 2011

₹ in Lacs

F | FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2010	Addition During the Period	Deduction During the Period	Total as at 31/03/2011	Upto 31/03/2010	For the Period	Adjustment for Deductions	Total	As at 31/03/2011	As at 31/03/2010
TANGIBLE ASSETS										
Freehold Land	1104.85	466.16	–	1571.01	–	–	–	–	1571.01	1104.85
Leasehold Land	765.02	–	–	765.02	37.30	7.91	–	45.21	719.81	727.72
Land Development	1130.92	152.85	–	1283.77	18.29	9.67	–	27.96	1255.81	1112.63
Buildings	10068.35	2921.70	327.53	12662.52	954.27	294.57	183.14	1065.70	11596.82	9114.08
Plant & Machinery	45722.78	6256.41	657.52	51321.67	6828.87	3274.94	485.85	9617.96	41703.71	38893.91
Furniture & Fixtures	873.37	252.40	24.52	1101.25	170.53	59.38	6.10	223.81	877.44	702.84
Vehicles	1600.04	335.46	294.37	1641.13	322.66	150.48	123.42	349.72	1291.41	1277.38
Heavy Vehicles	115.04	5.88	1.25	119.67	56.53	9.57	1.14	64.96	54.71	58.51
Office Equipments	1708.79	351.15	154.70	1905.24	663.97	221.27	137.82	747.42	1157.82	1044.82
INTANGIBLE ASSETS										
Goodwill	340.00	–	–	340.00	136.00	68.00	–	204.00	136.00	204.00
Trademarks	68.58	–	–	68.58	32.58	6.86	–	39.44	29.14	36.00
Total A	**63497.74**	**10742.01**	**1459.89**	**72779.86**	**9221.00**	**4102.65**	**937.47**	**12386.18**	**60393.68**	**54276.74**
Capital Work In Progress										
Building under Construction	812.04	345.01	812.04	345.01	–	–	–	–	345.01	812.04
Machinery under Errection	536.95	708.45	536.57	708.83	–	–	–	–	708.83	536.95
Total B	**1348.99**	**1053.46**	**1348.61**	**1053.84**	**–**	**–**	**–**	**–**	**1053.84**	**1348.99**
Total A + B	**64846.73**	**11795.47**	**2808.50**	**73833.70**	**9221.00**	**4102.65**	**937.47**	**12386.18**	**61447.52**	**55625.73**
Previous Year's Total	32464.61	68337.38	35955.26	64846.73	7374.81	2212.51	366.32	9221.00	55625.74	–

Greenply Industries Limited

Schedules forming part of the Account as at 31 March 2011

₹ in Lacs

As at 31 March	2011	2010
G INVESTMENTS (At Cost)		
Long Term Investments		
Trade		
Equity Shares of Companies (Fully Paid Up)		
Unquoted (wholly owned subsidiaries)		
In Greenlam Asia Pacific Pte. Ltd. (formerly GIL Intercontinental Pte. Limited)		
4,30,642 Shares of Singapore Dollar 1 each	125.31	125.31
In Greenlam America Inc.		
16,00,000 (Previous Year 6,00,000) Shares of USD 1 each	740.23	278.43
Other Than Trade		
Equity Shares Of Companies (Fully Paid Up)		
Quoted		
In Himalaya Granites Limited		
3,80,583 Shares of ₹10 each	8.14	8.14
In Indian Overseas Bank Limited		
3,400 Shares of ₹10 each	0.82	0.82
	874.50	**412.70**
Aggregate Book Value of Investments		
Quoted	8.96	8.96
Unquoted	865.54	403.74
	874.50	**412.70**
Market Value of Quoted Investments	75.86	47.27

	2011	2010
H INVENTORIES (As taken, valued and certified by the Management)		
Raw Materials [including at Customs Warehouse ₹2290.81 lacs (Previous year ₹1165.98 lacs) and at Port ₹22.54 lacs (Previous year ₹13.17 lacs)]	14974.64	13648.87
Stores & Spare Parts	976.72	664.08
Finished Goods [including in Transit ₹491.13 lacs (Previous year ₹302.21 lacs) and at Port ₹Nil (Previous year ₹113.94 lacs)].	5630.61	4366.02
Goods-in-Process	1346.28	1296.40
Total	**22928.25**	**19975.37**

	2011	2010
I SUNDRY DEBTORS (Considered good)		
Debts outstanding for a period exceeding six months [Including Dues from its wholly owned subsidiary company ₹684.19 lacs (Previous year ₹274.55 lacs)]	945.30	621.76
Other Debts [Including Dues from its wholly owned subsidiary company ₹2266.38 lacs (Previous Year ₹1314.56 lacs)]	20329.44	14490.81
Total	**21274.74**	**15112.57**
Note:		
Secured	70.37	42.39
Unsecured	21204.37	15070.18
	21274.74	**15112.57**

Schedules forming part of the Account as at 31 March 2011

₹ *in Lacs*

As at 31 March	2011	2010
J CASH & BANK BALANCES		
Cash In Hand	51.10	65.71
Foreign Currency in hand	4.72	1.22
With Scheduled Banks :		
- On Current Account	731.05	468.95
- On Current Account (FC)	1.72	9.66
- On EEFC Account	2.21	–
- On Term Deposit Account (Receipts pledged with Banks & others as Security Deposits and including interest accrued)	549.70	1346.19
Total	**1340.50**	**1891.73**

K LOANS & ADVANCES (Unsecured, Considered good)		
Advances (recoverable in cash or in kind or for value to be received):		
- To Staff & Workers	224.48	191.44
- Against Purchase of Raw Materials, Stores etc.	1062.02	462.44
- Against Capital Goods	739.02	929.65
- To Others	1372.69	928.92
Prepaid Expenses	268.85	191.39
Security Deposit	567.62	555.17
Service Tax Input Credit Receivable	198.11	198.74
Balance with Central Excise Authorities (including unavailed Cenvat Credit)	592.98	372.54
Advance Payment of Income Tax (Less Provision)	538.83	516.49
Mat Credit Entitlement	1601.47	981.47
Advance payment of Sales Tax (including unavailed VAT Input Credit)	248.57	263.72
Total	**7414.64**	**5591.97**

L CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors for Goods, Expenses etc	25198.59	26465.27
Advance against Sales	495.86	325.76
Unclaimed Dividends	9.48	9.08
Security Deposit	520.75	12.50
Other Liabilities	1386.72	1135.75
Temporary Overdraft from Banks	87.02	0.07
	27698.42	**27948.43**
Provisions		
For Gratuity	619.64	496.87
For Proposed Dividend		
- on Equity Shares	241.36	331.45
For Tax on Distribution of dividend	39.16	55.05
Total	**28598.58**	**28831.80**

M MISCELLANEOUS EXPENDITURE (To the extent not written off)		
Share Issue Expenses	77.43	100.16

Schedules forming part of the Account for the year ended 31 March 2011

₹ *in Lacs*

For the year ended 31 March	2011	2010
N SALES		
Decorative Laminates	44727.31	31173.37
[including exports ₹13889.84 lacs (Previous year ₹9143.45 lacs),		
export incentives ₹1844.80 lacs (Previous year ₹1015.59 lacs)		
and inter transfer ₹258.35 lacs (Previous year ₹187.14 lacs)]		
Prelaminated Particle Board	8.10	14.07
Medium Density Fibreboard	4593.90	176.47
[including inter transfer ₹10.14 lacs (Previous year ₹Nil)]		
Plywood & Allied Products	87057.44	65476.99
[including exports ₹307.34 lacs (Previous year ₹533.10 lacs),		
export incentives ₹18.90 lacs (Previous year ₹25.09 lacs)		
and inter transfers ₹3079.92 lacs (Previous year ₹2365.38 lacs)]		
Windpower	17.82	18.59
Miscellaneous Sales [including exports ₹14.77 (Previous year ₹1.31 lacs),	1381.10	1108.77
and inter transfers ₹992.27 lacs (Previous year ₹Nil)]		
Total	**137785.67**	**97968.26**

O OTHER INCOME		
Interest Subsidy Received	47.51	43.84
Dividend	0.12	10.31
Profit on Sale of Fixed Assets	–	12.40
Insurance Claim Received	57.96	97.58
Liabilities no longer required written back	40.88	14.16
Prior Period Income	0.83	7.81
Miscellaneous Income	32.56	8.56
Total	**179.86**	**194.66**

	2011		2010	
P INCREASE/(DECREASE) IN STOCKS				
Opening Stock				
Finished Goods	4366.02		4251.40	
Goods-in-Process	1296.40	5662.42	1685.49	5936.89
Closing Stock				
Finished Goods	5630.61		4366.02	
Goods-in-Process	1346.28	6976.89	1296.40	5662.42
Increase/(Decrease) in Stock		**1314.47**		**(274.47)**

	2011	2010
Q PURCHASE OF FINISHED/TRADED GOODS		
Plywood	6588.60	3159.21
Decorative Laminates	443.38	522.85
[including inter transfer ₹23.13 lacs (Previous year ₹Nil)]		
Prelaminated Particle Board	–	1.66
Medium Density Fibreboard	–	0.56
Total	**7031.98**	**3684.28**

R RAW MATERIALS CONSUMED		
Opening Stock	13648.87	10278.34
Add: Purchases [including Inter-Transfers ₹3868.06 lacs (Previous year ₹2325.98 lacs)]	70488.60	51219.05
	84137.47	61497.39
Less : Closing Stock	14974.64	13648.87
	69162.83	**47848.52**

Schedules forming part of the Account for the year ended 31 March 2011

₹ in Lacs

For the year ended 31 March	2011	2010
S MANUFACTURING EXPENSES		
Stores & Spares Consumed	732.58	719.53
Power & Fuel	7297.28	3874.66
Repairs (excluding own wages)		
- To Machinery	586.82	370.47
- To Building	88.76	41.56
Other Manufacturing Expenses	182.98	179.02
Water Charges	0.39	1.25
Total	**8888.81**	**5186.49**

T PAYMENTS & OTHER BENEFITS TO EMPLOYEES		
Salary, Wages & Bonus	9296.07	6844.07
Contribution to Provident Fund & Employees' State Insurance	592.15	460.47
Gratuity	183.64	149.74
Employees' Welfare Expenses	301.12	209.22
Total	**10372.98**	**7663.50**

U ADMINISTRATIVE, SELLING, DISTRIBUTION & OTHER EXPENSES		
Rent	710.17	526.25
Rates & Taxes	180.06	73.65
Insurance Charges	241.94	175.70
Printing & Stationery	78.78	75.57
Postage & Telephones	339.69	343.65
Travelling Expenses (including Foreign Travel)	1168.52	1015.24
Repairs & Maintenance	450.54	404.41
Electricity Charges	114.73	97.03
Legal & Professional Fees	766.86	311.04
General Expenses	251.14	179.58
Vehicle Expenses	468.90	305.72
Commission	182.91	127.21
Membership Fees & ISI Testing Fees	44.11	30.43
Donation	28.39	32.89
Directors' Remuneration	266.71	401.77
Directors' Sitting Fees	3.15	4.00
Bank Charges	471.60	279.26
Auditors' Remuneration	16.11	11.87
Internal Audit Expenses	22.26	37.64
Freight & Delivery Expenses	4747.33	3702.77
Packing Expenses	302.66	188.28
Export Expenses	1401.52	904.03
Advertisement & Sales Promotion Expenses	3313.24	3710.02
Premium on forward exchange contract	56.31	118.83
Loss on Sale of Fixed Assets	29.32	–
(After deducting ₹58.22 lacs transferred from revaluation reserve)		
Value of Assets discarded	122.33	26.43
Prior Period Expenses	18.21	19.19
Share Issue Expenses Written off	25.62	25.04
Total	**15823.11**	**13127.50**

Schedules forming part of the Account

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1.00 Significant Accounting Policies:

1.01 Disclosure of Accounting Policies (AS-1):

1. 01.01 Nature of Operation

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

1.01.02 Accounting Concepts & Basis of Presentation

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

1.01.03 Use of Estimates

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

1.02 Valuation of Inventories (AS-2)

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

1.02.02 Goods-in-process is valued at cost.

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

1.02.04 Waste and scraps are accounted at estimated realisable value.

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

1.03 Cash Flow Statement (AS – 3):

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

1.04 Contingencies and Events Occurring After Balance Sheet Date (AS -4):

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

1.05 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies (AS – 5):

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

1.06 Depreciation (AS – 6):

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

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

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

1.07 Construction Contracts (AS-7):

This Standard is not applicable in case of the Company.

1.08 Revenue Recognition (AS -9):

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

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

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

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

1.08.04 **Export incentives:** Benefit on account of entitlement to import goods free of duty under the “Duty Entitlement Pass Book under Duty Exemption Scheme (DEPB)”, Duty Free Replenishment Certificate (DFRC), Duty Free Import Authorisation (DFIA) Scheme are accounted for in the year of export.

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

1.09 Accounting for Fixed Assets (AS – 10):

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

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

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

1.10 Accounting for the Effects in Foreign Exchange Rates (AS – 11):

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

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

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

1.11 Accounting for Government Grants (AS – 12):

The Company has not received any grants from the Government.

1.12 Accounting for Investment (AS – 13):

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

1.13 Accounting For Amalgamation (AS – 14):

The accounting for amalgamations is made pursuant to the provisions of the Companies Act, 1956 and other applicable statutes pursuant to a Scheme of Amalgamation sanctioned by the High Court(s).

1.14 Employee Benefits (AS – 15):

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

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

Schedules forming part of the Account

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

1.15 Borrowing Costs (AS – 16):

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

1.16 Segment Reporting (AS – 17):

1.16.01 Identification of Segments:

Primary Segment

Business Segment:

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

Secondary Segment

Geographical Segment:

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

The geographical segments considered for disclosure are as follows:

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

1.16.02 Allocation of Common costs:

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

1.16.03 Unallocated items:

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

1.17 Related Party Disclosures (AS – 18):

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

1.18 Leases (AS – 19):

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

1.19 Earnings Per Share (AS – 20):

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

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

1.20 Consolidated Financial Statements (AS – 21):

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

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

1.20.03 As all the subsidiary companies of the group are wholly owned, minority interests in the income of the group are not presented.

1.21 Accounting for Taxes on Income (AS – 22):

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

period based on prevailing enacted or substantially enacted regulations. Deferred Tax Assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.22 **Accounting for Investments in Associates in Consolidated Financial Statements (AS – 23):**
This Standard is not applicable in case of the Company.

1.23 **Discontinuing Operations (AS – 24):**
This Standard is not applicable in case of the Company as the Company has not discontinued any operations during the year.

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

1.25 **Intangible Assets (AS – 26):**

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

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

1.26 **Financial Reporting of Interests in Joint Ventures (AS – 27):**
This Standard is not applicable in case of the Company as the Company has not entered into any Joint Venture.

1.27 **Impairment of Assets (AS – 28):**
There is no indication of any impairment based on internal/external factors in relation to the assets of the Company and as such, this Standard is not applicable in case of the Company.

1.28 **Provisions, Contingent Liabilities and Contingent Assets (AS – 29):**

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

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

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

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

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

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

1.32 **Taxation:**

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

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

1.32.03 MAT (Minimum Alternate Tax) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying out of MAT Credit

Schedules forming part of the Account

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1.32.04 Provision for deferred tax or credit for release thereof is accounted for as ascertained in accordance with principles stated in para 1.21 hereinabove.

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

2.00 Notes on Accounts:

2.01 Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹890.48 lacs (Previous year ₹2758.02 lacs).

2.02 Contingent Liabilities:

2.02.01 Counter-Guarantees given to banks for bank guarantees' established ₹191.01 lacs (Previous year ₹ 186.65 lacs).

2.02.02 Letter of credit established but material not received amounting to ₹1644.60 lacs (Previous year ₹1762.90 lacs).

2.02.03 Guarantee/Letter of Assurance given to Banks for Bills discounting facilities (Channel Financing) – ₹6,000.00 lacs (Previous Year ₹6,000.00 lacs) and outstanding amount under this Bills Discounting facility – ₹1606.57 lacs (Previous year ₹957.81 lacs)

2.02.04 Claims against the Company not acknowledged as debts – ₹46.13 lacs (Previous year – ₹27.46 lacs)

2.02.05 Disputed Demand of Statutory Dues in Appeal ₹3215.88 lacs (Previous year ₹3508.26 lacs).

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

2.02.07 Estimated liability of "Entry Tax" under "Himachal Pradesh Tax on Entry of Goods into Local Area (Amendment) Ordinance, 2011– ₹26.22 lacs (Previous Year ₹NIL) (stayed by High Court of Himachal Pradesh)

2.02.08 Guarantee given to Banks in respect of loans to its wholly owned subsidiary US Dollar 10,000,000 (Previous Year US Dollar 10,000,000) and Singapore Dollar 14,00,000 (Previous Year NIL) equivalent to ₹4952.62 lacs (Previous Year ₹4507.00 lacs), translated at year-end exchange rate.

2.02.09 In respect of capital goods imported at the concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately ₹21241.90 lacs (previous year ₹23201 lacs), which is required to be met at different dates, before 28.03.2019. In the event of non-fulfillment of the export obligation, the Company will be liable to pay customs duties of approximately ₹2655.24 lacs (Previous Year ₹2900 lacs) together with interest, as applicable. Further, export obligations under Advance Authorisation Scheme / DFIA Scheme on duty free imports of raw materials remain outstanding to the extent of ₹NIL (Previous Year ₹671.30 lacs).

2.03 Revalued Assets:

Some of fixed assets of Plywood Division were revalued on 31st March, 1994 and the resultant increase in book value was ₹293.52 lacs. Depreciation for the year includes ₹3.23 lacs (Previous year ₹5.11 lacs) pertaining to revalued amount.

2.04 Export Incentives:

As per past practice, Export Incentives credited to Profit and Loss Account includes estimated duty saving of ₹662.57 lacs (Previous year ₹121.32 lacs) on the basis of rates of duty in force as at the end of the accounting period under Advance Authorisation Scheme for import of Raw Materials for value of USD 1,02,33,043 (Previous year USD 29,60,446.18) without payment of customs duty and also unutilised entitlements of ₹572.91 lacs (previous year ₹692.05 lacs) under DFIA scheme for import of raw materials for value of USD 1,24,80,931 (Previous year USD 1,56,80,528) and unutilised entitlements of ₹51.57 lacs (Previous year ₹20.56 lacs) under Duty Entitlement Pass Book Scheme. The generally accepted accounting practice is to account for this duty saving when its realisation is reasonably certain. This benefit is dependent upon actual imports within the stipulated time and on the rates of duty in force when the licenses are so actually utilised. By crediting this hypothetical and uncertain income of ₹1287.05 lacs (previous year ₹833.93 lacs) to the profit & loss account, the profit for the year and current assets have been overstated to that extent.

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

2.05 Valuation of Investments, Etc.:

The Company has invested ₹740.23 lacs as equity contribution in Greenlam America Inc., a wholly owned subsidiary. In addition, trade receivables from it amounted to ₹1256.15 lacs as on 31st March, 2011. The net worth of the subsidiary is negative as on 31st March, 2011 as the accumulated losses of the Company at ₹1198.30 lacs have exceeded the paid up share capital of the said subsidiary company by ₹458.07 lacs.

On consideration of the long term business outlook and future growth plans of the said subsidiary, the Management is of the opinion that losses are temporary in nature and going concern nature of the business is not adversely affected. In view of the above, no diminution in the value of investment is required and the trade receivables are fully recoverable.

2.06 Exemptions From Central Excise Duty:

2.06.01 Company's Tizit (Nagaland) unit is entitled to exemption equivalent to the excise duty payable on value addition carried out by the unit. The Central Excise Duty debited to Profit and Loss Account is net of refund received ₹407.98 lacs (Previous year ₹266.75 lacs).

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

2.07 Information Regarding Micro, Small and Medium Enterprises:

As at 31st March, 2011, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with the appropriate authority under Micro, Small and Medium Enterprises Act, 2006. So, no disclosure is made. The Company has compiled this information based on the current information in its possession.

2.08 Disclosures Regarding Employee Benefits:

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

2.08.02 Defined Benefit Plan: Retirement benefits in the form of Gratuity are considered as defined benefit obligations and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. As the Company has not funded its liability, it has nothing to disclose regarding plan assets and its reconciliation. Defined Benefit Obligation at the year end amounted to ₹619.64 lacs (previous year ₹496.87 lacs).

2.08.03 Actuarial assumptions:

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

2.08.04 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.

2.08.05 The above information is certified by the actuary.

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

2.09 Leases:

The Company has taken certain vehicles under non-cancelable operating lease arrangements. The future minimum lease payments in respect of such non-cancelable operating leases as at 31st March, 2011 are summarized below:

₹ in Lacs

As at 31 March	2011	2010
Amount due within one year from balance sheet date	13.66	13.81
Amount due in the period between one year and five years	36.91	38.83
Amount due above five years	Nil	Nil
Total	**50.57**	**52.64**

Rent expenses for all operating leases for the year ended 31st March 2011 aggregated to ₹13.69 lacs (Previous year ₹4.05 lacs).

Schedules forming part of the Account

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

2.10 Accounts of Subsidiary Companies:

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

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

2.12 Inventories are taken, valued and certified by the management.

2.13 Balances under Sundry Debtors, Sundry Creditors, Loans and Advances payable or receivable are subject to confirmation to be received from some of the parties.

2.14 Auditors' Remuneration Includes:

₹ in Lacs

For the year ended 31 March	2011	2010
(a) Audit fees	9.00	(4.00)
(b) Tax Audit fees	1.00	(0.51)
(c) For Certifications	0.71	(1.12)
(d) For Expenses (incurred & reimbursed)	5.40	(6.24)
	16.11	**(11.87)**

2.15 Managerial Remuneration

2.15.01 Managing and Whole time Directors' Remuneration

₹ in Lacs

For the year ended 31 March	2011	2010
Salary	220.35	(152.45)
Perquisites	89.20	(88.19)
Commission on Net Profits	26.36	(239.32)
Contribution to Provident Fund	26.44	(16.26)
	362.35	**(496.22)**

The above does not includes:

a) Sitting fee of ₹3.15 lacs (Previous year ₹4.00 lacs) paid to non-executive Directors.
b) Commission on net profits of ₹20.00 lacs (Previous year ₹10.00 lacs) paid to non-executive Directors.
c) Provision for gratuity of whole time directors ₹1.56 lacs (Previous year ₹2.20 lacs) on actuarial basis.

2.15.02 Computation of Managerial Remuneration

Particulars	₹ in Lacs	₹ in Lacs	₹ in Lacs
Profit before Tax as per Profit & Loss Account			3086.33
Add: Managing and Whole time Directors' Remuneration and Commission		382.35	
Directors' Fees		3.15	
Depreciation charged to Accounts	4102.65		
Less : Transfer to Pre-operative Expenses	–		
Less : Transferred from Revaluation Reserve	3.23	4099.42	
Loss/(Gain) on Sale of Fixed Assets		29.32	
Value of Assets Discarded		122.33	
			4636.57
			7722.90
Depreciation as per Section 350 of the Companies Act, 1956 (net)			4099.42
Net Profit as per Section 198 of the Companies Act, 1956			**3623.48**
Maximum permissible remuneration to Wholetime Directors' under Section 198 of the Companies Act, 1956			362.35
Restricted as per Service Agreements to			362.35

2.16 Borrowing costs capitalised during the period ₹NIL. (Previous year ₹553.82 lacs).

2.17 Raw Materials Consumed includes cost of raw materials sold ₹1165.93 lacs (Previous year ₹937.40 lacs).

2.18 Central Excise Duty includes ₹45.78 lacs (Previous year ₹30.34 lacs) paid on account of differential excise duty for earlier years.

2.19 The figures of the previous year have been re-grouped and re-arranged wherever necessary.

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

2.20 Earnings per Share

For the year ended 31 March		2011	2010
Calculation of weighted average number of equity shares of ₹5/- each			
No of Shares at the beginning of the year		22096680	16997446
Shares issued on 16.10.2009		–	5099234
Shares issued on 24.03.2011		2039694	–
Total no. of equity shares outstanding at the end of the year		24136374	22096680
Equity shares outstanding for 198 days		–	16997446
Equity shares outstanding for 167 days		–	22096680
Equity shares outstanding for 357 days		22096680	–
Equity shares outstanding for 8 days		24136374	–
Weighted average number of equity shares outstanding during the year		22141386	19330520
Net Profit (after tax, available for equity shareholders)	₹ in Lacs	2508.91	4956.65
BASIC EARNINGS PER SHARE	₹	11.33	25.64
No of Shares at the beginning of the year		24136374	16997446
Shares issued on 16.10.2009		–	5099234
Convertible Warrants issued on 16.10.2009		–	2039694
Total no. of equity shares and Warrants outstanding at the end of the year		24136374	24136374
Equity shares outstanding for 198 days		–	16997446
Equity shares and Warrants outstanding for 167 days		–	24136374
Equity shares outstanding for 365 days		24136374	–
Weighted average number of equity shares outstanding during the year		24136374	20263750
Net Profit (after tax, available for equity shareholders)	₹ in Lacs	2508.91	4956.65
DILUTED EARNINGS PER SHARE	₹	10.39	24.46

2.21 Segment Reporting (Under Accounting Standard AS - 17 issued by ICAI)

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. As part of Secondary reporting, revenues are attributed to geographical areas based on the location of the customers. The following table present the revenue, profit, assets and liabilities information relating to the business / geographical segment for the year ended 31st March, 2011.

Information about Business Segments - Primary *₹ in Lacs*

Reportable Segment	Plywood & Allied Products		Laminate & Allied Products		Medium Density Fibre-* board & Allied Products		Unallocated		Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
REVENUE										
External Sales	73725.41	55395.81	55118.00	39999.90	4583.76	1.44	17.82	18.59	133444.99	95415.74
Inter-segment Sales	3040.46	2365.38	1283.04	187.14	17.18	–	–	–	4340.68	2552.52
Other Income	66.60	85.66	102.93	109.00	10.33	–	–	–	179.86	194.66
Total Revenue	**76832.47**	**57846.85**	**56503.97**	**40296.04**	**4611.27**	**1.44**	**17.82**	**18.59**	**137965.53**	**98162.92**
RESULT										
Segment Result	8480.24	6454.72	3146.20	3303.45	(3438.62)	(17.26)	17.82	18.59	8205.64	9759.50
Unallocated Corporate Expenses							1341.14	1692.65	1341.14	1692.65
Operating Profit									6864.50	8066.85
Less : Interest (net)							3778.17	2368.73	3778.17	2368.73
Profit before Tax									3086.33	5698.12
Provision for Taxation									(620.00)	(970.00)
Provision for Deferred Tax									(577.42)	(634.15)
Income Tax for earlier years									–	(107.32)
Mat Credit entitlement									620.00	970.00
Profit after Tax									**2508.91**	**4956.65**

Greenply Industries Limited

Schedules forming part of the Account

V SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

Information about Business Segments - Primary *(Contd.)*

₹ in Lacs

Reportable Segment	Plywood & Allied Products		Laminate & Allied Products		Medium Density Fibre-* board & Allied Products		Unallocated		Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
OTHER INFORMATION										
Segment Assets	39248.12	33501.84	42744.14	35179.30	29607.32	27115.92	3680.57	2813.01	115280.15	98610.07
Segment Liabilities	15081.10	13319.12	9521.09	10029.94	3240.95	4454.33	755.44	1028.41	28598.58	28831.80
Loan Fund							51979.85	40740.01	51979.85	40740.01
Deferred Tax Liabilities (Net)							2469.64	1892.22	2469.64	1892.22
Shareholders' Funds							32232.08	27146.04	32232.08	27146.04
Total Liabilities									115280.15	98610.07
Capital Expenditure	4178.56	763.95	3167.80	7935.41	2873.37	23513.67	227.13	778.57	10446.86	32991.60
Depreciation	958.33	784.13	1571.50	1084.96	1335.86	3.53	233.73	329.86	4099.42	2202.48
Non-cash expenses other than depreciation	52.80	49.49	40.05	21.96	28.18	-	1.74	62.01	122.77	133.46

* New Segment recognised during the year.

Secondary Segment - Geographical by location of customers

₹ in Lacs

	Revenue		Carrying Amount of Segment Assets		Additions to Fixed Assets	
	For the year ended		For the year ended		For the year ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
India	123753.57	88487.11	110726.54	95381.42	10446.86	32991.60
Other Asian Countries	6980.40	4343.80	2268.87	1116.59	–	–
Middle East Countries	2507.47	2150.12	241.45	394.42	–	–
Europe	2560.83	1635.00	582.12	468.59	–	–
North America	1799.46	1368.72	1361.58	1227.24	–	–
Australia	89.46	14.79	–	–	–	–
Africa	274.34	163.38	99.59	21.81	–	–
	137965.53	98162.92	115280.15	98610.07	10446.86	32991.60

Notes:

a) **Segment Assets and Liabilities :**

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

b) **Segment Revenue and Expenses :**

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

2.22 Related Party Disclosures (Under Accounting Standard AS - 18 issued by ICAI)

2.22.01) List of Related Parties

As per Accounting Standard 18, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

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

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

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

d) **Relative of Directors:**
- i) Ms. Parul Mittal

Schedules forming part of the Account

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

2.22.02) Disclosures Required for Related Parties Transactions:

₹ in Lacs

Particulars	Subsidiaries	Control	Key Management Personnel	Relatives of Directors
I. Transactions during the period				
Sale of Goods	7933.47	–	–	–
	(5552.79)	(–)	(–)	(–)
Purchase of Goods	–	–	–	–
	(–)	(–)	(–)	(–)
Payment towards Services Received	–	81.64	–	31.19
	(–)	(69.60)	(–)	(25.99)
Receipt against Rendering of Services	–	–	–	–
	(38.49)	(–)	(–)	(–)
Finance (Equity Contribution)	461.80	–	–	–
	(191.44)	(–)	(–)	(–)
Finance (Loan Received)	–	1543.79	–	–
	(–)	(–)	(–)	(–)
Managerial Remuneration & meeting fees	–	–	385.50	–
	(–)	(–)	(513.17)	(–)
Guarantee Given	4952.62	–	–	–
	(4507.00)	(–)	(–)	(–)
II. Amount Outstanding as at Balance Sheet date				
Loan Received Outstanding	–	–	–	–
	(–)	(–)	(–)	(–)
Amount Receivable	2950.57	–	–	–
	(1589.11)	(–)	(–)	(–)

Notes :

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

2.22.03) Details of Material Related Party Transactions [Included in 2.22.02] Disclosed as Required by Clause 32 of the Listing Agreement (As Reported by the Management and Relied upon by Auditors)

₹ in Lacs

i) Description	Wholly Owned Subsidiaries	
	Greenlam Asia Pacific Pte. Ltd.	Greenlam America, Inc.
Sale of Goods	6505.26	1428.21
	(4156.31)	(1396.48)
Purchase of Goods	–	–
	(–)	(–)
Payment towards Services Received	–	–
	(–)	(–)
Receipt against Rendering of Services	–	–
	(–)	(38.49)
Finance (Equity Contribution)	–	461.80
	(–)	(191.44)
Finance (Loan given)	–	–
	(–)	(–)
Guarantee Given	4952.62	–
	(4507.00)	(–)
Amount Outstanding as at Balance Sheet date		
Loan given Outstanding	–	–
	(–)	(–)
Amount Receivable	1674.62	1275.95
	(388.50)	(1200.60)

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

Schedules forming part of the Account

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

3.00 Additional Information Pursuant to the Provisions of Part - II of Schedule - VI to the Companies Act, 1956.

A. Quantitative Information:

i) **Licensed Capacity:** (As Certified by a Director)	Not Applicable (Not Applicable)
ii) **Installed Capacity:** (As Certified by a Director)	
Decorative Laminates	10020000 Sheets (10020000 Sheets)
Prelaminated Particle Board	2000000 SQM (2000000 SQM)
Plywood	30750000 SQM (28200000 SQM)
Medium Density Fibreboard	180000 CBM (180000 CBM)
Wind Power	550 K.W. (550 K.W.)

iii) **Particulars about finished goods/traded goods:**

Decorative Laminates

	Quantity (Sheet)	Value ₹ in Lacs
Opening Stock	582108 (437541)	2573.52 (1885.60)
Production	9371525 (7203057)	– (–)
Purchases	73889 (89641)	443.38 (522.85)
Sales (Including Inter Transfers)	9324854 (7148131)	44727.31 (31173.37)
Closing Stock	702668 (582108)	3592.18 (2573.52)

Prelaminated Particle Board

	Quantity (SQM)	Value ₹ in Lacs
Opening Stock	2322.81 (28046.34)	9.60 (75.05)
Production	6226.32 (2445.55)	– (–)
Purchases	– (244.10)	– (1.66)
Sales (Including Inter Transfers)	7306.11 (28413.18)	8.10 (14.07)
Closing Stock	1243.02 (2322.81)	5.04 (9.60)

Schedules forming part of the Account

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

Medium Density Fibreboard

	Quantity (Cu. Mt.)	Value ₹ in Lacs
Opening Stock	28.628	4.02
	(867.297)	(127.68)
Production	26924.496	–
	(27.513)	(–)
Purchases	–	–
	(3.543)	(0.56)
Sales (Including Inter Transfers)	23894.680	4593.90
	(869.725)	(176.47)
Closing Stock	3058.444	340.19
	(28.628)	(4.02)

Plywood & Allied Products

	Quantity (Cu. Mt.)	Value ₹ in Lacs
Opening Stock	4262.312	1778.88
	(5157.670)	(2163.07)
Production	137861.206	–
	(123954.299)	(–)
Purchases	19633.673	6588.60
	(8281.424)	(3159.21)
Sales (Including Inter Transfers)	157689.581	87057.44
	(133131.081)	(65476.99)
Closing Stock	4067.610	1693.20
	(4262.312)	(1778.88)

Wind Power

	Quantity (KW)	Value ₹ in Lacs
Production	648744	–
	(675879)	(–)
Sales	648744	17.82
	(675879)	(18.59)

iv) **Raw Materials Consumed**

		Quantity	Value ₹ in Lacs
Paper	(KGS)	29111886	15950.33
		(21614518)	(11854.55)
Round Timber	(Cum)	120459.776	14332.44
		(110432.891)	(12099.61)
Veneer (excluding own production)	(Cum)	68784.561	11403.69
		(74135.034)	(8739.58)
Bhelufala (excluding own production)	(Cum)	77452.170	4598.97
		(22549.248)	(1875.17)
Chemicals	(KGS)	42913437	16757.09
		(31026561)	(8938.92)
Plywood/Particle Board / M.D.F.	(Sqm. FA)	3907521.000	5727.92
		(3054422.980)	(4204.39)

Schedules forming part of the Account

V | SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

v) **Value of Imports on C.I.F. Basis**

	Value ₹ in Lacs
Raw Materials	22491.07
	(20381.88)
Stores & Spare Parts	372.93
	(39.10)
Capital Goods	776.73
	(15096.78)
Traded Goods	195.85
	(–)

vi) **Expenditure in Foreign Currency**	1786.30
	(2861.73)
vii) **Earnings in Foreign Currency**	
FOB value of exports	13749.87
	(9402.94)

viii) **Consumption of Raw Materials**

	Consumption Value ₹ in Lacs	Percentage to total Consumption
a) Raw Materials		
Imported	21809.12	31.53
	(17309.88)	(36.18)
Indigenous	47353.71	68.47
	(30538.64)	(63.82)
b) Stores & Spares		
Imported	142.99	19.52
	(39.10)	(5.43)
Indigenous	589.59	80.48
	(680.43)	(94.57)

Note: The figures and words in brackets are for previous year.

4.00. Balance Sheet Abstract and General Business Profile

As at & For the Period ended 31 March 2011

1 Registration Details

Registration No.	03484	State Code	02
Balance Sheet Date	31 03 2011		

2 Capital Raised During the Year (Amount in ₹ Thousands)

Public Issue	NIL	Bonus Issue	NIL
Right Issue	289637	Private Placement	NIL

3 Position of Mobilisation and Development of Funds (Amount in ₹ Thousands)

Total Liabilities	11535758	Total Assets	11535758
Source of Funds		**Application of Funds**	
Paid-Up-Capital	120682	Net Fixed Assets	6144752
Reserves & Surplus	3110269	Investments	87450
Secured Loans	4344943	Net Current Assets	2435955
Unsecured Loans	853042	Misc. Expenditure	7743
Deferred Tax Liabilities	246964		

4 Performance of Company (Amount in ₹ Thousands)

Turnover (Including Other Income)	13796553	Profit Before Tax	308633
Total Expenditure	13487920	Profit After Tax	250891
Basic Earning Per Share (in ₹)	11.33	Dividend Rate	20%
Diluted Earning Per Share (in ₹)	10.39		

5 Generic Names of Principal Products/Services of Company

Item Code No. (ITC) Code	4823.90
Product Description	DECORATIVE LAMINATES
Item Code No. (ITC) Code	4412.00
Product Description	PLYWOOD
Item Code No. (ITC) Code	4411.00
Product Description	MEDIUM DENSITY FIBREBOARD

Signatures to Schedules A to V

As per our annexed report of even date.

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

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

Place: Kolkata
Date: 30 May 2011

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Greenply Industries Limited

Cash Flow Statement for the year ended 31 March 2011

₹ in Lacs

For the year ended 31 March	2011		2010	
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES:				
Net Profit before Tax and Extraordinary items		3086.33		5698.12
Add: a) Depreciation	4099.42		2202.48	
b) Interest	4197.96		2571.48	
c) Loss on Sale of Fixed Assets/Discard	151.65		26.43	
d) Gratuity	183.64		149.74	
e) Share Issue Expenses written off	25.62		25.04	
		8658.29		4975.17
		11744.62		10673.29
Less: a) Interest Income	419.79		202.75	
b) Insurance Claim Received	57.96		97.58	
c) Profit on Sale of Fixed Assets	–		12.40	
d) Dividend Received	0.12		10.31	
		477.87		323.04
Operating Profit before Working Capital Changes		11266.75		10350.25
Less: a) Increase in Trade and Other Receivables	6546.01		276.14	
b) Increase in Inventories	2952.88		3366.44	
c) Decrease in Trade Payables	417.69	9916.58	(9813.18)	(6170.60)
Cash Inflow (+)/Outflow (-) from Operations		1350.17		16520.85
Add/Less: a) Income Tax Paid/refund received (-)	642.34		1002.04	
b) Gratuity Paid	60.87	703.21	16.28	1018.32
Net Cash Inflow (+)/Outflow (-) in course of Operating Activities		**646.96**		**15502.53**
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:				
Outflow				
a) Acquisition of Fixed Assets	10446.86		32432.86	
b) Interest amount Capitalised	–		553.82	
c) Investment	461.80		191.44	
		10908.66		33178.12
Less : Inflow				
a) Sale of Fixed Assets	312.55		229.13	
b) Interest Received	419.79		202.75	
c) Dividend Received	0.12		10.31	
d) Insurance Claim Received	57.96	790.42	97.58	539.77
Net Cash Inflow (+) / Outflow (-) in course of Investing Activities		**(10118.24)**		**(32638.35)**

Cash Flow Statement (Contd.) for the year ended 31 March 2011

₹ in Lacs

For the year ended 31 March	2011		2010	
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:				
Inflow				
a) Proceeds from issue of Share Capital	2896.37		4,589.31	
b) Borrowings	11239.84		14940.63	
		14136.21		19529.94
Deduct : Outflow				
a) Share Issue Expenses	2.89		114.25	
b) Interest Paid	4117.23		2565.78	
c) Dividend & Corporate Dividend Tax Paid	386.50		298.29	
		4506.62		2978.32
Net Cash Inflow in course of Financing Activities		**9629.59**		**16551.62**
Net Increase (+) / Decrease in				
Cash/Cash Equivalents (A+B+C)		158.31		(584.20)
Add : Balance at the beginning of the year		545.47		1129.67
Cash / Cash Equivalents at the close of the Year		703.78		545.47

As per our annexed report of even date.

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

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

Place: Kolkata
Date: 30 May 2011

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Auditors' Report on the Consolidated Financial Statements

To
The Board of Directors of
Greenply Industries Limited

We have audited the attached Consolidated Balance Sheet of M/s. GREENPLY INDUSTRIES LIMITED and its wholly owned subsidiaries, collectively called the Group, as at 31st March 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary companies whose financial statements reflect total assets of ₹5650.30 lacs as at 31st March, 2011, total revenue of ₹13057.66 lacs and cash outflows amounting to ₹62.50 lacs for the year then ended as the same have been audited by other auditors whose reports have been furnished to us by the Company's management and our opinion is based solely on the reports of the other auditors.

We report that the Consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard AS-21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, *the said accounts, subject to Note no. 2.04 of Schedule V to the Accounts regarding credit of export incentives; whereby profit is overstated to the extent stated therein with corresponding effects on the assets and liabilities of the company* and read together with Significant Accounting Policies and other notes appearing thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the group as at 31st March, 2011;

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

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

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

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

Place : Kolkata
Dated: 30th May, 2011

Consolidated Balance Sheet as at 31 March 2011

₹ *in Lacs*

As at 31 March	Schedules	2011		2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	1206.82		1104.83	
Reserves & Surplus	B	29909.96		25110.89	
			31116.78		26215.72
Loan Funds					
Secured Loans	C	46201.38		39938.69	
Unsecured Loans	D	8573.10		4121.78	
			54774.48		44060.47
Deferred Tax Liabilities (Net)	E		2473.29		1898.65
Total			**88364.55**		**72174.84**
APPLICATION OF FUNDS					
Fixed Assets	F				
Gross Block		73767.46		63703.17	
Less : Depreciation		12543.83		9295.41	
Net Block		61223.63		54407.76	
Add : Capital Work-in-Progress		1053.84		1348.99	
			62277.47		55756.75
Investments	G		8.96		8.96
Current Assets, Loans & Advances					
Inventories	H	24605.70		21128.54	
Sundry Debtors	I	20593.11		16289.13	
Cash & Bank Balances	J	1518.24		2066.36	
Loans & Advances	K	8268.86		5843.87	
		54985.91		45327.90	
Less : Current Liabilities & Provisions	L	28978.10		28959.39	
Net Current Assets			**26007.81**		**16368.51**
Miscellaneous Expenditure	M		70.31		40.62
Total			**88364.55**		**72174.84**
Significant Accounting Policies & Notes on Accounts	V				

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.
As per our annexed report of even date.

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

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

Place: Kolkata
Date: 30 May 2011

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Consolidated Profit and Loss Account for the year ended 31 March 2011

₹ in Lacs

For the year ended 31 March	Schedules	2011		2010	
INCOME					
Gross Sales	N		142043.51		100729.30
Less : Central Excise Duty			5542.12		3720.86
Less : VAT / Sales Tax & Turnover Tax			10634.59		7106.03
Net Sales			125866.80		89902.41
Other Income	O		251.87		252.53
Increase/(Decrease) in Stocks	P		1838.75		83.17
Total			**127957.42**		**90238.11**
EXPENDITURE					
Purchase of finished/traded goods	Q		9055.75		5388.48
Raw Materials Consumed	R		69162.83		47848.52
Manufacturing Expenses	S		8888.81		5186.49
Payments & Other Benefits to Employees	T		11497.76		8254.61
Administrative, Selling, Distribution & Other Expenses	U		17495.92		14878.11
Loss/(Gain) due to Fluctuation in Foreign Exchange rates			924.85		(767.63)
Interest (Net)			3827.99		2401.54
Depreciation		4185.89		2246.77	
Less : Transfer to Pre - Operative expenses		–		4.92	
Less : Transfer from Revaluation Reserve		3.23		5.11	
			4182.66		2236.74
Total			**125036.57**		**85426.86**
Profit before Tax			**2920.85**		**4811.25**
Less : Provision for Taxation					
For Current			(620.00)		(970.00)
For Deferred			(574.08)		(636.63)
Income Tax for earlier years			(0.11)		(107.32)
Add/(Less) : Mat Credit Entitlement			620.00		970.00
Profit after Tax			**2346.66**		**4067.30**
Add : Balance brought forward from last year			11713.92		8533.12
Amount Available For Appropriations			**14060.58**		**12600.42**
APPROPRIATIONS					
Proposed Dividend					
- Equity Shares		241.36		331.45	
Tax on Distribution of Dividend		39.16		55.05	
Transfer to General Reserve		500.00		500.00	
			780.52		886.50
Balance Transferred to Balance Sheet			**13280.06**		**11713.92**
Basic Earnings Per Share (₹)	V		10.60		21.04
Diluted Earnings Per Share (₹)	V		9.72		20.07
Significant Accounting Policies & Notes on Accounts	V				

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.
As per our annexed report of even date.

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

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

Place: Kolkata
Date: 30 May 2011

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Schedules forming part of the Consolidated Account as at 31 March 2011

₹ *in Lacs*

As at 31 March		2011	2010
A SHARE CAPITAL			
Authorised			
3,20,00,000	Equity Shares of ₹5/- each	1600.00	1600.00
50,00,000	Cumulative Redeemable Preference Shares of ₹10/- each	500.00	500.00
		2100.00	**2100.00**
Issued, Subscribed and Paid Up			
2,41,36,374	(Previous Year 2,20,96,680) Equity Shares of ₹5/- each fully paid up	1206.82	1104.83
		1206.82	**1104.83**

Of the above, 60,11,446 Equity Shares of ₹5/- each have been allotted as fully paid up in earlier years pursuant to Scheme of Amalgamation without payment being received in cash.

The Company had alloted 20,39,694 detachable warrants on 16.10.2009 along with the Equity Shares on a rights basis to the existing equity shareholders, which were convertible into equity shares, on exercise of option by the shareholders within a period of 18 months from the date of allotment. All such warrants were converted into equity shares on 24.03.2011, pursuant to exercise of such option.

As per the terms and conditions of the issue, the Warrant exercise price was to be the higher of a) floor price being ₹90, and b) 75% of the average of the daily closing price of the equity shares on the relevant stock exchange for a period of 90 days before the relevant date. Such price was computed at ₹144.52 per warrant. Had the warrant been converted at this price, the total amount raised would have exceeded the amount sought to be raised through the "Letter of Offer". So, the warrants were issued at a price of ₹142/- each.

Subsequently, as directed by SEBI, a differential amount of ₹28,27,341.72, calculated at the rate of ₹2.52 per warrant on 11,21,961 warrants has been collected from promoter/promoter group on 17.05.2011.

Disclosure as per SEBI Guidelines

The proceeds from the conversion of detachable warrants raised during the year amounting to ₹2896.37 lacs has been partly utilised during the year for the following purposes.

Capital Expenditure	₹ *in Lacs*
MDF Project	1755.91
Laminate Project	104.66
General Corporate Purposes	423.41
Issue Expenses	0.43
Total	**2284.41**

₹ *in Lacs*

	As at 1st April, 2010	Addition	Deduction	As at 31st March, 2011
B RESERVES & SURPLUS				
Capital Redemption Reserve	500.00	–	–	500.00
Capital Reserve	20.00	–	–	20.00
Revaluation Reserve	95.13	–	61.45*	33.68
Securities Premium Account	8803.26	2794.38	–	11597.64
General Reserve	3978.58	500.00	–	4478.58
Profit & Loss Account (Balance at credit)	11713.92	1566.14	–	13280.06
	25110.89	**4860.52**	**61.45**	**29909.96**
Previous Year's Total	17100.85	8016.10	6.06	25110.89

* Represents amount transferred to Profit & Loss Account :-

a) On account of difference between depreciation on revalued cost of assets and it's original cost	3.23
b) On account of difference on loss on asset discarded between revalued written down value and it's original written down value	58.22
	61.45

Schedules forming part of the Consolidated Account as at 31 March 2011

₹ in Lacs

As at 31 March	2011	2010
C SECURED LOANS		
A. **Term Loans**		
From Financial Institutions		
Export Import Bank of India	2519.59	2163.87
From Banks		
ING Vysya Bank Limited	166.67	500.00
ING Vysya Bank Limited (FCL)	639.89	1707.60
IDBI Bank Limited	3206.79	3692.09
State Bank of India (FCNR)	948.31	1820.32
State Bank of Hyderabad	500.00	321.24
State Bank of Indore	2666.86	3165.27
Axis Bank Ltd.	2913.82	3736.97
Standard Chartered Bank (FCTL)	5349.60	5410.80
Landesbank Baden-Wurttenberg (FCTL)	8643.49	8977.21
Bank of Baroda	5000.00	–
IndusInd Bank Ltd.	3000.00	–
Standard Chartered Bank (FCTL) (GAPL)	1981.31	3148.17
United Ovcrseas Bank Ltd. (FCTL) (GAPL)	424.73	–
B. **Working Capital**		
From Financial Institutions		
Export Import Bank of India	670.00	–
Export Import Bank of India (PCFC)	445.80	450.90
From Banks		
Rupee Loan	5562.73	4542.70
Foreign Currency Loan	966.80	–
Foreign Currency Loan (GAPL)	345.91	133.78
C. **Vehicle Finance**		
From Banks & others	249.08	167.77
Total	**46201.38**	**39938.69**

Notes

A. **Term Loans**

All Term Loans except term loan from Landesbank Baden-Wurttenberg are secured by first mortgage and charge on the immovable and movable properties of the Company other than MDF plant, ranking on pari passu basis, save and except current assets, both present and future and second charge over the current assets. Some of the loans are also secured by personal guarantees of three Directors of the Company.

Term Loan from Landesbank Baden-Wurttenberg is secured by first priority security charge on MDF plant.

Term Loan from Standard Chartered Bank (GAPL) is secured by first exclusive charge on all assets and accounts of Greenlam Asia Pacific Pte Ltd. (GAPL) and Corporate Guarantee of Greenply Industries Ltd.

Term Loan from United Overseas Bank Ltd. is secured against the property at 11, Sungei Kadut Crescent, Singapore and personal guarantees of a director and Chief Operating Officer of GAPL.

B. **Working Capital**

All Working Capital Loans are secured by first charge by way of hypothecation of current assets and second charge over movable and immovable properties of the Company, on pari-passu basis.

Working Capital Loans of Greenlam Asia Pacific Pte Ltd. (GAPL) are secured against the bank's lien on the Fixed Deposits, Debenture charge on present and future assets of Greenlam Asia Pacific Pte Ltd., Corporate Guarantee of Greenply Industries Ltd. and Personal Guarantee of one of the directors. The bills Payable LC-DP/TR is secured by bank's lien over the current assets of Greenlam Asia Pacific Pte. Ltd. for which a charge has been registered.

C. **Vehicle Finance**

Vehicle finance are secured by hypothecation of respective vehicles.

D UNSECURED LOANS		
From Banks	1000.00	1500.00
Commercial Paper from a Bank	2000.00	–
From Corporate Bodies	5573.10	2621.78
	8573.10	**4121.78**

E DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Depreciation	3091.75	2486.26
	3091.75	2486.26
Less : Deferred Tax Assets		
Provision for Gratuity	450.43	406.67
Deviation in value of Closing Stock U/S 145A	168.03	180.94
	618.46	587.61
Net Deferred Tax Liabilities	**2473.29**	**1898.65**

₹ in Lacs

F | FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2010	Addition During the Period	Deduction During the Period	Total as at 31/03/2011	Upto 31/03/2010	For the Period	Adjustment for Deductions	Total	As at 31/03/2011	As at 31/03/2010
TANGIBLE ASSETS										
Freehold Land	1104.85	466.16	–	1571.01	–	–	–	–	1571.01	1104.85
Leasehold Land	765.02	–	–	765.02	37.30	7.91	–	45.21	719.81	727.72
Land Development	1130.92	152.85	–	1283.77	18.29	9.67	–	27.96	1255.81	1112.63
Buildings	10068.34	3660.69	327.53	13401.50	954.27	331.89	183.14	1103.02	12298.48	9114.07
Plant & Machinery	45722.77	6256.41	657.52	51321.66	6828.87	3274.94	485.85	9617.96	41703.70	38893.90
Furniture & Fixtures	972.60	270.92	24.52	1219.00	217.97	78.10	6.10	289.97	929.03	754.63
Vehicles	1649.39	352.04	294.37	1707.06	332.22	165.20	123.42	374.00	1333.06	1317.17
Heavy Vehicles	115.04	5.88	1.25	119.67	56.53	9.57	1.14	64.96	54.71	58.51
Office Equipments	1751.85	357.83	154.70	1954.98	681.38	233.75	137.82	777.31	1177.67	1070.47
INTANGIBLE ASSETS										
Goodwill	353.81	1.40	–	355.21	136.00	68.00	–	204.00	151.21	217.81
Trademarks	68.58	–	–	68.58	32.58	6.86	–	39.44	29.14	36.00
Total A	**63703.17**	**11524.18**	**1459.89**	**73767.46**	**9295.41**	**4185.89**	**937.47**	**12543.83**	**61223.63**	**54407.76**
Capital Work In Progress										
Building under Construction	812.04	345.01	812.04	345.01	–	–	–	–	345.01	812.04
Machinery under Errection	536.95	708.45	536.57	708.83	–	–	–	–	708.83	536.95
Total B	**1348.99**	**1053.46**	**1348.61**	**1053.84**	–	–	–	–	**1053.84**	**1348.99**
Total A + B	**65052.16**	**12577.64**	**2808.50**	**74821.30**	**9295.41**	**4185.89**	**937.47**	**12543.83**	**62277.47**	**55756.75**
Previous Year's Total	32574.46	68434.52	35956.82	65052.16	7415.04	2246.77	366.40	9295.41	55756.75	–

Greenply Industries Limited

Schedules forming part of the Consolidated Account as at 31 March 2011

₹ in Lacs

As at 31 March	2011	2010
G INVESTMENTS (At Cost)		
Long Term Investments		
Other Than Trade		
Equity Shares of Companies (Fully Paid Up)		
Quoted		
In Himalaya Granites Limited		
3,80,583 Shares of ₹10 each	8.14	8.14
In Indian Overseas Bank Limited		
3,400 Shares of ₹10 each	0.82	0.82
	8.96	**8.96**
Aggregate Book Value of Investments		
Quoted	8.96	8.96
	8.96	**8.96**
Market Value of Quoted Investments	75.86	47.27

H INVENTORIES (As taken, valued and certified by the Management)	2011	2010
Raw Materials	14974.64	13648.87
Stores & Spare Parts	976.72	664.08
Finished Goods	7308.06	5519.19
Goods-in-Process	1346.28	1296.40
Total	**24605.70**	**21128.54**

I SUNDRY DEBTORS (Considered good)	2011	2010
Debts outstanding for a period exceeding six months	261.11	347.21
Other Debts	20332.00	15941.92
Total	**20593.11**	**16289.13**
Note:		
Secured	42.39	42.39
Unsecured	20550.72	16246.74
	20593.11	**16289.13**

J CASH & BANK BALANCES	2011	2010
Cash In Hand	51.10	65.71
Foreign Currency in hand	5.27	2.17
With Scheduled Banks :		
- On Current Account	731.05	468.95
- On Foreign Currency Account	9.74	77.57
- On Term Deposit Account (Receipts pledged with Banks & others as Security Deposits and including interest accrued)	721.08	1451.96
Total	**1518.24**	**2066.36**

Schedules forming part of the Consolidated Account as at 31 March 2011

₹ *in Lacs*

As at 31 March	2011	2010
K LOANS & ADVANCES (Unsecured, Considered good)		
Advances (recoverable in cash or in kind or for value to be received):		
- To Staff & Workers	224.48	191.44
- Against Purchase of Raw Materials, Stores etc.	1062.02	462.44
- Against Capital Goods	739.02	1011.33
- To Others	2116.54	940.54
Prepaid Expenses	350.63	301.11
Security Deposit	596.21	604.05
Service Tax Receivable	198.11	198.74
Balance with Central Excise Authorities (including unavailed Cenvat Credit)	592.98	372.54
Advance Payment of Income Tax (Less Provision)	538.83	516.49
Mat Credit Entitlement	1601.47	981.47
Advance payment of Sales Tax (including unavailed VAT Input Credit)	248.57	263.72
Total	**8268.86**	**5843.87**

L CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors for Goods, expenses	25570.28	26591.94
Advance against Sales	503.69	326.53
Unclaimed Dividends	9.48	9.08
Security Deposit	520.75	12.50
Other Liabilities	1386.72	1135.90
Temporary Overdraft from Banks	87.02	0.07
	28077.94	**28076.02**
Provisions		
For Gratuity	619.64	496.87
For Proposed Dividend		
- on Equity Shares	241.36	331.45
For Tax on Distribution of dividend	39.16	55.05
Total	**28978.10**	**28959.39**

M MISCELLANEOUS EXPENDITURE (To the extent not written off)		
Share Issue Expenses	77.43	100.16
Foreign Currency Transaction Adjustment	(7.12)	(59.54)
	70.31	**40.62**

Schedules forming part of the Consolidated Account for the year ended 31 March 2011

₹ in Lacs

For the year ended 31 March	2011	2010
N SALES		
Decorative Laminates	46392.96	31622.14
[including exports ₹15555.48 lacs (Previous year ₹9592.22 lacs), export incentives ₹1844.80 lacs (Previous year ₹1015.59 lacs) and inter transfer ₹258.35 lacs (Previous year ₹187.14 lacs)]		
Prelaminated Particle Board	8.10	14.07
Medium Density Fibreboard	4593.90	176.47
Plywood & Allied Products	89649.63	67789.26
[including exports ₹2899.53 lacs (Previous year ₹2845.33 lacs), export incentives ₹18.90 lacs (Previous year ₹25.09 lacs) and inter transfers ₹3079.92 lacs (Previous year ₹2365.38 lacs)]		
Windpower	17.82	18.59
Miscellaneous Sales	1381.10	1108.77
[including exports ₹14.77 lacs (Previous year ₹1.31 lacs), and inter transfer ₹992.27 lacs (Previous year ₹Nil)]		
Total	**142043.51**	**100729.30**

	2011	2010
O OTHER INCOME		
Interest Subsidy Received	47.51	43.84
Dividend	0.12	10.31
Profit on Sale of Fixed Assets	–	12.40
Insurance Claim Received	57.96	97.58
Liabilities no longer required written back	40.88	14.16
Prior Period Income	0.83	7.81
Recovery of Bad Debts	17.77	–
Miscellaneous Income	86.80	66.43
Total	**251.87**	**252.53**

	2011		2010	
P INCREASE/(DECREASE) IN STOCKS				
Opening Stock				
Finished Goods	5519.19		5046.93	
Goods-in-Process	1296.40	6815.59	1685.49	6732.42
Closing Stock				
Finished Goods	7308.06		5519.19	
Goods-in-Process	1346.28	8654.34	1296.40	6815.59
Increase/(Decrease) in Stock		**1838.75**		**83.17**

	2011	2010
Q PURCHASE OF FINISHED/TRADED GOODS		
Plywood	8124.28	4641.79
Decorative Laminates	931.47	744.47
[including inter transfer ₹23.13 lacs (Previous year ₹Nil)]		
Prelaminated Particle Board	–	1.66
Medium Density Fibreboard	–	0.56
Total	**9055.75**	**5388.48**

	2011	2010
R RAW MATERIALS CONSUMED		
Opening Stock	13648.87	10278.34
Add : Purchases [including Inter-Transfers ₹3868.06 lacs (Previous year ₹2325.98 lacs)]	70488.60	51219.05
	84137.47	61497.39
Less : Closing Stock	14974.64	13648.87
	69162.83	**47848.52**

Schedules forming part of the Consolidated Account for the year ended 31 March 2011

₹ in Lacs

For the year ended 31 March	2011	2010
S MANUFACTURING EXPENSES		
Stores & Spares Consumed	732.58	719.53
Power & Fuel	7297.28	3874.66
Repairs (excluding own wages)		
- To Machinery	586.82	370.47
- To Building	88.76	41.56
Other Manufacturing Expenses	182.98	179.02
Water Charges	0.39	1.25
Total	**8888.81**	**5186.49**

T PAYMENTS & OTHER BENEFITS TO EMPLOYEES		
Salary, Wages & Bonus	10363.72	7375.96
Contribution to Provident Fund & Employees' State Insurance	649.28	519.69
Gratuity	183.64	149.74
Employees' Welfare Expenses	301.12	209.22
Total	**11497.76**	**8254.61**

U ADMINISTRATIVE, SELLING, DISTRIBUTION & OTHER EXPENSES		
Rent	879.75	701.03
Rates & Taxes	183.56	74.59
Insurance Charges	257.97	180.08
Printing & Stationery	85.49	81.79
Postage & Telephones	400.46	409.84
Travelling Expenses (including Foreign Travel)	1324.48	1172.60
Repairs & Maintenance	452.61	405.52
Electricity Charges	114.73	97.03
Legal & Professional Fees	870.83	440.33
General Expenses	878.75	402.21
Vehicle Expenses	468.90	305.72
Commission	214.69	155.62
Membership Fees & ISI Testing Fees	44.11	30.43
Donation	28.39	32.89
Directors' Remuneration	266.71	401.77
Directors' Sitting Fees	3.15	4.00
Bank Charges	559.17	334.33
Auditors' Remuneration	33.39	24.91
Internal Audit Expenses	22.26	37.64
Freight & Delivery Expenses	4788.19	3766.79
Packing Expenses	302.66	188.28
Export Expenses	1401.52	904.03
Advertisement & Sales Promotion Expenses	3662.36	4536.24
Premium on forward exchange contract	56.31	118.83
Loss on Sale of Fixed Assets	29.32	–
Value of Assets discarded	122.33	26.43
(After deducting ₹58.22 lacs transferred from revaluation reserve)		
Prior Period Expenses	18.21	20.14
Share Issue Expenses Written off	25.62	25.04
Total	**17495.92**	**14878.11**

Schedules forming part of the Consolidated Account

V | SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1.00 Significant Accounting Policies:

1.01 Disclosure of Accounting Policies (AS-1):

1. 01.01 Nature of Operation

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

1.01.02 Accounting Concepts & Basis of Presentation

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

1.01.03 Use of Estimates:

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

1.01.04 Companies Included In Consolidation:

Greenlam Asia Pacific Pte. Ltd. (Formerly: GIL Intercontinental Pte. Ltd.), Singapore and Greenlam America Inc., Florida (U.S.A) continue to be wholly-owned subsidiaries of the Company. Transactions relating to profit & loss account for the entire year have been included in the profit & loss account.

1.02 Valuation of Inventories (AS-2):

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

1.02.02 Goods-in-process is valued at cost.

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

1.02.04 Waste and scraps are accounted at estimated realisable value.

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

1.03 Cash Flow Statement (AS – 3):

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

1.04 Contingencies And Events Occurring After Balance Sheet Date (AS - 4):

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

1.05 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies (AS – 5):

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

V | SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.06 **Depreciation (AS – 6):**

Relating to the Parent Company

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

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

Relating to Greenlam Asia Pacific Pte. Ltd.

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

Relating to Greenlam America Inc.

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

1.07 **Construction Contracts (AS-7):**

This Standard is not applicable in case of the Company.

1.08 **Revenue Recognition (AS -9):**

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

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

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

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

1.08.04 **Export incentives:** Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme (DEPB)", Duty Free Replenishment Certificate (DFRC), Duty Free Import Authorisation (DFIA) Scheme are accounted for in the year of export.

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

1.09 **Accounting for Fixed Assets (AS – 10):**

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

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

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

1.10 **Accounting for the effects in Foreign Exchange Rates (AS – 11):**

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

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

Schedules forming part of the Consolidated Account

V | SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

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

1.11 **Accounting For Government Grants (AS – 12):**
The Company has not received any grants from the Government.

1.12 **Accounting for Investment (AS – 13):**
Investments, being long term in nature, are valued at cost of acquisition. Adjustment for increase/decrease in the value of investments, if any, will be accounted for on realisation of the investments. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

1.13 **Accounting For Amalgamation (AS – 14):**
The accounting for amalgamations is made pursuant to the provisions of the Companies Act, 1956 and other applicable statutes pursuant to a Scheme of Amalgamation sanctioned by the High Court(s).

1.14 **Employee Benefits (AS – 15):**

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

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

1.15 **Borrowing Costs (AS – 16):**
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

1.16 **Segment Reporting (AS – 17):**

1.16.01 **Identification of Segments:**

Primary Segment

Business Segment:

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

Secondary Segment

Geographical Segment:

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

The geographical segments considered for disclosure are as follows:

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

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

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

1.17 **Related Party Disclosures (AS – 18):**
Disclosure of related parties as required by the accounting standard is furnished in the Notes on accounts.

Schedules forming part of the Consolidated Account

V | SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.18 **Leases (AS – 19):**

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

1.19 **Earnings Per Share (AS – 20):**

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

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

1.20 **Consolidated Financial Statements (AS – 21):**

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

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

1.20.03 As all the subsidiary companies of the group are wholly owned, minority interests in the income of the group are not presented.

1.21 **Accounting For Taxes On Income (AS – 22):**

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

1.22 **Accounting For Investments In Associates In Consolidated Financial Statements (AS – 23):**

This Standard is not applicable in case of the Company.

1.23 **Discontinuing Operations (AS – 24):**

This Standard is not applicable in case of the Company as the Company has not discontinued any operations during the year.

1.24 **Interim Financial Reporting (AS – 25):**

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

1.25 **Intangible Assets (AS – 26):**

1.25.01 The values of internally generated intangible assets are not recognized in the accounts.

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

1.26 **Financial Reporting of Interests in Joint Ventures (AS – 27):**

This Standard is not applicable in case of the Company as the Company has not entered into any Joint Venture.

1.27 **Impairment of Assets (AS – 28):**

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

Greenply Industries Limited

Schedules forming part of the Consolidated Account

V | SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.28 **Provisions, Contingent Liabilities and Contingent Assets (AS – 29):**

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

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

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

1.29 **Central Excise Duty:**

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

1.30 **Consumption of Raw Materials, Stores & Spare Parts Etc. :**

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

1.31 **Service Tax & Cess:**

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

1.32 **Taxation:**

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

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

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

1.32.04 Provision for deferred tax or credit for release thereof is accounted for as ascertained in accordance with principles stated in para 1.21 hereinabove.

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

2.00 **Notes on Accounts:**

2.01 **Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹890.48 lacs (Previous year ₹2758.02 lacs).

2.02 **Contingent Liabilities:**

2.02.01 Counter-Guarantees given to banks for bank guarantees' established ₹191.01 lacs (Previous year ₹186.65 lacs).

2.02.02 Letter of credit established but material not received amounting to ₹1644.60 lacs (Previous year ₹1762.90 lacs).

2.02.03 Guarantee/Letter of Assurance given to Banks for Bills discounting facilities (Channel Financing) – ₹6,000.00 lacs (Previous Year ₹6,000.00 lacs) and outstanding amount under this Bills Discounting facility – ₹1606.57 lacs (Previous year ₹957.81)

2.02.04 Claims against the Company not acknowledged as debts – ₹46.13 lacs (Previous year – ₹27.46 lacs)

2.02.05 Disputed Demand of Statutory Dues in Appeal ₹3215.88 lacs (Previous year ₹3508.26 lacs).

2.02.06 Amounts covered by Show cause notices received from Excise Authorities ₹2779.97 lacs (Previous Year ₹NIL)

2.02.07 Estimated liability of "Entry Tax" under "Himachal Pradesh Tax on Entry of Goods into Local Area (Amendment) Ordinance, 2011– ₹26.22 lacs (Previous Year ₹NIL) (stayed by High Court of Himachal Pradesh)

2.02.08 Guarantee given to Banks in respect of loans to its wholly owned subsidiary US Dollar 10,000,000 (Previous Year US Dollar 10,000,000) and Singapore Dollar 14,00,000 (Previous Year NIL) equivalent to ₹4952.62 lacs (Previous Year ₹4507.00 lacs), translated at year-end exchange rate.

2.02.09 In respect of capital goods imported at the concessional rate of duty under the Export Promotion Capital Goods Scheme, the company has an export obligation of approximately ₹21241.90 lacs (previous year ₹23201 lacs), which is required to be met at different dates, before 28.03.2019. In the event of non-fulfillment of the export obligation, the company will be liable to pay customs duties of approximately ₹2655.24 lacs (Previous Year ₹2900 lacs) together with interest, as applicable. Further, export obligations under Advance Authorisation Scheme / DFIA Scheme on duty free imports of raw materials remain outstanding to the extent of ₹NIL (Previous Year ₹671.30 lacs).

2.03 Revalued Assets:

Some of fixed assets of Plywood Division were revalued on 31st March, 1994 and the resultant increase in book value was ₹293.52 lacs. Depreciation for the year includes ₹3.23 lacs (Previous year ₹5.11 lacs) pertaining to revalued amount.

2.04 Export Incentives:

As per past practice, Export Incentives credited to Profit and Loss Account includes estimated duty saving of ₹662.57 lacs (Previous year ₹121.32 lacs) on the basis of rates of duty in force as at the end of the accounting period under Advance Authorisation Scheme for import of Raw Materials for value of USD 1,02,33,043 (Previous year USD 29,60,446.18) without payment of customs duty and also unutilised entitlements of ₹572.91 lacs (previous year ₹692.05 lacs) under DFIA scheme for import of raw materials for value of USD 1,24,80,931 (Previous year USD 1,56,80,528) and unutilised entitlements of ₹51.57 lacs (Previous year ₹20.56 lacs) under Duty Entitlement Pass Book Scheme. The generally accepted accounting practice is to account for this duty saving when its realisation is reasonably certain. This benefit is dependent upon actual imports within the stipulated time and on the rates of duty in force when the licenses are so actually utilised. By crediting this hypothetical and uncertain income of ₹1287.05 lacs (previous year ₹833.93 lacs) to the profit & loss account, the profit for the year and current assets have been overstated to that extent.

2.05 Exemptions from Central Excise Duty:

2.05.01 Company's Tizit (Nagaland) unit is entitled to exemption equivalent to the excise duty payable on value addition carried out by the unit. The Central Excise Duty debited to Profit and Loss Account is net of refund received ₹407.98 lacs (Previous year ₹266.75 lacs).

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

2.06 Information Regarding Micro, Small and Medium Enterprises:

As at 31st March, 2011, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with the appropriate authority under Micro, Small and Medium Enterprises Act, 2006. So, no disclosure is made. The Company has compiled this information based on the current information in its possession.

2.07 Consolidated Financial Statements:

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

Greenlam Asia Pacific Pte. Ltd. (Formerly: GIL Intercontinental Pte. Ltd.)	-	On straight line basis over the expected useful lives of the Fixed assets.
Greenlam America, Inc.	-	On straight line method as used for Federal Income Tax purposes.

Schedules forming part of the Consolidated Account

V SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.08 **Disclosures Regarding Employee Benefits:**

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

2.08.02 **Defined Benefit Plan:** Retirement benefits in the form of Gratuity are considered as defined benefit obligations and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. As the Company has not funded its liability, it has nothing to disclose regarding plan assets and its reconciliation. Defined Benefit Obligation at the year end amounted to ₹619.64 lacs (previous year ₹496.87 lacs).

2.08.03 **Actuarial assumptions:**

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

2.08.04 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.

2.08.05 The above information is certified by the actuary.

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

2.08.07 The foregoing information relates to the parent company.

2.09 **Leases:**

The Company has taken certain vehicles under non-cancelable operating lease arrangements. The future minimum lease payments in respect of such non-cancelable operating leases as at 31st March, 2011 are summarized below:

₹ in Lacs

As at 31 March	2011	2010
Amount due within one year from balance sheet date	13.66	13.81
Amount due in the period between one year and five years	36.91	38.83
Amount due above five years	Nil	Nil
Total	**50.57**	**52.64**

Rent expenses for all operating leases for the year ended 31st March 2011 aggregated to ₹13.69 (Previous year ₹4.05)

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

2.11 Inventories are taken, valued and certified by the management.

2.12 Balance under Sundry Debtors, Sundry Creditors, Loans and Advances payable or receivable are subject to confirmation to be received from some of the parties.

2.13 **Auditors' Remuneration Includes:**

₹ in Lacs

For the year ended 31 March	2011	2010
(a) Audit fees	26.28	(17.04)
(b) Tax Audit fees	1.00	(0.51)
(c) For Certifications	0.71	(1.12)
(d) For Expenses (incurred & reimbursed)	5.40	(6.24)
	33.39	**(24.91)**

Schedules forming part of the Consolidated Account

2.14 Managerial Remuneration

2.14.01 Managing and Whole time Directors' Remuneration

₹ in Lacs

For the year ended 31 March	2011	2010
Salary	220.35	(152.45)
Perquisites	89.20	(88.19)
Commission on Net Profits	26.36	(239.32)
Contribution to Provident Fund	26.44	(16.26)
	362.35	**(496.22)**

The above does not includes:

a) Sitting fee of ₹3.15 lacs (Previous year ₹4.00 lacs) paid to non-executive Directors.

b) Commission on net profits of ₹20.00 lacs (Previous year ₹10.00 lacs) paid to non-executive Directors.

c) Provision for gratuity of whole time directors ₹1.56 lacs (Previous year ₹2.20 lacs) an actuarial basis.

2.14.02 Computation of Managerial Remuneration

Particulars	₹ in Lacs	₹ in Lacs	₹ in Lacs
Profit before Tax as per Profit & Loss Account			3086.33
Add: Managing and Whole time Directors' Remuneration and Commission		382.35	
Directors' Fees		3.15	
Depreciation charged to Accounts	4102.65		
Less: Transfer to Pre-operative Expenses	–		
Less: Transferred from Revaluation Reserve	3.23	4099.42	
Loss/(Gain) on Sale of Fixed Assets		29.32	
Value of Assets Discarded		122.33	
			4636.57
			7722.90
Depreciation as per Section 350 of the Companies Act, 1956 (net)			4099.42
Net Profit as per Section 198 of the Companies Act, 1956			**3623.48**
Maximum permissible remuneration to Wholetime Directors' under Section 198 of the Companies Act, 1956			362.35
Restricted as per Service Agreements to			362.35

2.15 Borrowing costs capitalised during the period ₹NIL (Previous year ₹553.82 lacs).

2.16 Raw Materials Consumed includes cost of raw materials sold ₹1165.93 lacs (Previous year ₹937.40 lacs).

2.17 Central Excise Duty includes ₹45.78 lacs (Previous year ₹30.34 lacs) paid on account of differential excise duty for earlier years.

2.18 The figures of the previous year have been re-grouped and re-arranged wherever necessary.

2.19 Earnings per Share

For the year ended 31 March		2011	2010
Calculation of weighted average number of equity shares of ₹5/- each			
No of Shares at the beginning of the year		22096680	16997446
Shares issued on 16.10.2009		–	5099234
Shares issued on 24.03.2011		2039694	–
Total no. of equity shares outstanding at the end of the year		24136374	22096680
Equity shares outstanding for 198 days		–	16997446
Equity shares outstanding for 167 days		–	22096680
Equity shares outstanding for 357 days		22096680	–
Equity shares outstanding for 8 days		24136374	–
Weighted average number of equity shares outstanding during the year		22141386	19330520
Net Profit after Tax (available for equity shareholders)	₹ in Lacs	2346.66	4067.30

Schedules forming part of the Consolidated Account

V | SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.19 Earnings per Share (Contd.)

For the year ended 31 March		2011	2010
BASIC EARNINGS PER SHARE	₹	10.60	21.04
No of Shares at the beginning of the year		24136374	16997446
Shares issued on 16.10.2009		–	5099234
Convertible Warrants issued on 16.10.2009		–	2039694
Total no. of equity shares and warrants outstanding at the end of the year		24136374	24136374
Equity shares outstanding for 198 days		–	16997446
Equity shares outstanding for 167 days		–	24136374
Equity shares outstanding for 365 days		24136374	–
Weighted average number of equity shares outstanding during the year		24136374	20263750
Net Profit after Tax (available for equity shareholders)	₹in Lacs	2346.66	4067.30
DILUTED EARNINGS PER SHARE	₹	9.72	20.07

2.20 Segment Reporting (Under Accounting Standard AS - 17 issued by ICAI)

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. As part of Secondary reporting, revenues are attributed to geographical areas based on the location of the customers. The following table present the revenue, profit, assets and liabilities information relating to the business / geographical segment for the year ended 31st March, 2011.

Information about Business Segments - Primary *₹ in Lacs*

Reportable Segment	Plywood & Allied Products		Laminate & Allied Products		Medium Density Fibre-* board & Allied Products		Unallocated		Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
REVENUE										
External Sales	76317.60	57708.07	56783.65	40448.67	4583.76	1.44	17.82	18.59	137702.83	98176.77
Inter-segment Sales	3040.46	2365.38	1283.04	187.14	17.18	–	–	–	4340.68	2552.52
Other Income	66.60	85.67	174.94	166.87	10.33	–	–	–	251.87	252.54
Total Revenue	**79424.66**	**60159.12**	**58241.63**	**40802.68**	**4611.27**	**1.44**	**17.82**	**18.59**	**142295.38**	**100981.83**
RESULT										
Segment Result	9431.93	7207.42	4489.39	3232.82	(3438.62)	(17.26)	17.82	18.59	10500.52	10441.57
Unallocated Corporate Expenses							3751.68	3228.78	3751.68	3228.78
Operating Profit									6748.84	7212.79
Less : Interest (net)							3827.99	2401.54	3827.99	2401.54
Profit before Tax									2920.85	4811.25
Provision for Taxation									(620.00)	(970.00)
Provision for Deferred Tax									(574.08)	(636.63)
Income Tax for earlier years									(0.11)	(107.32)
Mat Credit entitlement									620.00	970.00
Profit after Tax									**2346.66**	**4067.30**
OTHER INFORMATION										
Segment Assets	39248.12	32447.79	44736.33	35592.07	29607.32	27115.92	3680.56	5937.83	117272.33	101093.61
Segment Liabilities	15081.10	12365.90	9900.61	8949.19	3240.95	4454.33	755.43	3189.97	28978.09	28959.39
Loan Fund							54774.48	44060.47	54774.48	44060.47
Deferred Tax Liabilities (Net)							2473.29	1898.65	2473.29	1898.65
Shareholders' Funds							31046.47	26175.10	31046.47	26175.10
Total Liabilities									**117272.33**	**101093.61**
Capital Expenditure	4178.56	763.95	3948.56	8032.55	2873.37	23513.67	227.13	778.57	11227.62	33088.74
Depreciation	958.32	784.12	1654.74	1119.22	1335.86	3.53	233.74	329.87	4182.66	2236.74
Non-cash expenses other than depreciation	52.80	49.49	40.05	21.96	28.18	–	1.74	62.01	94.59	133.46

* New Segment recognised during the year.

Schedules forming part of the Consolidated Account

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

	Revenue		Carrying Amount of Segment Assets		Additions to Fixed Assets	
	For the year ended		For the year ended		For the year ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
India	123825.57	88487.12	109860.99	94977.68	10446.85	32991.60
Other Asian Countries	10882.05	7113.85	5488.66	4183.53	756.07	57.64
Middle East Countries	2507.47	2150.12	241.45	394.42	–	–
Europe	2560.83	1635.00	582.12	468.59	–	–
North America	2155.66	1417.57	999.52	1047.58	24.70	39.50
Australia	89.46	14.79	–	–	–	–
Africa	274.34	163.38	99.59	21.81	–	–
	142295.38	100981.83	117272.33	101093.61	11227.62	33088.74

NOTES:

a) **Segment Assets and Liabilities :**

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

b) **Segment Revenue and Expenses :**

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

2.21 Related Party Disclosures (Under Accounting Standard AS - 18 issued by ICAI)

2.21.01) List of Related Parties

As per Accounting Standard 18, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

a) **Party where control exists**

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

b) **Key Management Personnel**

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

c) **Relative of Directors:**

Ms. Parul Mittal

Schedules forming part of the Consolidated Account

V | SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.21.02) Disclosures Required for Related Parties Transactions: *₹ in Lacs*

Particulars	Control	Key Management Personnel	Relatives of Directors
I. Transactions during the period			
Payment towards Services Received	81.64	–	31.19
	(69.60)	(–)	(25.99)
Receipt against Rendering of Services	–	–	–
	(–)	(–)	(–)
Finance (Loan Received)	1543.79	–	–
	(–)	(–)	(–)
Managerial Remuneration & meeting fees	–	385.50	–
	(–)	(513.17)	(–)
II. Amount Outstanding as at Balance Sheet date			
Loan Received Outstanding	–	–	–
	(–)	(–)	(–)

Notes :

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

Signatures to Schedules A to V

As per our annexed report of even date.

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

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

Place: Kolkata
Date: 30 May 2011

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Consolidated Cash Flow Statement for the year ended 31 March 2011

₹ *in Lacs*

For the year ended 31 March	2011		2010	
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES:				
Net Profit before Tax and Extraordinary items		2920.85		4811.25
Add: a) Depreciation	4182.66		2236.74	
b) Interest	4247.78		2604.29	
c) Loss on Sale of Fixed Assets/Discarded	151.65		26.43	
d) Gratuity	183.64		149.74	
e) Share Issue Expenses written off	25.62		25.04	
		8791.35		5042.24
		11712.20		9853.49
Less: a) Interest Income	419.79		202.75	
b) Insurance Claim Received	57.96		97.58	
c) Profit on Sale of Fixed Assets	–		12.40	
d) Dividend Received	0.12		10.31	
		477.87		323.04
Operating Profit before Working Capital Changes		11234.33		9530.45
Less: a) Increase in Trade and Other Receivables	5407.61		2000.11	
b) Increase in Inventories	3477.16		3724.08	
c) Decrease in Trade Payables	165.76	9050.53	(9952.75)	(4228.56)
Cash Inflow (+)/Outflow (-) from Operations		2183.80		13759.01
Less: a) Income Tax Paid/refund received (-)	642.45		1002.04	
b) Gratuity Paid	60.87	703.32	16.28	1018.32
Net Cash Inflow (+)/Outflow (-) in course of Operating Activities		**1480.48**		**12740.69**
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES				
Outflow				
a) Acquisition of Fixed Assets	11229.03		32529.05	
b) Interest amount capitalised	–		553.82	
		11229.03		33082.87
Less : Inflow				
a) Sale of Fixed Assets	312.55		229.66	
b) Interest Received	419.79		202.75	
c) Dividend Received	0.12		10.31	
d) Insurance Claim Received	57.96	790.42	97.58	540.30
Net Cash Inflow (+) / Outflow (-) in course of Investing Activities		**(10438.61)**		**(32542.57)**

Consolidated Cash Flow Statement (Contd.) for the year ended 31 March 2011

₹ in Lacs

For the year ended 31 March	2011		2010	
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:				
Inflow				
a) Proceeds from issue of share capital	2896.37		4,589.31	
b) Borrowings	10714.01		17700.39	
		13610.38		22289.70
Deduct : Outflow				
a) Share Issue Expenses	2.89		114.25	
b) Interest Paid	4167.05		2598.59	
c) Dividend & Corporate Dividend Tax Paid	386.50		298.29	
		4556.44		3011.13
Net Cash Inflow in course of Financing Activities		**9053.94**		**19278.57**
Net Increase (+) / Decrease in				
Cash/Cash Equivalents (A+B+C)		95.81		(523.31)
Add : Balance at the beginning of the year		614.33		1137.64
Cash / Cash Equivalents at the close of the Year		710.14		614.33

As per our annexed report of even date.

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

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

Place: Kolkata
Date: 30 May 2011

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

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

Name of the Subsidiary Company	Greenlam Asia Pacific Pte. Ltd. (Erstwhile: GIL Intercontinental Pte. Ltd.)	Greenlam America, Inc.
Date from which they become subsidiary	17th October, 2006	23rd April, 2008
Financial year of the subsidiary company ended on	31st March, 2011	31st March, 2011
Extent of the Holding Company's interest in the subsidiary:		
- No. of Shares	430642 ordinary shares of S$ 1 each	1600000 equity shares of US$ 1 each
- % of Holdings	100%	100%
The net aggregate amount of the subsidiary company's profit/(loss) so far as it concerns the members of the holding company		
a) Not dealt with in the holding company's accounts		
(i) For the financial year ended 31.03.2011 (₹ in lacs)	25.47	(263.17)
(ii) Upto the previous financial years of the subsidiary company (₹ in lacs)	(124.54)	(838.47)
b) Dealt with in the holding company's accounts		
(i) For the financial year ended 31.03.2011	–	–
(ii) For the previous financial year of the subsidiary company since they become the holding company's subsidiaries	–	–

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

Place: Kolkata
Date: 30 May 2011

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Financial Information with regard to Wholly Owned Subsidiary companies as at 31 March 2011

₹ in Lacs

Particulars	Greenlam Asia Pacific Pte. Ltd.*	Greenlam America, Inc.**
Share Capital	152.15	713.28
Reserve & Surplus	(99.07)	(1101.64)
Total Assets:		
Fixed Assets	760.88	53.86
Investment (in Subsidiary)	–	–
Current Assets	3995.34	840.23
Deferred Tax Assets	–	–
Miscellaneous Expenditure	–	–
Total	**4756.22**	**894.09**
Total Liabilities:		
Secured Loans	2751.95	–
Unsecured Loans	42.68	–
Current Liabilities	1904.86	1282.45
Deferred Tax Liabilities	3.65	–
Total	**4703.14**	**1282.45**
Investments (excluding Investments in Subsidiaries)	–	–
Turnover	10924.40	1789.37
Profit before Taxation	22.04	(263.17)
Prior Period Adjustments	–	–
Provisions for Taxation		
- Current Tax	–	–
- Fringe Benefit Tax	–	–
- Deferred Tax	(3.43)	–
- Earlier Year	–	–
Total	**(3.43)**	**–**
Profit after Taxation	25.47	(263.17)
Proposed Dividend/Interim Dividend	–	–

* Exchange rate as of 31st March, 2011 : ₹35.33

** Exchange rate as of 31st March, 2011 : ₹44.58

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

Place: Kolkata
Date: 30 May 2011

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

CORPORATE INFORMATION

Board of Directors

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

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

Share Transfer & Investors Grievance Committee
Mr. Anupam Kumar Mukerji, *Chairman*
Mr. Susil Kumar Pal
Mr. Rajesh Mittal
Mr. Saurabh Mittal

Remuneration Committee
Mr. Susil Kumar Pal, *Chairman*
Mr. Gautam Dutta
Mr. Anupam Kumar Mukerji

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

Right Issue Committee
Mr. Shiv Prakash Mittal, *Chairman*
Mr. Rajesh Mittal
Mr. Saurabh Mittal
Mr. Vinod Kumar Kothari
Mr. Susil Kumar Pal

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

Chief Financial Officer
Mr. Vishwanathan Venkatramani

Company Secretary & Vice President-Legal
Mr. Kaushal Kumar Agarwal

Registrars & Share Transfer Agents
M/s. S.K. Computers
34/1A, Sudhir Chatterjee Street
Kolkata – 700 006
Phone: (033) 2219-4815/6797
Fax: (033) 2219-4815

Bankers/financial institutions
Axis Bank Ltd.
Bank of Baroda
Export-Import Bank of India
ICICI Bank Ltd.
IDBI Bank Ltd.
IndusInd Bank Ltd.
ING Vysya Bank Ltd.
Landesbank Baden-Wurttemberg
Standard Chartered Bank
State Bank of Hyderabad
State Bank of India
Yes Bank Ltd.

Wholly-owned subsidiaries
Greenlam Asia Pacific Pte. Ltd.
18 Sungei Kadut Street 2
Sungei Kadut Industrial Estate
Singapore - 729 236

Greenlam America, INC.
8669 NW 36th Street,
Unit 350, Doral, Fl. 33166

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

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

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

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

Plywood & particle board
- Pantnagar, Uttarakhand

Medium density fibreboard
- Pantnagar, Uttarakhand

Wind power
- Chellianallur Village, Tirunelveli, Tamil Nadu

Cautionary statement

■ In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans' 'believes' and words of similar substance in connection with any discussion of future performance.

■ We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

■ Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

■ We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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