



B K BIRLA GROUP OF COMPANIES

ANNUAL REPORT 2010-11



MANGALAM TIMBER  
PRODUCTS LIMITED

**DURATUFFMDF**  
AS GOOD AS NATURAL WOOD





## CORPORATE INFORMATION

### Board of Directors

Shri N G Khaitan  
 Shri S K Parik  
 Shri Prabir Chakravarti  
 Smt Vidula Jalan  
 Shri Anand Daga (w.e.f.8th Dec, 2010)

### Company Secretary

Ms Charulata Kabra

### Bankers

State Bank of India  
 State Bank of Hyderabad  
 IDBI Bank Limited  
 IndusInd Bank Ltd.  
 ICICI Bank Ltd.  
 (Formerly The Bank of Rajasthan Ltd.)

### Auditors

S M Daga & Co.  
 Chartered Accountants  
 Firm Registration Number:303119E  
 11, Clive Row  
 Kolkata - 700 001

### Registered Office & Factory

Kusumi  
 Nabarangpur - 764 059  
 Orissa

### Head Office

Birla Building, 10th Floor  
 9/1, R N Mukherjee Road  
 Kolkata - 700 001

### Registrar & Share Transfer Agent

M/s C B Management Services (P) Ltd.  
 P-22, Bondel Road  
 Kolkata - 700 019

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## NOTICE

### TO THE MEMBERS

The Twenty Seventh Annual General Meeting of the Company will be held at the Registered Office of the Company at Kusumi, Dist. Nabarangpur, Orissa on Monday, the 8th August, 2011 at 10.00 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S K Park, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

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

#### AS ORDINARY RESOLUTION:

4. "RESOLVED THAT Shri Anand Daga who was appointed as an Additional Director of the Company under Section 260 of the Companies Act 1956 holds office upto the date of this Annual General Meeting and being eligible for appointment and for whom a letter proposing his candidature under section 257 of the Companies Act 1956, has been received, be and is hereby appointed as Director of the Company, liable to retire by rotation."

#### AS SPECIAL RESOLUTION

5. "RESOLVED That pursuant to the provisions of Section 310, 311 and other applicable provisions if any, of the Companies Act, 1956 including Schedule XIII of the Act as amended upto date and subject to any statutory approvals and compliance that may be required, the consent of the Company be and is hereby accorded to revise the remuneration of Shri Sujoy Sen, Manager of the Company from Rs. 100,000/- per month to Rs. 118,000/- per month by way of Salary and from Rs. 40,000/- to Rs. 35,400/- by way of House Rent Allowance with effect from 1st April 2010 (retrospectively) other terms and conditions remaining unchanged."

Registered Office:  
Kusumi  
Nabarangpur - 764059  
Orissa

By Order of the Board

Dated: April 25, 2011  
Place : Kolkata

CHARULATA KABRA  
COMPANY SECRETARY

### NOTES

- I) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE MEMBER OF THE COMPANY.
- II) A proxy, to be valid, should reach the Registered Office of the Company at least 48 hours before the hour of commencement of the meeting.
- III) Members are requested to notify immediately any change in their address to the Company.
- IV) The Register of Members and Transfer Book of the Company will remain closed from 28th July, 2011 to 8th August, 2011 (both days inclusive).
- V) Shareholders are requested to quote Registered Folio Number/ DP ID – Client ID Number in all the correspondence with the Company.
- VI) Pursuant to the provision of Section 109A and 109B of the Companies Act, 1956 members are informed that every holder

of shares at any time may nominate, in the prescribed manner, a person to whom his shares in the Company shall vest in the event of his death.

- VII) Members are informed that the scrips of the Company have been activated both in CDSL and NSDL and may be dematerialised under the ISIN: INE805B01012.
- VIII) Members, who have not so far encashed dividend warrants for the financial year ended 31st March, 2008 and 31st March, 2009 are requested to seek issue of duplicate warrants by writing to the company's Registrars and Transfer Agents, M/S C B Management Services (P) Ltd. Members may note that pursuant to Sec.205A (5) any money, which remains unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the Company, should be transferred by the company to the Investor Education and Protection Fund and no claim should lie against the IEPF or the company thereafter.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF ITEM 4 AND 5 OF SPECIAL BUSINESS MENTIONED IN THE NOTICE OF THE ANNUAL GENERAL MEETING OF THE COMPANY.**

**Item No.4**

Pursuant to the provisions of Article 78 of Articles of Association of the Company and Section 260 of the Companies Act, Shri Anand Daga has been appointed as an Additional Director in the Board Meeting held on 8th December 2011. He holds office till the conclusion of the ensuing Annual General Meeting.

Notice has been received from a Shareholder of the Company along with a deposit of Rs. 500/- proposing his candidature for the Office of the Director.

Shri Anand Daga has graduated from St Xaviers College, Kolkata. He has done various courses on Financial Planning. He has been actively involved in the family business for the last 20 years, which includes Coal Tar Distillation Plant, Importing and Trading in Timber, Stock Broking and Financial Consultancy to various companies.

He is a Director in the following Companies -

- a) Associated Savings Pvt Ltd
- b) Aparajita Viniyog (P) Ltd

**Item No.5**

In the 26th Annual General Meeting held on 3rd September 2010 members of the company approved appointment of Shri Sujoy Sen as Manager and remuneration payable to him. In terms of the said resolution, Shri Sujoy Sen has been receiving remuneration as follows:

**I) Salary & Perquisites**

Salary	:	Rs.100, 000/- per month.
House Rent Allowance	:	Rs.40,000/- per month
Medical Reimbursement	:	As per rules of the company
Leave Travel Concession	:	As per rules of the company
Earned or Privilege Leave	:	As per rules of the company
Personal Accident Insurance	:	As per rules of the company
Provident Fund and Superannuation Fund	:	As per rules of the company
Gratuity	:	As per rules of the company
Car	:	Use of one car and driver on company's business, such use will not be considered as a perquisite. Personal use of the company's car will be billed.
Miscellaneous Reimbursement	:	Reimbursement of expenses of Mobile Phone/Broad-band/Data Card used for the company's business shall not be considered as perquisite.

**II) Minimum Remuneration**

In the event of loss or inadequacy of profit in any financial year during the tenure of service of Shri Sujoy Sen, payment of salary, perquisite and other allowance shall be governed by the limits prescribed under section II of the Part II of the Schedule XIII of the Companies Act, 1956.

The Remuneration Committee in its meeting held on 14th March 2011 has approved revision in remuneration of Shri Sujoy Sen (retrospectively) from 1st April 2010. Accordingly, the Board recommends the special resolution for members' approval for revision in the remuneration of Shri Sujoy Sen, Manager of the Company from Rs. 100,000/- per month to Rs. 118,000/- per month by way of Salary and from Rs. 40,000/- to Rs. 35,400/- by way of House Rent Allowance with effect from 1st April 2010 (retrospectively).

Apart from receiving remuneration in his capacity as Manager of the Company, Shri Sujoy Sen has no other pecuniary relationship with the Company.

Registered Office:  
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Orissa

By Order of the Board

Dated: April 25, 2011  
Place : Kolkata

CHARULATA KABRA  
COMPANY SECRETARY



## FORWARD-LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take 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 'anticipate', 'estimate', '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 achievements of results are 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. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION

Your Directors present herewith the 27th Annual Report on the business and operations of the company and the audited statement of accounts for the financial year ended 31 March, 2011.

### FINANCIAL RESULTS

	(Rs. in lacs)	
	2010-11	2009-10
Turnover	5584.61	7199.60
PBDIT	80.20	427.01
Interest	483.58	454.78
Depreciation	152.56	113.44
PBT	(555.94)	(141.21)
Less : Provision for Tax		
- Deferred Tax	187.96	18.08
- Current Tax	-	-
- Wealth Tax	-	-
- Fringe Benefit Tax	-	-
Net Profit	(367.98)	(123.13)
Add : Balance B/F	157.37	280.50
Appropriations:		
Profit available for appropriation	(210.61)	157.37
Less : Proposed Equity Dividend	0.00	0.00
Tax on proposed Equity Dividend	0.00	0.00
General Reserve	0.00	0.00
Surplus carried to Balance Sheet	(210.61)	157.37

### SOCIO ECONOMIC ENVIRONMENT

After growing at 8.0% in 2009/10, the Indian economy picked up further steam in 2010/11 recording a real GDP growth of 8.6% during the year. While the Agricultural sector posted an above-trend growth of 5.4% aided in part by a low base effect, Industry and Services grew by 8.1% and 9.6% respectively. After clocking an impressive growth of 8.9% in the first half of the year, the economy showed signs of moderate growth in the second half. With the Indian economy on a positive growth path, the number of construction projects has also risen substantially over the past few years.

As per the estimates of European Panel Federation (EPF), the worldwide market of MDF and particle board is increasing at a fast rate of 13 % per year. Wood-based panels have a broad diversity of uses in every economy around the world. These are widely used for partitions, kitchen and office cabinets, panels, drawers, tables, and

furniture, and are gradually replacing ply wood. With reducing wood supply and the need to use eco-friendly products, the demand for MDF products is expected to remain robust.

### OPERATIONAL PERFORMANCE

During the year under review, your company incurred a Net after tax loss of Rs. 367 Lakhs. The turnover of the Company came down to Rs. 5584.61 lacs (Previous Year Rs.7199.60 lacs) and the production was also lower at 18157 Mt. (Previous Year 29286 Mt).

A major reason for the decline was the outbreak of a fire in the Hydraulic Room of the factory in the month of April 2010 in which major plant equipments were damaged. Fortunately no harm was caused to any of our workers and personnel in the factory. However, the MDF production came to a complete halt for nearly three and a half months; as a result of which the company suffered a loss of Rs. 437 lacs in the first quarter alone.

Particulars	Q-1	Q-2	Q-3	Q-4	Total
Net Sales	1,051.72	1,246.29	1,244.78	1,566.86	5,109.65
PBIDT	(270.45)	4.35	129.60	216.70	80.20
PBDT	(399.46)	(115.54)	12.62	98.99	(403.39)
PBT	(437.07)	(155.76)	(28.69)	65.58	(555.94)
PAT	(349.91)	(153.66)	14.59	121.00	(367.98)



Immediate steps were taken to restore the damaged equipment and for installation of a standby system which was commissioned by the end of July 2010 after which production could be gradually restored. In March 2011, the original German hydraulic machine that was damaged in the fire was reinstalled. A planned shutdown was taken for the same.

Your company improved its operational efficiency by commissioning the installation of a higher efficiency boiler resulting in reduction of our coal consumption. Proactive steps have also been taken to ensure preventive maintenance of the machinery.

Your Company is certified for an integrated system for :

- ISO 9001:2008 ensuring stringent process quality control
- ISO 14001:2004 ensuring superior environmental management system
- OHSAS 18001:2007 ensuring advanced occupational health and safety management system

#### MARKETING & SALES

Your Company has benefited further from leveraging its brand "Duratuff" to command a premium position in the market. Duratuff is widely recognized as an industry pioneer because of its strong brand recall & implicit trust among customers.

The Sales network was consolidated by appointment of new channel partners, along with strategic rationalisation of distribution channels.

#### HUMAN RESOURCES

The agreements with the Permanent Workers Union and the Casual Workers Union have expired. Negotiations for fresh agreements are at an advanced stage. The Management recognizes the positive role played by the Unions in improving quality and increasing productivity of the factory.

For the safety of our workers, additional medical benefits have been provided by establishing an in-plant clinic & a regular doctor on premises. Your Company contributes a part of its income to social, charitable and cultural organizations.

Your company has inducted new personnel with significant management expertise at senior positions. The HR Department has taken various initiatives for implementing specific training programs across multiple disciplines & functional groups. We are confident that these steps will strongly reflect in our performance indicators over the coming financial years.

#### PLANTATION :

Your company is currently in the process of restoring its farm forestry operations by engaging in clonal plantation of high yielding gall resistant seedlings, which were badly affected by the Gall Disease in 2009. The company has 850 acres of land on lease for various periods where uprooting of old tree stumps and fresh plantation is being undertaken in phases. This is a capital intensive and time consuming project.

Your company has also applied for Clean Development Mechanism (CDM) which will earn carbon credits for plantation activity. Till date 28 forestry projects across the globe have been registered of which three are from India. The project has reached the validation stage and is likely to be considered for registration at UNFCCC shortly. This is a win-win situation for the company and the local farmers as the revenue earned from the carbon credits would be shared among the parties.

#### RAW MATERIAL

Price and availability of other major raw materials such as methanol, TG Urea, Melamine remained fairly stable.

#### AMALGAMATION WITH MANGALAM CEMENT LTD

The merger of your Company with M/s Mangalam Cement Ltd, is in process and the Hon'ble High Court of Orissa, Cuttack, vide its order dt. 22nd April 2011, has directed to convene a meeting of the Equity Shareholders of the Company on Saturday, the 29th May, 2011 at the Registered Office of the Company.

The merger on approval by the Hon'ble High Court of Rajasthan and the Hon'ble High Court of Orisa will be effective from 1st of April 2010.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control Systems in all its areas of operation, which is commensurate with its size. A reputed outside Firm of Chartered Accountants has been appointed as the Internal Auditors to carry out thorough audit of the Company's functions. The adequacy of the system has also been deemed satisfactory by the Auditors.

#### CONSERVATION OF ENERGY ETC.

##### a) Conservation of Energy & Technology Absorption

Energy conservation measures, to the extent feasible received top priority from the Management of your Company. Power Consumption for the year was marginally higher due to lower production and longer downtime. Greater emphasis is now being placed towards the Research & Development facility.

FORM 'A' of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is not required to be filled as our industry is not included in the Schedule to the Rules.

##### b) Foreign Exchange Earnings and Outgo

During the year under review, the foreign exchange earnings from export sales amounted to Rs 16.35 Lacs & the total outgo of foreign exchange (including cost of imports, raw materials, stores & spares) was equivalent to Rs 101.76 Lacs.

#### OPPORTUNITIES

Burgeoning urban India: Urban India accounts for 30 percent of its population and 52 percent of GDP. According to consultancy firm McKinsey's estimates, urban India will account for two-thirds of incremental consumption demand. The increased urban expenditure will be driven by an increase in population growth and increase in urbanisation from 30 percent to 37 percent (318 mn to 523 mn).

Middle-class: India's middle-class is expected to account for 85 percent of urban households and 70 percent of consumption by 2015; the upper-class will account for 7 percent of households and 28 percent of consumption.

Young population: India's working population is among the world's youngest working populations. Around two-thirds of the Indian population is under 35 years and more than 60 percent of the population will be in the working age group (15 - 60 years) by 2050. The median age of the population is estimated at 23 years against the world median age of 33 years.

Rising per capita income: India's per capita income grew from Rs 38,695 per annum in 2008-09 to Rs 40,745 per annum in 2009-10. Overall per capita consumption increased 2.7 percent from Rs 23,012 per annum to Rs 23,626 per annum.

Real estate growth : The Indian real estate sector accounts for 4.5 percent of gross domestic product with urban housing accounting for 3.13 percent. Over the next five years, this contribution is expected to rise to 6 percent. India's property sector may attract up to USD 12.11 billion in investment over a five-year period. Investments in commercial real estate are likely to increase three-fold in five years.

#### RISKS

- 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.

#### DIVIDEND

The Board of Directors has not recommended dividend for the financial year 2010-2011, in view of losses.

#### FINANCE

Your Company thanks its consortium bankers for their continued support.

#### LISTING WITH THE STOCK EXCHANGES

The Company is listed with The National Stock Exchange of India Ltd and Bombay Stock Exchange Limited. The annual Listing Fee to both the stock exchanges has been paid on time.

#### PUBLIC DEPOSITS

The Company has neither invited nor accepted any deposits from the public within the meaning of Section 58(A) of the Companies Act, 1956 during the year under review. As such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

#### CORPORATE GOVERNANCE

In terms of clause 49 of the Listing Agreement, the Company has implemented the Code of Corporate Governance and a separate section has been included in this report. The report on Corporate Governance and the declaration by the Manager in respect of Code of Conduct for all Board Members and Senior Management personnel and the certificate issued by M/s. S M Daga & Co., Chartered Accountants ((Firm Registration No. 303119E), statutory auditors of the company in confirmation of the compliance as per requirement of clause 49 of the Listing Agreement with the stock exchanges have been set out in Annexure I.

#### CASH FLOW ANALYSIS

In conformity with the provisions of Clause 32 of the Listing Agreement(s), cash flow statement for the financial year ended 31st March 2011 is annexed hereto.

#### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibility, it is hereby confirmed –

That in the preparation of the annual accounts, the applicable accounting

standards had been followed along with proper explanations relating to material departures;

That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit or loss of the Company for that period;

That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

That the Directors had prepared the annual accounts on a going concern basis.

#### DIRECTORS

Shri S K Parik retires by rotation in the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

Shri Anand Daga has been appointed as Additional Director and holds office upto the date of the ensuing Annual General Meeting. Notice has been received from a Shareholder of the Company proposing his candidature for the Office of the Director.

#### AUDITORS' REPORT

Auditors' Report to the Shareholders does not contain any qualification, reservation, or adverse remarks.

#### STATUTORY AUDITORS

M/S. S M Daga & Co., Chartered Accountants ((Firm Registration No. 303119E), Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment and they have confirmed that their re-appointment, if made, shall be within the limits of Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

#### DEMATERIALIZATION OF THE SHARES OF THE COMPANY

Trading in shares of the Company has been compulsorily in Dematerialized mode by all investors as per directives given by SEBI. Accordingly, the Equity Shares of the Company are available for Dematerialization under ISIN INE 805B01012 with CDSL and NSDL.

#### PERSONNEL

The Company has no employee in respect of whom information under Section 217 (2A) of the Companies Act, 1956 is required to be annexed.

#### ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their deep appreciation for the whole-hearted and sincere co-operation the Company has received from the Statutory Authorities, Banks, Shareholders and Customers.

Your Directors also wish to thank all the Employees for their dedicated and committed service to the Company.

Directors

Shri N G Khaitan

Shri S K Parik

Shri Prabir Chakravarti

Smt Vidula Jalan

Shri Anand Daga

Dated: 25th day of April, 2011

Place : Kolkata



## ANNEXURE 'T' TO THE DIRECTORS' REPORT

## CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company always endeavours to follow the best corporate practices and intends to comply with all applicable statutory norms. The Company believes in maintaining absolute transparency in all respects.

## I. BOARD OF DIRECTORS

## (A) COMPOSITION OF BOARD

As on 31st March, 2011, the Board comprised of Five Directors, out of which four are non-executive independent Directors. The non-executive Directors are eminent professionals with experience in finance, law and public enterprises. The composition of the Board during the year ended 31st March, 2011 is given hereunder:-

Sl. No.	Name of Directors	Category of Directors	No. of Board Meeting held	No. of Board Meeting attended	Whether Last AGM attended
(1)	(2)	(3)	(4)	(5)	(6)
1.	Shri N G Khaitan	Non-Executive Independent	5	5	No
2.	Shri S K Parik	Non-Executive Independent	5	5	No
3.	Shri Prabir Chakravarti	Non-Executive Independent	4	4	Yes
4.	Smt Vidula Jalan	Non-Executive Representing Promoters	5	5	No
5.	Shri Anand Daga*	Non-Executive Independent	5	3	No

\* Shri Anand Daga was re-appointed Additional Director via Resolution by Circulation on 8th December, 2010.

## (B) NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURE

The company pays to the Directors sitting fee of Rs.7500/- and Rs.5000/- for attending each meetings of the Board and Committees thereof respectively.

## (C) OTHER PROVISIONS AS TO BOARD AND COMMITTEES

## DETAILS OF OTHER DIRECTORSHIPS ETC.

The details of Directorships in other companies (excluding Private Limited Companies and Companies under Section 25 of the Companies Act, 1956), Chairmanship and Committee Membership (Audit Committee and Shareholders Grievance Committee) held by the Directors are given below :

Name of Directors	No. of other Directorship excluding M.T.P.L.	No. of Chairmanship of the Board excluding M.T.P.L.	No. of Board Committee of which he/she is a member including M.T.P.L.	No. of Board Committee of which he/she is a Chairman including M.T.P.L.
Shri N G Khaitan	9	Nil	8	1
Shri S K Parik	Nil	Nil	2	1
Shri Prabir Chakravarti	9	Nil	6	Nil
Smt Vidula Jalan	2	Nil	2	Nil
Shri Anand Daga*	Nil	Nil	1	Nil

\* Shri Anand Daga was re-appointed Additional Director via Resolution by Circulation on 8th December, 2010

## BOARD MEETINGS AND ATTENDANCE

The Corporate Governance policy requires the Board to meet at least 4 times a year with a maximum gap of 4 months between any two meetings. The details of Board Meetings held during the year are as under:

Sl. No.	Date of Board Meeting	Board's Strength	No. of Directors present	Remarks
1	01.05.2010	5	5	100%
2	20.07.2010	5	5	100%
3	30.09.2010	4	4	100%
4	29.10.2010	4	3	75%
5	20.01.2011	5	5	100%

#### BOARD'S PROCESSES

All major decisions of the Company are regularly placed before the Board in addition to information with regard to actual operations, major litigation, feed back reports and minutes of Committee Meetings.

#### (D) CODE OF CONDUCT

1. The Board has already prepared a code of conduct for all Board Members and Senior Management personnel of the Company.
2. The Code of Conduct has been posted on the website of the Company.
3. All Board members and Senior Management personnel have affirmed compliance with the code.

#### II. COMMITTEES OF THE BOARD

The Board of Directors has constituted the following Committees, namely the Audit Committee, Shareholders Grievance Committee and the Remuneration Committee apart from Transfer Committee.

##### A. AUDIT COMMITTEE

##### i) Composition of the Audit Committee

The Company has an Audit Committee of the Board comprising of four Non-Executive Directors, namely Shri N G Khaitan, Shri S K Parik, Shri Prabir Chakravarti. Shri N G Khaitan has been acting as the Chairman of the Audit Committee. The Audit Committee of the Company ensures an effective internal control system.

##### ii) Meeting of the Audit Committee

The details of Audit Committee Meeting held during the year 2010-11 are as under:

##### AUDIT COMMITTEE MEETINGS

Sl. No.	Date of Meeting	Committee Strength	No. of Members present
1	01.05.10	3	3
2	20.07.10	3	3
3	30.09.10	3	3
4	20.01.11	3	3

##### AUDIT COMMITTEE ATTENDANCE

Directors	No. of Meetings attended
Shri N G Khaitan	4
Shri Prabir Chakravarti	4
Shri S K Parik	4

Statutory Auditors, Internal Auditors and Executives responsible for finance and accounts are permanent invitees to the Audit Committee.

##### iii) Powers of Audit Committee

The Audit Committee enjoys the powers specified in clause 49 of the Listing Agreement.

##### iv) Role of Audit Committee

The Audit Committee plays similar role as has been included in clause 49 of the Listing Agreement.

##### v) Review of information by Audit Committee

The Audit Committee regularly reviews various information and in particular:

1. Management of internal control system and its weaknesses, if any pointed out by the Statutory Auditors;
2. Internal audit reports relating to internal control weaknesses; and
3. Appointment, removal and terms of remuneration of the Internal Auditor.

**(B) REMUNERATION COMMITTEE**

A Remuneration Committee has been constituted and the details of the Committee are given hereunder :

Remuneration Committee Meeting				Remuneration Committee Attendance	
Sl. No.	Date of Meeting	Committee Strength	No. of Members present	Directors	No. of Meetings attended
1	14.03.11	3	3	Shri S K Parik	1
				Shri Prabir Chakravarti	1
				Shri N G Khaitan	1

**(C) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Board has constituted a Shareholders/Investors Grievance Committee to deal with the grievances of the shareholders. The details of the committee meeting are given hereunder :

Grievance Committee Meeting				Grievance Committee Attendance		
Sl. No.	Date of Meeting	Committee Strength	No. of Members present	Directors	No. of Meetings attended	E-mail Address
1.	14.02.11	2	2	Shri S K Parik	1	admin@
				Shri Prabir Chakravarti	1	mangalamtimber.com

Number of grievances received during the year - 6  
 Number of grievances not resolved - Nil  
 As on 31st March, 2011 there is no complaints pending.

**(D) TRANSFER COMMITTEE**

The Company has a Share Transfer Committee to look into various matters pertaining to Share Transfers, Transmission, Transposition and related matters. The Committee presently comprises of Shri N G Khaitan, Shri S K Parik, Smt Vidula Jalan, Shri Prabir Chakravarti.

During the year 2010-2011 twenty three meetings of the Transfer Committee were held.

**E) SECRETARY**

Ms Charulata Kabra is the Compliance Officer and acts as the Secretary to all the Committees.

**III. DISCLOSURES****(A) Details of Related party transactions**

- Disclosures of Directors' interests are made to the Board as per law. The details of the related party transactions are given in Note 6 of Schedule 14(B) to the Accounts.

Details of non-compliance by the company, penalties, strictures imposed on the company by the statutory authorities

- There has been no non-compliance penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authorities, on any matter related to capital markets, during the last three years.

**(B) Disclosure of Accounting Treatment**

In the preparation of financial statement, the Company has followed the text of the Accounting Standard issued by the Institute of Chartered Accountants of India. However, Significant Accounting Policies of the Company have been given in Schedule 14(A) to the Accounts.

**(C) Proceeds from public issues, rights issues etc.**

Preparation of statement of fund utilization is not required as funds raised through Public Issue / Right Issue have been fully utilised.

(D) Remuneration of Directors

DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2011

Sl. No.	Name of Directors	Salary (Rs.)	Perquisites and other benefits (Rs.)	Performance Bonus / Commission (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
1.	Shri N G Khaitan	Nil	Nil	Nil	122,500/-	122,500/-
2.	Shri S K Parik	Nil	Nil	Nil	122,500/-	122,500/-
3.	Smt Vidula Jalan	Nil	Nil	Nil	125,000/-	125,000/-
4.	Shri Prabir Chakravarti	Nil	Nil	Nil	87,500/-	87,500/-
5.	Shri Anand Daga	Nil	Nil	Nil	22,500/-	22,500/-

(E) Risk Management

Risk Assessment and minimisation procedures have been framed by the Company and are reviewed by the Board annually.

(F) Shareholders:

i) Appointment of Director :

Brief resume of Shri S K Parik, who is retiring by rotation and being eligible has offered himself for re-appointment, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership/Chairmanship of the Board Committee other than Mangalam Timber Products Ltd are given hereinunder.

Shri S K Parik was first appointed as the Director of the Company on 6th June, 1996.

Shri S K Parik is a Fellow Member of the Institute of Chartered Accountants of India and also of the Institute of Company Secretaries of India, having about 54 years experience in the field of Finance, Taxation, Company Law and other related matters. Apart from MANGALAM TIMBER PRODUCTS LTD., Shri S K Parik is Director/Members of no other Companies.

ii) Means of Communication

- a) Quarterly Report : Quarterly results are not sent to the shareholders. However, the quarterly report, is sent to the Stock Exchanges and is also published in the newspapers. The Quarterly report is also given in the Company's website.
- b) Quarterly results are normally published in : The Financial Express/ Business Standard in English and Dharitry/ Sambad in Oriya.
- c) Any website where results are given : Quarterly Financial Results are put on Company's Website: www.mangalamtimber.com
- d) The presentation made to Institutional Investors or to Analysts : None
- e) Whether management discussion and analysis forms part of the Annual Report : Yes

iii) Shareholders' Grievance Committee : Shareholders' Grievance Committee has been formed, details of which are given in item No. II(C) of this report.

iv) Share Transfer : Share Transfer Committee has been authorised to consider transfer/transmission of shares and other related matters.

DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS :

Financial Year	Location	Date	Time	If Special Resolution put through postal ballot	Details of voting pattern
2009-10	Nabarangpur, Orissa	03.09.10	10 AM	N. A.	N. A.
2008-09	Nabarangpur, Orissa	03.09.09	10 AM	N. A.	N. A.
2007-08	Nabarangpur, Orissa	27.08.08	10 AM	N. A.	N. A.



## SHAREHOLDER INFORMATION

### a) Annual General Meeting :-

Date	: 8th August, 2011
Time	: 10.00 A.M.
Venue	: Village-Kusumi, Dist.-Nabarangpur 764 059, Orissa
Book Closure Date	: 28th July, 2011 to 8th August, 2011
Financial Year	: 1st April to 31st March

### b) Financial Calendar 2011-12 (Tentative)

Adoption of Quarterly Results	Tentative Dates
1 <sup>st</sup> Quarter (April'11 to June'11)	31 <sup>st</sup> July, 2011
2 <sup>nd</sup> Quarter (July'11 to September'11)	31 <sup>st</sup> October, 2011
3 <sup>rd</sup> Quarter (Oct.'11 to December'11)	31 <sup>st</sup> January, 2012
4 <sup>th</sup> Quarter (Jan.'12 to March'12)	30 <sup>th</sup> April, 2012

### c) Present Registrar and Share Transfer Agent :

M/s C B Management Services (P) Ltd  
 P-22, Bondel Road, Kolkata – 700 019  
 E-mail : rta@cbmsl.com  
 Website : www.cbmsl.com  
 Fax No.(033) 22870263  
 Phone No.(033) 22806692/93/94  
 40116700/40116711

### d) Investors Correspondence

All queries of investors regarding the Company's shares in Physical/Demat form may be sent to the Company's Head office or to its Registrar and Share Transfer Agent.

### e) Listing on Stock Exchanges :-

Name of the Stock Exchanges in which the shares of the Company are currently listed for trading with stock codes :

Stock Exchange	Code	Address
Bombay Stock Exchange Limited	516007	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
National Stock Exchange of India Limited	MANGTIMBER	Exchange Plaza, 5th Floor, Plot No.C/1, G-Block Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
ISIN No.	INE805B01012	

### f) Distribution of Shareholding as on 31st March, 2011

#### i) According to Category of Holders :

CATEGORY	NO. OF SHARE HOLDERS	% OF SHARE HOLDERS	NO. OF SHARES	% OF SHARES
Promoters	15	0.05	6922921	37.77
Non-Promoters :				
UTI	1	0.00	11300	0.06
Mutual Fund	4	0.02	11700	0.06
FI(s)	1	0.01	200	0.00
Banks	3	0.01	700	0.00
FII(s)	1	0.01	2100	0.01
Corporate	475	1.96	3532333	19.28
Individuals	22141	91.50	7395180	40.36
NRI / OCB	1560	6.45	450966	2.46
Directors other than promoters	0	0.00	0	0.00
	24201	100.00	18327400	100.00

ii) According to number of Equity Shares held :

Range No. of Shares		Shareholders		Shares	
		Number	% to total holders	Numbers	% to total capital
1	500	21813	90.13	3587992	19.58
501	1,000	1377	5.69	1166470	6.36
1,001	2,000	520	2.15	819244	4.47
2,001	3,000	155	0.65	407099	2.22
3,001	4,000	81	0.33	290981	1.59
4,001	5,000	81	0.33	389617	2.13
5,001	10,000	80	0.33	602032	3.28
10,001	ABOVE	94	0.39	11063965	60.37
TOTAL		24201	100.00	18327400	100.00

g) Share Transfer System

Share transfer in physical form are registered by the Registrar and placed before the Transfer Committee for approval and certificates are returned to the respective transferees within a period ranging from fifteen days to one month, provided the documents lodged with the Registrar/Company are clear in all respects.

Securities and Exchange Board of India has made it mandatory for the transferee(s) to furnish copy of their PAN card to the Company/RTAs for

- Registration of transfer of shares in physical form
- Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
- Transposition of shares-where there is a change in the order of names in which the physical shares are held jointly in the names of two or more shareholders.

h) Dematerialisation of shares

As per notifications issued by the Securities and Exchange Board of India (SEBI), the trading in Company's shares is permitted only in dematerialised form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

Share Dematerialisation records : The following data indicates the extent of Dematerialisation of Company's shares as on 31st March, 2011.

No. of Shares Dematerialised	:	12678086
No. of Shareholders in D'mat form	:	11769



## i) Market Price Data (Rs.)

MONTH	BOMBAY STOCK EXCHANGE		NATIONAL STOCK EXCHANGE	
	HIGH	LOW	HIGH	LOW
APRIL, 2010	38.10	26.30	37.75	26.20
MAY, 2010	35.15	23.75	35.00	24.10
JUNE, 2010	26.35	24.05	27.30	24.00
JULY, 2010	36.65	26.20	37.10	26.40
AUGUST, 2010	37.90	28.90	37.95	28.55
SEPTEMBER, 2010	33.50	25.55	33.90	25.40
OCTOBER, 2010	25.45	20.85	25.20	21.05
NOVEMBER, 2010	23.90	20.10	23.90	20.60
DECEMBER, 2010	24.20	17.50	24.25	18.25
JANUARY, 2011	21.35	16.90	21.50	17.45
FEBRUARY, 2011	18.85	16.00	18.95	14.50
MARCH, 2011	17.00	15.00	17.00	14.85

j) The Company has at present 8 branches all over India

## k) Depository Services

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories as given below :-

National Securities Depository Ltd.  
4th Floor, A Wing, Trade World, Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel, Mumbai 400 013  
Telephone : (022) 2499 4200  
Fax : (022) 2497 2993  
E-mail : info@nsdl.co.in, Website : www.nsdl.co.in

Central Depository Services (India) Ltd.  
Phiroze Jeejeebhoy Towers  
17th Floor, Dalal Street, Mumbai 400 023  
Telephone : (022) 2272 3333/3224  
Fax : (022) 2272 3199  
Website : www.cdslindia.com

## (IV) ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE 49 :

The Company complies with the Non-Mandatory Requirements of Clause 49 with respect to

- i) formation of Remuneration Committee
- ii) unqualified financial statements

Shri N G Khaitan  
Shri S K Parik  
Shri Prabir Chakravarti  
Smt Vidula Jalan  
Shri Anand Daga

Directors

Place : Kolkata

Dated: 25th April, 2011

## DECLARATION BY THE CEO PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

This is to confirm that the code of conduct for all board members and senior management personnel of the Company has been circulated to the concerned persons of the Company and the Company has received affirmation of compliance with the code of conduct from the members of the board of directors and the senior management personnel of the Company.

Place : Kolkata

Dated: 25th April, 2011

Sujoy Sen  
Manager

## AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To  
The Members of Mangalam Timber Products Ltd

We have reviewed the compliance of conditions of corporate governance by Mangalam Timber Products Limited (the company) for the year ended on 31st March, 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 a review of the 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

On the basis of records maintained by the company, we state that as on 31st March, 2011 there was no investor grievance remaining pending for a period exceeding one month against the company.

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 S M DAGA & CO.  
Chartered Accountants  
Firm Registration Number:303119E

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated, The 25th April, 2011



## AUDITORS' REPORT

### TO THE MEMBERS OF MANGALAM TIMBER PRODUCTS LIMITED

We have audited the attached Balance Sheet of MANGALAM TIMBER PRODUCTS LIMITED as at 31st March, 2011 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date both 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 ("the order") (As amended) issued by the Central Government in exercise of the power conferred by section 227(4A) of the Companies Act, 1956 (the Act) on the matters specified in paragraph 4 and 5 of the said Order.
  - i) a) The company has maintained proper records showing full particular including quantitative details and situation of fixed assets.
  - b) The Fixed Assets of the company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which considering the size and nature of operations of the company appears to be reasonable. Pursuant to such program, a portion of fixed assets have been physically verified by the management during the year and no material discrepancies between book records and physical inventory have been noticed.
  - c) There was no substantial disposal of fixed assets during the year.
  - ii) a) The management has conducted physical verification of inventory, except stock lying with third parties and stock in transit at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is 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 inventory and discrepancies between the physical stock and book records which were material in respect of certain items of inventories, have been properly dealt in books of account.
  - iii) a) The company has not granted any loan, secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b) Clause 4(iii) (b), (c) and (d) of the aforesaid order are not applicable.
  - c) The company has taken unsecured loan from one party covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount outstanding during the year was Rs.575.00 Lacs.
  - d) The rate of interest and other terms and conditions of such loan taken by the company are prima-facie not prejudicial to the interest of the company.
  - e) According to information and explanations given to us, the payment of principal amount of loan taken and interest thereon is regular as per stipulated terms.
  - iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not come across any continuing failure to correct major weakness in internal control system.
  - v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding Rupees five lacs in value in respect of any party during the year have been made at prices which are reasonable having regard to prevalent market prices at the relevant time other than the transactions of special nature for which competitive quotations are not available.
  - vi) The company has not accepted any deposit from public within the meaning of section 58A of the Companies Act, 1956.
  - vii) The company has an internal audit system, which in our opinion, is commensurate with the size of the Company and nature of its business.
  - viii) We have been informed that the Central Government has prescribed for the maintenance of the cost record under section 209(1) (d) of the Companies Act, 1956 in respect of Formaldehyde. In our opinion, the prescribed accounts and records have been made and maintained by the Company. However, we have not carried out any detailed examination of aforesaid records whether they are accurate and correct.
  - ix) a) According to the records of the company examined by us and according to information and explanations given to us, in our opinion the company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it with appropriate authorities.
  - b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess which have not been deposited on account of any dispute except as detailed hereunder:

Name of the Statute	Nature of the Dues	Year	Rs. in Lacs	Forum where dispute is Pending
Central Excise Act, 1944	Excise	1993-94	3.49	Assistant Commissioner Central Excise
	Excise	2000-01	126.57	Central Excise Service Tax Appellate Tribunal
	Excise	2006-07	5.76	Central Excise Service Tax Appellate Tribunal
	Excise	2009-10	52.21	Additional Commissioner Central Excise
Orissa & Bihar Excise Act, 1915	Excise	2002-03	21.39	High Court of Orissa
	Excise	2003-04	135.75	High Court of Orissa
	Excise	2004-05	170.90	High Court of Orissa
	Excise	2005-06	251.58	High Court of Orissa
	Excise	2006-07	267.53	High Court of Orissa
West Bengal Sales Tax Act, 1941	Sales Tax	1986-87	0.16	Assistant Commissioner Commercial Taxes
	Sales Tax	1987-88	0.06	Assistant Commissioner Commercial Taxes
	Sales Tax	1993-94	0.33	Assistant Commissioner Commercial Taxes
Central Sales Tax Act, 1956	Sales Tax	1993-94	0.30	Additional Deputy Commissioner
	Sales Tax	1995-96	3.07	Additional Deputy Commissioner
	Sales Tax	2001-02	110.00	Sales Tax Tribunal
	Sales Tax	1987-88	0.05	Assistant Commissioner Commercial Taxes
	Sales Tax	2002-03	70.12	Sales Tax Tribunal
	Sales Tax	2003-04	135.66	Sales Tax Tribunal
	Sales Tax	1994-95	0.72	Sales Tax Tribunal
	Sales Tax	2004-05	30.22	Sales Tax Tribunal
	Sales Tax	1999-00	2.02	Additional Commissioner Commercial Tax
	Sales Tax	2007-09	806.93	Sales Tax Tribunal
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	1993-94	8.91	Additional Deputy Commissioner
	Sales Tax	1994-95	6.34	Additional Deputy Commissioner
	Sales Tax	1995-96	17.61	Sales Tax Appellate Tribunal
	Sales Tax	1996-97	19.99	Sales Tax Appellate Tribunal
	Sales Tax	1990-91	2.31	High Court, Andhra Pradesh
	Sales Tax	1991-92	1.27	High Court, Andhra Pradesh
	Sales Tax	1992-93	1.11	High Court, Andhra Pradesh
Orissa Entry Tax Act, 1999	Entry Tax	2000-01	8.11	Sales Tax Tribunal
	Entry Tax	2002-03	28.35	Sales Tax Tribunal
	Entry Tax	2007-09	11.07	Additional Commissioner Commercial Taxes
Orissa Sales Tax Act, 1947	Sales Tax	2002-03	1.85	Additional Commissioner Commercial Taxes
Orissa VAT Act, 2004	VAT	2005-06	17.20	Sales Tax Tribunal
	VAT	2007-09	20.38	Additional Commissioner Commercial Taxes



- x) Accumulated losses of the Company are less than fifty percent of its net worth. It has incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) As per books and records maintained by the company and according to the information and explanations made available to us, the company has not defaulted in repayment of any dues to financial institutions, banks and debenture holders.
- xii) According to information and explanations given to us and based on the documents and records produced, the company has not granted any loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi/mutual fund/society. Accordingly, the provisions of clause 4(xiii) of the order are not applicable to the Company.
- xiv) 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 order are not applicable to the Company.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by its associates or subsidiaries or others from bank or financial institutions during the year.
- xvi) In our opinion and on the basis of information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) On the basis of information received from the management and based on our overall analysis of the Balance Sheet of the Company, the company has not used any funds raised on short-term basis for long term purposes.
- xviii) The company has not made any preferential allotment of shares during the year to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The company does not have any outstanding debentures during the year.
- xx) The company has not raised any money through public issue during the year.
- xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India for the purpose of reporting the true and fair view of the financial statements,

we have neither come across any incidence of fraud on or by the company nor have we been informed of any such case by the Management.

## 2. Further to our other comments:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) The Balance Sheet, Profit & Loss Account, Cash Flow Statement dealt with by this report are in agreement with the books of account.
- c) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956.
- d) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books of account.
- e) On the basis of written representations, received from the Directors and taken on record by the Board of Directors, none of the Director is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon and attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011
- ii) In case of the Profit & Loss Account, of the Loss for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the cash flows, for the year ended on that date.

For S M DAGA & CO.  
Chartered Accountants  
Firm Registration No. - 303119E

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated, The 25th April, 2011

## BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs. in lacs)

	SCHEDULES	31ST MARCH, 2011	31ST MARCH, 2010
<b>I. SOURCES OF FUNDS</b>			
A. Shareholders' Fund			
Share Capital	1	1,832.95	1,832.95
Reserves & Surplus	2	80.00	237.37
B. Loan Funds			
Secured Loans	3	1,084.30	3,137.55
Unsecured Loans	4	3,575.00	932.22
	<b>TOTAL</b>	<u><u>6,572.25</u></u>	<u><u>6,140.09</u></u>
<b>II. APPLICATION OF FUNDS</b>			
A. Fixed Assets			
Gross Block	5	8,813.19	8,459.59
Less : Depreciation		<u>6,362.03</u>	<u>6,210.10</u>
Net Block		2,451.16	2,249.49
Capital Work-In-Progress		144.98	236.49
B. Investments			
	6	5.00	5.00
C. Deferred Tax Asset			
		572.78	384.83
(Refer Note B (7) of Schedule-14)			
D. Current Assets, Loans & Advances			
Inventories		2,347.77	2,889.27
Plantation Work-In-Progress		84.45	72.35
Sundry Debtors		1,249.25	999.00
Cash and Bank Balances		121.03	89.34
Loans & Advances		<u>1,723.52</u>	<u>1,643.69</u>
		5,526.02	5,693.65
Less : Current Liabilities & Provisions	8	<u>2,338.23</u>	<u>2,429.37</u>
Net Current Assets		3,187.79	3,264.28
Profit & Loss Account		210.54	-
	<b>Total</b>	<u><u>6,572.25</u></u>	<u><u>6,140.09</u></u>
Accounting Policies and Notes to Accounts			
	14		
Schedules referred to above form an integral part of the Balance Sheet			

As per our report of even date

For S M DAGA & CO.  
Chartered Accountants  
Firm Registration No. : 303119E

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated : 25th April, 2011

Ms Charulata Kabra  
Company Secretary

Shri N G Khaitan Shri S K Panik Shri Prabir Chakravarti Smt Vidula Jalan Shri Anand Daga	Directors
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## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in lacs)

	SCHEDULES	31ST MARCH, 2011	31ST MARCH, 2010
<b>INCOME</b>			
Sales		5,584.61	7,199.60
Less : Excise Duty		<u>474.96</u>	<u>442.78</u>
		5,109.65	6,756.82
Other Income	9	57.07	64.80
Increase/(Decrease) In Stock	10	<u>(495.32)</u>	<u>159.09</u>
		4,671.40	6,980.71
<b>EXPENDITURE</b>			
Payments & Benefits to Personnel	11	826.17	849.83
Manufacturing, Administrative, Selling & Other Expenses	12	<u>3,765.03</u>	<u>5,703.87</u>
		4,591.20	6,553.70
Profit before Interest & Depreciation		80.20	427.01
Interest	13	483.58	454.78
Depreciation		152.56	113.44
Profit before Taxation		(555.94)	(141.21)
Deferred Tax		187.96	18.08
Net Loss		<u>(367.98)</u>	<u>(123.13)</u>
Balance Brought Forward		<u>157.37</u>	<u>280.50</u>
Profit/Loss Available for Appropriation		<u>(210.61)</u>	<u>157.37</u>
Appropriations			
Excess Provision of Wealth Tax Written Back		0.07	-
		<u>-</u>	<u>-</u>
Balance Carried to Balance Sheet		(210.54)	157.37
		<u>(210.54)</u>	<u>157.37</u>
Number of Equity Shares		18,327,400	18,327,400
Basic and Diluted Earning per Share (in Rs.)		(2.01)	(0.67)
(Face Value Rs. 10/- each)			

Accounting Policies and Notes to Accounts 14

Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For S M DAGA & CO.  
Chartered Accountants  
Firm Registration No. : 303119E

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated : 25th April, 2011

Ms Chanulata Kabra  
Company Secretary

Shri N G Khaitan  
Shri S K Parik  
Shri Prabir Chakravarti  
Smt Vidula Jalan  
Shri Anand Daga

Directors

## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs. in lacs)

	31ST MARCH, 2011	31ST MARCH, 2010
--	------------------	------------------

### SCHEDULE - 1

#### SHARE CAPITAL

##### AUTHORISED

2,00,00,000 Equity Shares of Rs.10/- each	<u>2,000.00</u>	<u>2,000.00</u>
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##### ISSUED, SUBSCRIBED & PAID-UP

1,83,27,400 Equity Shares of Rs.10/- each	1,832.74	1,832.74
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Add : Shares forfeited Account	0.21	0.21
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	<u>1,832.95</u>	<u>1,832.95</u>
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### SCHEDULE - 2

#### RESERVES & SURPLUS

##### Capital Reserve

(Central Investment Subsidy) As per last account	15.00	15.00
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Less : Transferred to General Reserve	<u>15.00</u>	<u>-</u>
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General Reserve As per last account	65.00	65.00
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Transferred from Capital Reserve	<u>15.00</u>	<u>80.00</u>
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Profit and Loss Account	-	157.37
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	<u>80.00</u>	<u>237.37</u>
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### SCHEDULE - 3

#### SECURED LOANS

(Including interest accrued & due)

##### From Banks

Cash Credit	707.33	2,510.49
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Term Loan	352.30	590.90
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(Amt repayable within one year Rs 238.60 Lacs

Previous year Rs 238.60 Lacs)

Other Term Loan	<u>24.67</u>	<u>36.16</u>
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(Amt. repayable within one year Rs. 16.04 Lacs	376.97	627.06
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Previous year Rs 19.54 Lacs)	<u>1,084.30</u>	<u>3,137.55</u>
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#### Note:-

Cash Credit, bill discounting and Letters of Credit amounting to Rs. 344.69 Lacs. (Previous year Rs.235.40 lacs) are secured by prior charge by way of hypothecation of stocks, debts and other current assets and second charge to be created over entire fixed assets both present and future. Term loan is secured by hypothecation of assets acquired out of term loan

### SCHEDULE - 4

#### UNSECURED LOANS

(Including Interest accrued and due)

From Bodies Corporate	<u>3,575.00</u>	<u>932.22</u>
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	<u>3,575.00</u>	<u>932.22</u>
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## SCHEDULES TO THE BALANCE SHEET (Contd.)

### SCHEDULE - 5

#### FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31ST		AS AT 31ST		UPTO 31ST	FOR THE	SALES/	UPTO 31ST	AS AT 31ST	
	MARCH'10	ADDITIONS	DEDUCTIONS	MARCH'11					MARCH'10	YEAR
Land	12.60	0.00	0.00	12.60	0.00	0.00	0.00	0.00	12.60	12.60
Roads & Buildings	565.42	5.46	4.23	566.63	261.18	14.82	0.64	275.36	291.27	304.24
Plant & Machinery	7,411.39	329.84	0.00	7,741.23	5,749.88	96.88	0.00	5,846.76	1,894.47	1,661.51
Electrical Installations & Fittings	39.32	0.00	0.00	39.32	22.71	1.28	0.00	23.99	15.33	16.61
Furniture & Fittings	57.87	0.00	0.00	57.87	44.76	1.25	0.00	46.01	11.86	13.11
Office Equipments	175.69	12.83	0.00	188.52	92.42	15.88	0.00	108.30	80.22	83.27
Vehicles	88.34	9.72	0.00	98.06	33.29	4.80	0.00	38.09	59.97	55.05
Capitalised Software	108.96	0.00	0.00	108.96	5.86	17.66	0.00	23.52	85.44	103.10
<b>Total</b>	<b>8,459.59</b>	<b>357.85</b>	<b>4.23</b>	<b>8,813.19</b>	<b>6,210.10</b>	<b>152.57</b>	<b>0.64</b>	<b>6,362.03</b>	<b>2,451.16</b>	<b>2,249.49</b>
Previous Year	7,699.42	760.17	0.00	8,459.59	6,096.66	113.44	0.00	6,210.10	2,249.49	1,602.76

Notes : Land includes cost of leasehold land of Rs. 0.11 lac. (Previous year Rs.0.11 lac).

(Rs. in lacs)

	31ST MARCH, 2011	31ST MARCH, 2010
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### SCHEDULE - 6

#### INVESTMENTS

At cost :

Unquoted : Long term-other than trade

50,000 Equity Shares of Rs. 10/- each Fully Paid :

Kesoram Insurance Broking Services Limited

5.00

5.00

## SCHEDULES TO THE BALANCE SHEET (Contd.)

(Rs. in lacs)

31ST MARCH, 2011

31ST MARCH, 2010

### SCHEDULE - 7

#### CURRENT ASSETS, LOANS & ADVANCES

#### CURRENT ASSETS

#### INVENTORIES (AS VALUED AND CERTIFIED BY MANAGEMENT)

At lower of cost or Net Realisable Value :

Finished Goods(Including in Transit Rs 13.04 lacs, Previous year, NIL)	1,236.41	1,731.73
Raw Materials	725.46	665.03
Raw Materials in process	0.94	1.12
Stores & Spares	347.46	331.85
Stock in Trade	37.50	159.54
	<u>2,347.77</u>	<u>2,889.27</u>
Plantation Work-in-progress (Net) (At cost)	<u>84.45</u>	<u>72.35</u>

#### SUNDRY DEBTORS (UNSECURED-CONSIDERED GOOD

#### UNLESS OTHERWISE STATED)

Debts over six months

- Considered Good	142.34	138.01
- Considered Doubtful	88.92	70.76
	<u>231.26</u>	<u>208.77</u>
Less : Provision for Doubtful Debts	88.92	70.76
	<u>142.34</u>	<u>138.01</u>
Other Debts	1,106.91	860.99
	<u>1,249.25</u>	<u>999.00</u>

#### CASH & BANK BALANCES

Cash Balance in Hand	0.15	0.22
Balances with scheduled Banks in Current Account	41.68	37.52
In Short Term Deposit	63.76	35.99
Unpaid Divident A/C	15.44	15.61

Note : Short Term Deposit Receipts have been pledged with Bank  
against Margin Money for Letter of Credit

	<u>121.03</u>	<u>89.34</u>
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#### CURRENT ASSETS, LOANS & ADVANCES

#### LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)

Advances Recoverable in Cash or in kind or for value to be received	1,078.29	1,053.25
Advance payment of Income Tax & Fringe Benefit Tax including Tax deducted at source	225.25	224.06
Deposit with Excise & other Government Authorities	224.21	181.36
Other Deposits	195.77	185.02
	<u>1,723.52</u>	<u>1,643.69</u>



## SCHEDULES TO THE BALANCE SHEET (Contd.)

(Rs. in lacs)

	31ST MARCH, 2011	31ST MARCH, 2010
<b>SCHEDULE- 8</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>LIABILITIES</b>		
Sundry Creditors		
-Total outstanding dues of Micro Enterprises & Small Enterprises	-	-
-Other Creditors	1,448.66	1,706.40
-Security Deposits	302.89	222.65
-Other Liabilities	<u>241.94</u>	<u>179.02</u>
	1,993.49	2,108.07
Unclaimed Dividend	15.44	15.61
<b>PROVISIONS</b>		
-Income Tax	160.72	160.72
-Wealth Tax	-	0.07
-Fringe Benefit Tax	35.75	35.75
-Contingencies	31.28	27.29
-Gratuity	54.62	46.92
-Leave Encashment	46.93	34.94
	<u>2,338.23</u>	<u>2,429.37</u>

## SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in lacs)

	31ST MARCH, 2011	31ST MARCH, 2010
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### SCHEDULE -9

#### OTHER INCOME

Interest (Gross)	8.58	10.55
(Tax deducted at source Rs. 1.19 lacs, previous year - Rs. 1.23 lacs)		
Dividend on Investment (Long Term Other than trade)	5.00	5.00
Insurance Claims	12.02	13.46
Liabilities no longer required written back	14.82	19.13
Profit on Sale of Fixed Assets	2.41	0.00
Provision for Doubtful Debts written back	0.00	0.79
Gain on Exchange Fluctuation	0.39	10.79
Miscellaneous Income	13.85	5.08
	57.07	64.80

### SCHEDULE -10

#### INCREASE/(DECREASE) IN STOCK

##### Finished Goods :

Opening Stock	1,731.73	1,572.64
Less : Closing Stock	1,236.41	1,731.73
Increase/(Decrease)	(495.32)	159.09

### SCHEDULE-11

#### PAYMENTS AND BENEFITS TO PERSONNEL

Salaries, Wages, Bonus, etc.	707.72	717.68
Contribution to Provident & Other Funds	63.85	59.66
Workmen and Staff Welfare	54.60	72.49
	826.17	849.83



## SCHEDULES TO THE PROFIT & LOSS ACCOUNT (Contd.)

(Rs. in lacs)

	31ST MARCH, 2011	31ST MARCH, 2010
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### SCHEDULE -12

#### MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Cost of Goods sold of Traded Goods	129.02	487.34
Raw Materials consumed	1,728.33	2,509.99
Stores and Spare Parts consumed	255.31	194.10
Power and Fuel	670.61	1,028.59
Travelling and Conveyance	51.28	62.19
Insurance	15.70	19.98
Rent	64.51	110.41
Rates and Taxes	8.14	5.19
Repairs to :		
Machinery	28.01	7.74
Buildings	5.54	0.93
Others	4.11	1.45
Postage, Telephone and Telex	25.02	32.58
Auditors' remuneration :		
Audit Fees	2.30	2.30
Tax Audit Fees	0.50	0.50
Certification, etc.	1.08	1.24
Directors' Fees	4.80	3.98
Cash discount on sales	0.18	5.81
Freight, Forwarding and Octroi	579.18	948.69
Advertisement and Sales promotion	10.89	27.54
Sundry Balance Written off	0.00	20.68
Provision for Doubtful Debts	18.59	0.00
Prior period adjustments	8.29	8.57
Commission on Sales	26.77	59.59
Miscellaneous Expenses	126.87	164.48
	<u>3,765.03</u>	<u>5,703.87</u>

### SCHEDULE -13

#### INTEREST

On Fixed Loan	60.71	22.58
Others	<u>422.87</u>	<u>432.20</u>
	<u>483.58</u>	<u>454.78</u>

# ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

## SCHEDULE - 14

### A) SIGNIFICANT ACCOUNTING POLICIES

#### 1. GENERAL

- Accounts are prepared on historical cost adjusted by the revaluation of certain Fixed Asset and on the accounting principles of a going concern.
- Accounting policies unless stated otherwise, are consistent

#### 2. FIXED ASSETS

- Fixed Assets are stated at cost of acquisition or construction including any attributable cost for bringing the asset to its working condition for its intended use or at revalued amounts wherever such assets have been revalued.

#### 3. INTANGIBLES

- Costs incurred on acquisition of intangible assets are capitalized and amortized on a straight-line basis as per rates specified in Schedule XIV of Companies Act, 1956.

#### 4. DEPRECIATION

- Depreciation is provided on Straight Line Method at the rates given in Schedule XIV to the Companies Act, 1956.
- Extra shift depreciation on plant and machinery is provided on the basis of actual number of working days worked by respective plants.
- Certain Plant and Machinery based on technical evaluation have been considered by the management as the continuous process plant and these have accordingly been depreciated at the prescribed rates.
- Additions on account of exchange fluctuation are depreciated prospectively over the remaining life of the assets.

#### 5. INVESTMENTS

- Investments are stated at cost.

#### 6. INVENTORIES

- Inventories of finished goods include goods yet to be graded and marked. Excise duty on finished goods is provided after grading and marking.
- Inventories are valued at lower of cost or net realisable value. Cost for own manufactured goods comprise of materials, labour and other appropriate overheads. Cost for Raw materials, stores and spares are determined on the basis of weighted average method. Cost of traded goods is determined on estimated cost basis.
- Spares for specific Plant & Machinery are amortized over the useful life of the related Plant & Machinery, as estimated by the management.

#### 7. PLANTATION WORK-IN-PROGRESS

- Plantation work-in-progress is stated at cost.
- Plantation work-in-progress includes cultivation and other expenses allocable to the same, which are carried forward till the commercial exploitation of the plantations raised. The wood procured on harvesting is transferred to the operations at the estimated proportionate cost incurred till harvesting and the corresponding amount is adjusted against the plantation work-in-progress.

- Plantation Work-in-Progress also includes cost of raising seedlings which are adjusted at the time of sale/consumption of such seedlings.

#### 8. CDM PROJECT

- The expenses incurred in relation to the CDM Project have been shown under the head Advances and subject to the Company's proposal being registered with the UNFC who deal with the CDM Project, the appropriation for such expenses shall be accounted for in the year of realization of Carbon Credit.

#### 9. EXCHANGE FLUCTUATION

- Foreign currency transactions are recorded by applying foreign exchange rate applicable on the date of filing of Bill of Entry. Exchange rate differences arising on the date of settlement of transaction are recognised as exchange difference in foreign currency transaction.
- Year end balances of foreign currency loans and other liabilities/receivables denominated in foreign currency are translated at the applicable forward contract or year-end rates as the case may be, and the resultant gains and losses are appropriately adjusted. Variation in foreign currency loans / liabilities due to exchange fluctuation are adjusted in Profit and Loss Account.

#### 10. EMPLOYEE BENEFITS

##### a) Short term Employee Benefits

The undiscounted amount of short-term Employee Benefits expected to be paid in exchange for the services rendered by employees is recognised on actual basis in the Profit & Loss Account in the year when the employee actually renders the service.

##### b) Long-term Employees Benefits

Leave encashment is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Account for the year in which they occur.

Other long-term benefits which are not encashable are recognised on actual basis at each Balance Sheet date.

##### c) Post Employment Benefit Plans

Under Defined Contribution Plans, contributions payable in keeping with the related schemes are recognised as expenses for the year.

For Defined Benefit Plans, the cost of providing benefits is determined using the 'Projected Unit Credit Method', with actuarial valuations carried out at each Balance Sheet date. Actuarial gains and losses are recognised as income or expenditure immediately in full in the Profit and Loss Account for the year in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, if any and as reduced by the fair value of scheme assets.

#### 11. SALES

- Sales are inclusive of Excise duty but exclusive of Sales tax/VAT unless otherwise stated. Rebates, returns, discounts and allowances are netted therefrom.



## 12. INCOME AND EXPENDITURE

- Income and expenditure unless otherwise stated are recognised on accrual basis. Subsidies, insurance claims, export benefits and other claims are accounted for on acceptance/ ascertainment of amount recoverable.

## 13. BORROWING COST

- Borrowing cost incurred in relation to the acquisition, construction of assets are capitalised as the part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

## 14. INCOME TAX

- Provision for tax is made for both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rate and tax laws. Deferred tax assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognised using

the tax rates and tax laws that have been enacted or substantively enacted.

## 15. IMPAIRMENT OF ASSETS

- An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable account.

## 16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

## B) NOTES TO ACCOUNTS

	(Rs. in lacs)	
	31ST MARCH, 2011	31ST MARCH, 2010
1. Contingent liabilities not provided for in respect of :		
a) Sales Tax matters pending in appeal	1304.14	564.05
b) Excise/Service Tax matters as under :		
i) Excise matters pending in appeal	135.82	132.93
ii) Service Tax outward freight	52.21	29.47
c) State Excise matters pending in appeal	847.15	847.15
d) Bank guarantees given in favour of District magistrate and Collector Nabarangpur and remaining outstanding	5.00	5.00

2. Royalty on wood had been increased by the Government of Orissa with retrospective effect from 1st April, 1988 vide its letter dated 2nd September, 1993 against which the Company had filed a writ petition before the Orissa High Court. The Orissa High Court vide its order dated 16th May, 1995 had upheld the writ petition of the Company. Government of Orissa had filed a Special Leave Petition before the Supreme Court. The Hon'ble Supreme Court vide its order dated 11th November, 2003 has dismissed the special leave petition filed by the Government of Orissa and upheld the decision of the Hon'ble High Court of Orissa passed in favour of the Company. The Hon'ble Supreme Court had also directed the Govt. of Orissa to implement the judgement of the Hon'ble High Court of Orissa expeditiously and in any case within a period of four months from the date of the order of the Supreme Court. Subsequently, Government of Orissa has lodged a claim for RS.303.49 lacs (net of excess amount of royalty paid by the Company in earlier years) on the Company on account of alleged failure in taking up replantation in the area harvested by the Company. This claim has been denied by the company. In terms of the Supreme Court judgement, the Company

has lodged its claim with the Government of Orissa, the monetary value of which is much higher in comparison to the claim lodged by the Govt. of Orissa against the company, to honour its commitments made to the Company as directed by the Hon'ble High Court of Orissa and upheld by the Hon'ble Supreme Court. The Management is of the view that no provision against the said demand is necessary, as no liability is likely to arise on this account and Rs.81.04 lacs paid in earlier year and included under advances recoverable has been considered good of recovery.

3. Government of Orissa has issued Demand Notice for Rs.847.15 lacs towards licence fees, import fees, Excise Duty, Pass fees, application fees on import of Methanol into Orissa without obtaining licence from competent authority from the year 2002-03 to 2006-07.

The company, after obtaining licence from relevant authorities, has challenged above demand on the ground that as methanol is imported from other countries, provision of Orissa Excise (Methanol Alcohol) Rules 1976 are not applicable for use of Methanol as raw material.

The Company has obtained interim stay on above matter

from the Hon'ble High Court of Orissa at Cuttack on 20.11.08.

Pass fees paid for import of Methanol into Orissa amounting to Rs. 224.21 lacs for the year 2007-08, 2008-09, 2009-10 & 2010-11 has been shown as advance which is considered as good for recovery, since the management is of the view that no liability is likely to arise on this account in future.

4. Demand for Rs. 31.29 Lacs (Previous year Rs.30.29 Lacs) against maximum demand charges from Orissa State Electricity Board has not been accepted by the Company and the matter is under dispute. However, as a matter of abundant caution an equivalent amount has been set aside and kept as a contingency provision to take care of the liability, if any, in this respect.

5. **SEGMENT INFORMATION**

- a) The Company operates in one segment only i.e. Medium Density Fibre Board and accordingly information required under Accounting Standard AS-17 issued by Central Government is not applicable.
- b) In order to sustain long-term availability of firewood, principal raw material for the Company's main product, namely, Medium Density Fibre Board, the Company is engaged in plantation under various schemes on the land owned by third parties. The Company's role is to develop and supply seedlings to such third parties. Since development of seedlings is an integral part of plantation activity which is incidental to main activity of the Company, this operation has not been treated as a separate segment under Accounting Standard AS - 17 issued by Central Government.
6. Related party information as identified by the management as per Accounting Standard-18 on Related Party Disclosure issued by Central Government.

a) **List of related parties:**

- i) Key Management Personnel – Shri Sujoy Sen - Manager
- ii) Enterprises over which significant influence exercised by Director -  
     - Vidula Consultancy Services Ltd. | – Smt Vidula Jalan  
     - Mangalam Cement Ltd.

b) **Disclosure required for related party transactions**

<u>Transactions</u>	<u>Key management personnel</u> (Rs. In Lacs)	<u>Enterprises over which significant influence exercised by Directors</u> (Rs. In Lacs)
Remuneration	22.27 (24.33)	- (-)
Consultancy Charges	- (-)	2.39 (2.91)
Inter Corporate Deposit received from M/s Mangalam Cement Ltd.		300
Inter Corporate Deposit repaid to M/s Mangalam Cement Ltd.		300

Note : Figures for previous years have been given in brackets

7. In accordance with Accounting Standard ( AS ) -22 on "Accounting for taxes on Income" issued by Central Government and based on the reasonable certainty that sufficient future taxable income will be available, the Company has accounted for deferred tax .

The components of Deferred Tax Assets are as under :

Deferred Tax Assets	(Rs. in lacs)	
	As on 31 <sup>st</sup> March, 2011	As on 31 <sup>st</sup> March, 2010
Unabsorbed Depreciation and Carried Forward Losses as per Income Tax laws	679.14	412.85
Difference between written down value of block of assets as per Income Tax Act and written down value of the fixed assets as per books	(208.73)	(127.84)
Expenditure disallowable u/s 43B of the Income Tax Act	74.76	76.31
Provision for doubtful debts	27.61	23.50
<b>Total</b>	<b>572.78</b>	<b>384.83</b>



8. Tax credit shall be allowed to the extent of amount of MAT paid in earlier years depending upon the profits earned by the Company in future years, in accordance with the provisions of Section 115JAA of the Income Tax Act, 1961.
9. a) Salaries and Wages aggregating to Rs. 15.41 lacs (Previous year Rs.10.56 Lacs) identifiable with forest operation have been allocated directly to respective functional account heads instead of debiting to primary heads of account.
- b) Advances in the nature of loans, interest free to employees outstanding as on 31st March, 2011 Rs. 5.95 lacs (previous year Rs.8.25 Lacs) maximum amount outstanding during the year Rs. 10.10 lacs ( previous year Rs. 16.79Lacs) are as per general rules of the Company.
- c) Borrowing cost capitalized during the year Rs. Nil (previous Year Rs. 65.43 Lacs )
10. In accordance with the licence granted by the Government of Orissa in the year 1986, the Company had undertaken plantation in certain Government land which is ready for harvesting. Despite consistent follow up, the Government did not allow the Company to harvest the plantation on the pretext that the Special Leave Petition filed by the Government of Orissa was pending before the Hon'ble Supreme Court. The Hon'ble Supreme Court had dismissed the Special Leave Petition filed by the Government of Orissa in the royalty matter, as referred to in Note No.2 above. Since the Government of Orissa had not allowed the Company to harvest the plantation done by the Company even after the dismissal of Special Leave Petition filed by the Government of Orissa, the Company had no alternative but to file a Writ Petition in the High Court of Orissa seeking direction to allow the Company to harvest the plantation done by the Company on its own cost on Government land and also other stipulations relating to rate of royalty and weightment norms. The Hon'ble High Court of Orissa had vide its order dated 8th July, 2004, had without expressing any opinion with regard to merits of the contentions raised by the company, disposed off the petition with a direction to the Government of Orissa and its various officers to dispose off the representations made to them strictly in accordance with law as expeditiously as possible preferably within a period of six months. In compliance with the directions from the Hon'ble High Court of Orissa, the Government has reiterated its claim for recovering cost of plantation on 244.825 hectares. The Company has denied its liability to any such claim.
11. The Company has undertaken Plantation under Farm Forestry Scheme, inter-alia, in the State of Chhattisgarh in association with the forest department of Chhattisgarh Government. As per the agreement part sale consideration of supply of seedlings is to be paid to the Company at the time of harvesting of the plantation. Accordingly, part sale consideration of Rs. 73.38 (Previous year Rs. 73.38) relating to previous years along with interest will be received by the company at the time of harvesting. Based on the legal opinion obtained by the company, the same will be accounted for in the year in which the plantation is harvested.
12. Pursuant to Rehabilitation scheme sanctioned by Board of Industrial & Financial Reconstruction (BIFR), the Company is exempted from payment of electricity duty on power consumed for a period of 10 years from the date of sanction of the scheme. BIFR has discharged the company from the purview of Sick Industrial Companies (Special Provision) Act,1985. Accordingly Rs. 157.76 Lacs being amount paid for the period from 1st April 2000 to 31st March 2007 and considered as income in earlier years have been shown as Advance recoverable. Based on legal opinion obtained by the company, all terms and conditions so far not implemented by respective agencies as stated in the Rehabilitation Scheme sanctioned by BIFR are still in force.
13. The Company's CDM Project has received the host country approval on 3rd September, 2008 vide letter No.4/7/2007-CCC of Government of India, Ministry of Environment & Forest. The project as on Balance Sheet date has reached the Validation Stage and is likely to be consider for registration.
14. Survey in respect of Insurance claim of fire at Hydraulic Room is likely to be completed shortly and their report is still awaited.
15. Sundry Debtors outstanding for more than six months includes Rs 142.34 Lacs (previous year 138.01 Lacs) which have become overdue. Legal and other persuasive steps have been taken for recovery of such debtors. Such debtors have been considered good and eventually recoverable. Accordingly, no provision against the same has been considered necessary.

16. REMUNERATION PAID TO THE MANAGING DIRECTOR :

	(Rs. In Lacs)	
	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Salary and allowances	-	14.75
Contribution to Provident and Superannuation Fund	-	1.26
Other Perquisites	-	2.85
	-	18.86

Since Managing Director is paid minimum remuneration, calculations under Section 349 of the Companies Act, 1956 is not required.

17. REMUNERATION PAID TO THE MANAGER :

(Rs. In Lacs)

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Salary and allowances	17.64	3.60
Contribution to Provident and Superannuation Fund	1.44	1.87
Other Perquisites	3.19	-
	22.27	5.47

Since Manager is paid minimum remuneration, calculations under Section 349 of the Companies Act, 1956 is not required.

18. CIF VALUE OF IMPORTS :

(Rs. In Lacs)

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Raw Materials	3.72	113.16
Stores & Spares	47.29	38.62
Capital Goods	Nil	10.74
Traded Goods	Nil	243.24

19. EARNING IN FOREIGN EXCHANGE

(Rs. In Lacs)

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
FOB value of exports	16.35	7.67

20. PARTICULARS OF CAPACITY :

Description	Unit	31 <sup>st</sup> March, 2011		31 <sup>st</sup> March, 2010	
		MDF Board	Formaldehyde	MDF Board	Formaldehyde
Licensed Capacity	MT	26400	N.A.	26400	N.A.
Installed Capacity	MT	30000	13200	30000	13200

21. PARTICULARS OF PRODUCTION, PURCHASES, SALES AND STOCKS IN RESPECT OF MANUFACTURED GOODS :

Description	Unit	31 <sup>st</sup> March, 2011		31 <sup>st</sup> March, 2010	
		Qty.	(Rs. in Lacs)	Qty.	(Rs. In Lacs)
Production	MDF	18157	-	29386	-
Sales	MDF	20276	5,493.35	**28829	6,864.77
Opening Stock	MDF	7843	1,731.73	7266	1,572.64
Closing Stock	MDF	*5608	1,236.41	7843	1,731.73

\* Net of shortage on physical verification of 116 MT (Previous year shortage 20 MT).

\*\* 1.14 MT includes home consumption.



## 22. PARTICULARS OF PURCHASE, SALES, STOCKS IN RESPECT OF TRADED GOODS :

	Description	Unit	31 <sup>st</sup> March, 2011		31 <sup>st</sup> March, 2010	
			Qty.	(Rs. in Lacs)	Qty.	(Rs. In Lacs)
Purchase	MDF	MT	24	8.72	1263	366.83
	Others	MT	-	1.61	-	1.04
				10.33		367.87
Sales	MDF	MT	363	86.77	1430	333.06
	Others	MT	-	4.49	-	1.77
				91.26		334.83
Opening Stock	MDF	MT	685	159.54	909	279.01
Closing Stock	MDF	MT	161 *	37.50	685	159.54

\* Net of shortage on physical verification 185 MT (previous year Shortage 57 MT)

## 23. RAW MATERIALS CONSUMED :

	31st March, 2011		31st March, 2010	
	Qty. In M.T.	(Rs.in Lacs)	Qty. In M.T.	(Rs.in Lacs)
Fire Wood *	42172	612.09	61126	1,018.18
T.G. Urea	1584	243.91	2576	364.33
Methanol	1588	269.70	2498	403.16
Melamine	248	232.99	285	206.09
Paper	89	157.80	157	286.04
Others		211.84		232.19
		1,728.33		2,509.99
*Includes Fire Wood procured from own plantation	707	6.97	184	2.25

## 24. CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARES :

	31st March, 2011		31st March, 2010	
	% of total Consumption	Value (Rs. In Lacs)	% of total Consumption	Value (Rs. In Lacs)
A Raw materials consumed				
Imported	3.03	52.37	6.17	154.77
Indigenous	96.97	1,675.96	93.83	2,355.22
B Stores and Spare Parts				
Imported	9.49	24.01	3.47	6.70
Indigenous	90.51	231.30	96.53	187.40

## 25. EMPLOYEES BENEFIT

### (I) Defined Benefit Plans

#### Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme of the Gratuity Fund Trust, administered and managed by the Independent Board of Trustees, the Company first makes the payment to vested employees at retirement, death, incapacitation or termination of employment of an amount based on the respective employee's salary and the tenure of employment and then gets the reimbursement from it. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation.

#### Leave encashment

The Company makes the annual provision in the Profit & Loss account for the leave liability on the basis of the actuarial valuation for the Leave encashment Scheme which is an unfunded Plan for the qualified employees.

### (II) Defined Contribution Plans

#### Provident Fund

The employees of the company receive defined contribution for Provident Fund benefit. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the company make monthly contributions at specified percentage of the employee's salary to the

Provident Fund Trusts and/or the concerned Provident Fund Authorities. The company has no liability to Fund the shortfall in the interest over the statutory rate declared by the Government.

#### Superannuation Fund

The Company has the superannuation Scheme for the executive cadre of employees viz President, Sr. Vice President and Vice President, who has completed 5 years of continuous service. The company makes the defined contribution on annual basis for the eligible employees to the Trust fund, which is administered and managed by the Independent Board of Trustees. The Company forwards the settlement request of the vested employees at retirement, death, incapacitation to the Fund. Fund makes the payment of the commuted value and buys the annuity for the uncommuted credit balance of the concerned members. This year no executive is entitled under this scheme.

#### Employees State Insurance

Both the employees and the company make monthly contributions at specified percentage of the employee's salary to the concerned ESI Authorities.

#### Other Defined contribution for Employee Benefits

The defined benefits in respect of leave travel allowance and Medical reimbursements are recognized on actual basis in the Profit & Loss Account in the year when the eligible employee actually renders the service.

### (III) The company has classified various employee benefits as under:

	Year Ended 31st March, 2011 (Rs. in Lacs)	Year ended 31st March, 2010 (Rs. in Lacs)
(A) Defined Contributions Plans		
The company has recognised the following amounts in the Profit and Loss Account for the year :		
(i) Contribution to Provident Fund	27.63	23.61
(ii) Contribution to Superannuation Fund	-	-
(iii) Contribution to Employees' Pension Scheme	16.07	17.11
(iv) Contribution to Employees' State Insurance Scheme	1.18	0.88
(B) Defined Benefit Plans		
Valuations in respect of Gratuity & Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date		
(i) Discount Rate (per annum)	8.00%	8.20%
(ii) Rate of Increase in Compensation Levels	5.00%	5.00%
(iii) Rate of Return on Plan Assets	8.00%	8.00%
(iv) Mortality Rate	LIC (1994-96) ultimate	LIC (1994-96) ultimate

The estimates of future salaries increases, considered in actuarial valuations, take in to account of inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.



	Gratuity (funded)		Leave Encashment and Compensated Absences (unfunded)	
	Rs. In Lacs		Rs. In Lacs	
	31.03.11	31.03.10	31.03.11	31.03.10
(i) Changes in the Present Value of Obligation				
(a) Opening Present Value of Obligation	109.51	109.61	60.04	58.46
(b) Interest Cost	8.29	8.23	4.41	4.14
(c) Past Service Cost	-	-	-	-
(d) Current Service Cost	10.33	10.57	9.28	9.52
(e) Curtailment Cost / (Credit)	-	-	-	-
(f) Settlement Cost / (Credit)	-	-	-	-
(g) Plan amendments cost/(credit)	4.11	-	-	-
(h) Benefits Paid	(16.75)	(2.72)	(12.61)	(8.05)
(i) Actuarial Loss / (Gain)	(1.41)	(16.18)	6.24	(4.03)
(j) Closing Present Value of Obligation	114.08	109.61	67.36	60.04
(ii) Changes in the Fair value of Plan Assets.				
(a) Opening Fair Value of Plan Assets	66.37	62.85	-	-
(b) Expected Return on Plan Assets	4.84	4.92	-	-
(c) Actuarial Gain / (Loss)	-	1.28	-	-
(d) Employers' Contributions	5.00	0.04	-	-
(e) Benefits Paid	(16.75)	(2.72)	-	-
(f) Closing Fair Value of Plan Assets	59.46	66.37	-	-
(iii) Category of Plan Assets				
Administered by Life Insurance Corporation of India	100%	100%	100%	100%
(iv) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets				
(a) Present Value of Funded Obligation	114.08	109.51	-	-
(b) Fair Value of Plan Assets	59.46	66.37	20.43	26.10
(c) Funded (Asset) Liability recognised in the Balance Sheet (Net)	54.62	43.14	46.93	33.94
(d) Present Value of Unfunded Obligation	-	-	67.36	60.04
(e) Unrecognised Past Service Cost	-	-	-	-
(f) Unrecognised Actuarial (Gains) / Losses	-	-	-	-
(g) Unfunded Net Liability recognised in the Balance Sheet	54.62	-	46.93	33.94
(v) Amount recognised in the Balance Sheet				
(a) Present Value of Obligation	114.08	109.51	67.36	60.04
(b) Fair Value of Plan Assets	59.46	66.37	20.43	26.10
(c) (Asset) / Liability recognised in the Balance Sheet (Net)	54.62	43.14	46.93	33.94
(vi) Expenses recognised in the Profit and Loss Account				
(a) Current Service Cost	10.33	10.57	9.28	9.52
(b) Past Service Cost	-	-	-	-
(c) Interest Cost	8.23	8.23	4.14	4.14
(d) Expected Return on Plan Assets	4.84	4.92	1.79	2.16
(e) Curtailment Cost / (Credit)	-	-	-	-
(f) Settlement Cost / (Credit)	-	-	-	-
(g) Net actuarial (Gain) / Loss	(1.41)	(17.46)	6.24	(4.54)
(h) Total Expenses recognised in the Profit & Loss Account	16.48	(3.58)	18.14	6.96

## 26. DERIVATIVE INSTRUMENTS

The Company does not enter into any derivative instruments for trading or speculative purposes.

## 27. MICRO ENTERPRISES AND SMALL ENTERPRISES

There are no Micro and Small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have identified on the basis of information available with the Company. This has been relied upon by the auditors

Sl. No.	Particulars	31st March, 2011 (Rs. in Lacs)	31st March, 2010 (Rs. in Lacs)
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier	-	-
	- Principal amount	-	-
	- Interest thereon	-	-
(ii)	The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this act.	-	-
(iv)	The amount of interest accrued and remaining unpaid	-	-
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

28. Figures are expressed in Rupees in Lacs.

29. Previous year's figures have been regrouped / rearranged wherever considered necessary.

As per our report of even date

For S M DAGA & CO.  
Chartered Accountants  
Firm Registration No. : 303119E

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated : 25th April, 2011

Ms Charulata Kabra  
Company Secretary

Shri N G Khaitan  
Shri S K Parik  
Shri Prabir Chakravarti  
Smt Vidula Jalan  
Shri Anand Daga

Directors



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956)

### I. REGISTRATION DETAILS

Registration No.	1101
State Code	15
Balance Sheet Date	31st March, 2011

### II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Lacs)

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

### III. POSITION OF MOBILISATION AND

DEPLOYMENT OF FUNDS (Amount in Rs. Lacs)

Total Liabilities	8,910
Total Assets	8,910
SOURCES OF FUNDS :	
Paid-up Capital	1,833
Reserves & Surplus	80
Secured Loans	1,084
Unsecured Loans	3,575
APPLICATION OF FUNDS :	
Net Fixed Assets	2,596
Investments	5
Net Current Assets	3,188
Deferred Tax Asset	573
Misc. Expenditure	NIL
Accumulated Losses	211

### IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Lacs)

Turnover (including Other Income)	5,167
Total Expenditure (including adjustment on account of Stock changes)	5,723
Profit Before Tax	(556)
Profit After Tax	(368)
Earning Per Share (Rs.)	(2.01)
Dividend Rate (%)	0

### V. GENERIC NAME OF PRINCIPAL PRODUCTS OF THE COMPANY

Item Code No.	44112190
Product Description	MEDIUM DENSITY FIBRE BOARD

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011

(Rs. in lacs)

	31ST MARCH, 2011	31ST MARCH, 2010
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Taxes & Extraordinary Items	(555.94)	(141.21)
Add: Depreciation	152.56	113.44
Add: Interest	483.58	454.78
	80.20	427.01
Less : Profit/(Loss) on Exchange		
Fluctuation	0.39	10.79
Profit/(Loss) on Sale of Fixed Assets	2.41	-
Dividend Received	5.00	5.00
Interest Received	8.58	10.55
Operating Profit Before Working Capital Changes	63.82	400.67
Adjustment for -		
Inventories	529.40	(188.34)
Trade and Other Receivables	(250.25)	511.88
Loans & Advances	(79.20)	301.29
Trade Payables	(184.60)	2.05
	15.35	626.88
Cash Generated from Operations	79.17	1,027.55
Less: Income Tax including Fringe Benefit Tax	1.19	13.85
Add: Profit/(Loss) on Exchange Fluctuation	0.39	10.79
Net Cash Flow from Operating Activities (A)	78.37	1,024.49
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(266.33)	(430.32)
Sale of Fixed Assets	6.00	-
Dividend Received	5.00	5.00
Interest Received	9.14	10.29
Net Cash Flow from Investing Activities (B)	(246.19)	(415.03)
<b>C. Cash Flow from Financing Activities</b>		
Secured Borrowings	(2,053.15)	(426.32)
Unsecured Borrowings	2,642.78	344.89
Payment of Dividend including Tax	-	(128.65)
Payment of Interest	(390.12)	(456.91)
Net Cash Flow from Financing Activities (C)	199.51	(666.99)
Net Increase in Cash & Cash Equivalents (A+B+C)	31.69	(57.53)
Cash & Cash Equivalents at the beginning of the year	89.34	146.87
Cash & Cash Equivalents at the end of the year	121.03	89.34
Less : Fixed Deposit not considered as cash equivalents	63.76	35.99
Cash & Cash Equivalents in Cash Flow Statement	57.27	53.35

As per our report of even date

For S M DAGA & CO.  
Chartered Accountants  
Firm Registration No. : 303119E

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated : 25th April, 2011

Ms Charulata Kabra  
Company Secretary

Shri N G Khaitan Shri S K Parik Shri Prabir Chakravarti Smt Vidula Jalan Shri Anand Daga	} Directors
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**To**

**All Members**

1. The Ministry of Corporate Affairs, Government of India, New Delhi ("MCA"), in pursuance of "Green Initiative in the Corporate Governance" has issued Circular Nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 stating therein that the service of documents by a Company to its Shareholders can be made through electronic mode. Serving of documents to Shareholders through electronic mode ensures receipt of notices / documents etc timely, promptly and without any loss in postal transit by the Shareholders.

Keeping in view of the above Circulars, the Company proposes that henceforth documents like Notice of the Annual General Meeting, Annual Reports, Directors' Report, Auditors' Report and other Shareholder communication will be sent to the Shareholders electronically to their e-mail address provided by them and made available to the Company or its RTA by the Depositories viz. NSDL / CDSL.

We request our shareholders to initiate steps to register their e-mail addresses.

2. SEBI vide its circular No Cir/ISD/1/2010 dated 2nd September, 2010 and No Cir/ISD/3/2011 dated 17th June 2011 respectively, mandated securities of Companies to be traded in the normal segment of the exchange if and only if, the Company has achieved atleast 50% non-promoter shareholding and 100 % of promoter's and promoter group's in dematerialized form, latest by September 2011.

In all cases wherein the Companies do not satisfy the above criteria, the trading in securities of such Companies shall take place in trade for trade segment.

We request our shareholders to initiate steps to dematerialize their entire holding within 30th September, 2011.





## MANGALAM TIMBER PRODUCTS LIMITED

Regd. Office : Kusumi, Dist. Nabarangpur - 764 059, Orissa

### ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the hall.

Full Name of the Shareholder in Block Letters .....

Full Name of the Proxy in Block Letters .....

No. of Shares held ..... Folio/DPID. No.....

I hereby record my presence at the Twenty Seventh Annual General Meeting of the Company Kusumi, Dist. Nabarangpur-764059, Orissa on Monday, the 8th day of August, 2011 at 10.00 A.M.

-----  
Signature of the Shareholder/Proxy

NOTE : Only Shareholders of the Company or their proxies will be allowed to attend the meeting.

## MANGALAM TIMBER PRODUCTS LIMITED

Regd. Office : Kusumi, Dist. Nabarangpur - 764 059, Orissa

### PROXY FORM

I/We ..... of ..... being a member(s) of MANGALAM TIMBER PRODUCTS LIMITED hereby appoint ..... of ..... or failing him ..... of ..... or failing him ..... of ..... as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on Monday, the 8th day of August, 2011 at 10.00 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

D.P. ID No. ....

Client ID No. ....

Folio No. ....

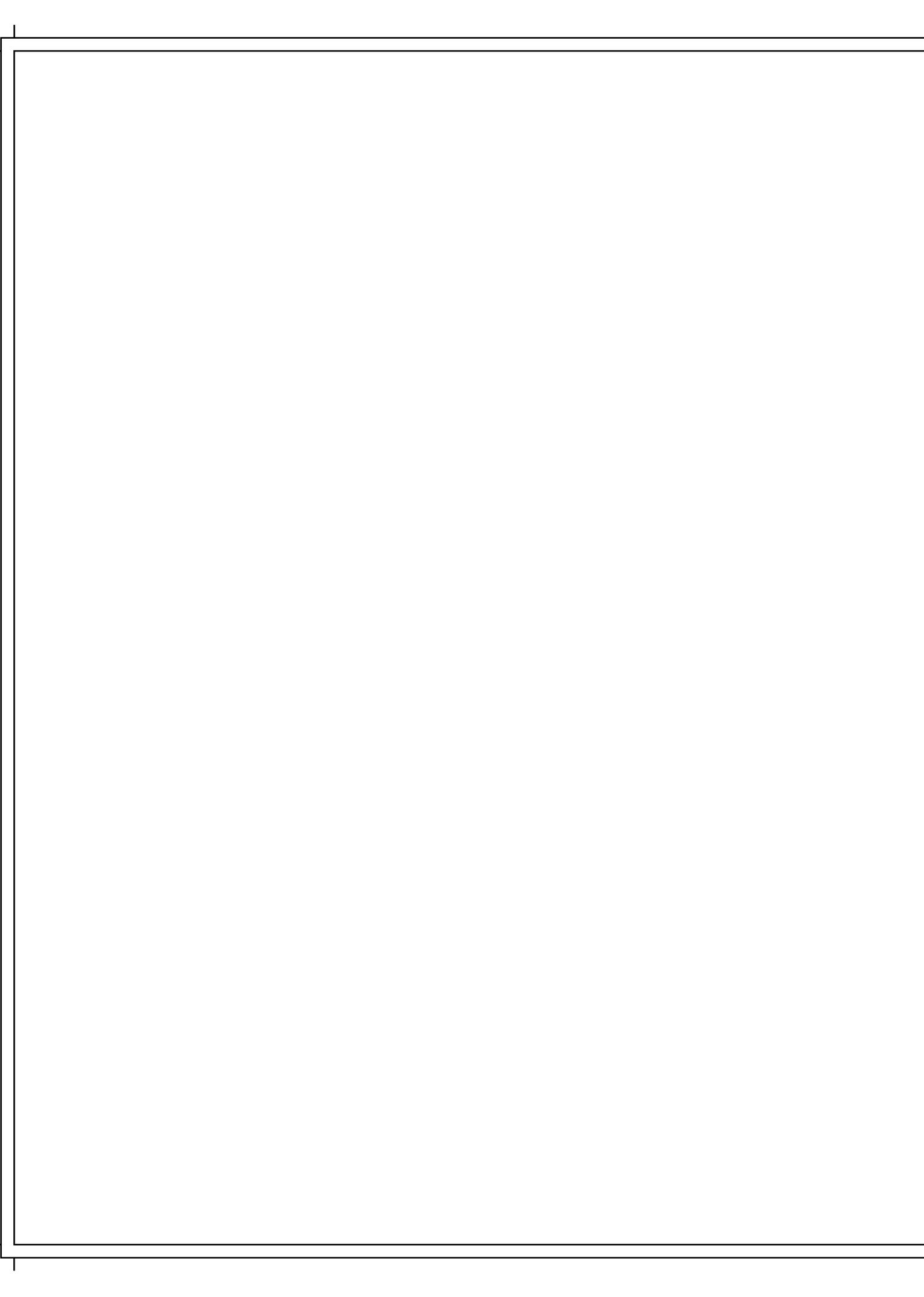
(To be filled in by the Shareholder)

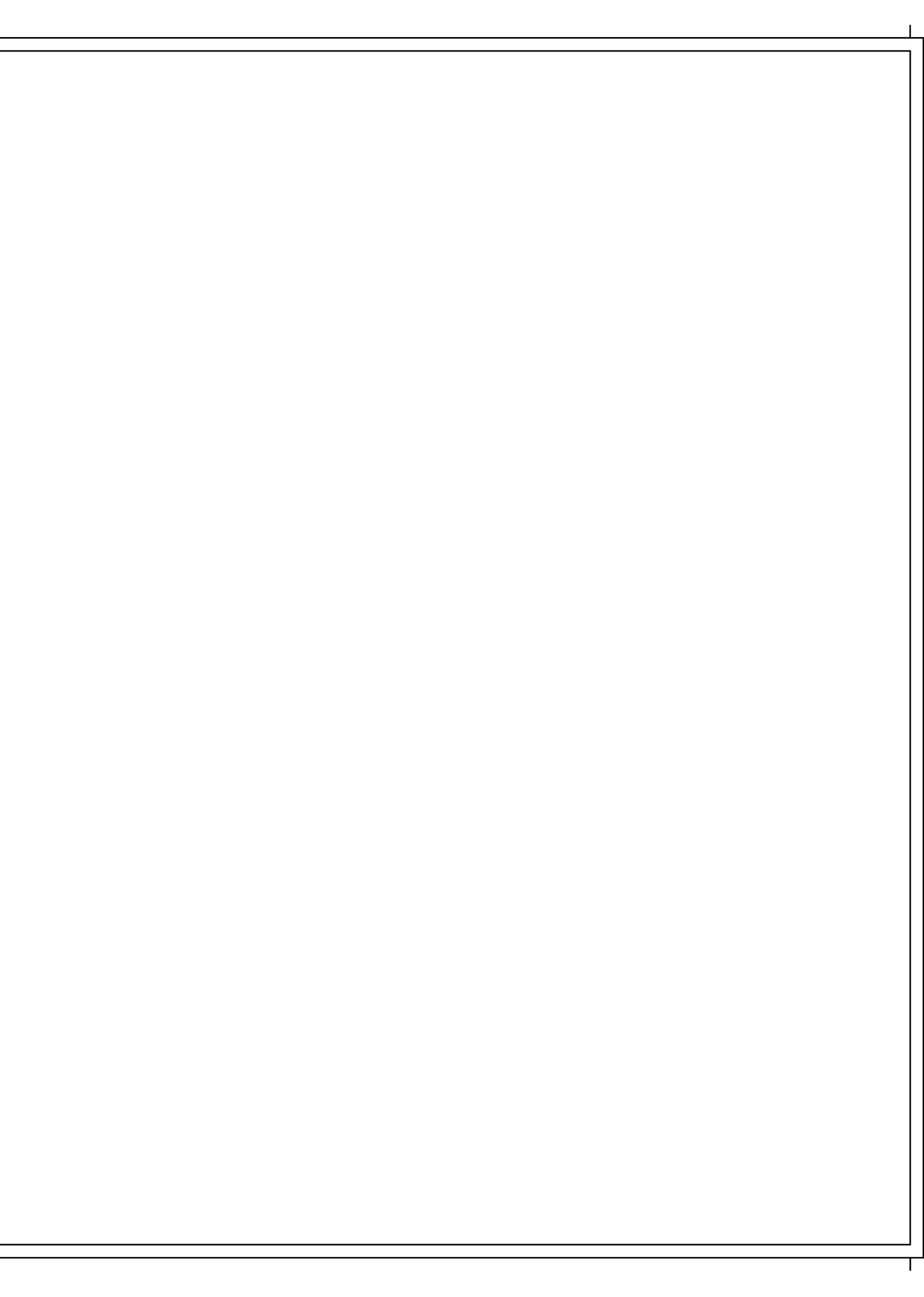
Note :

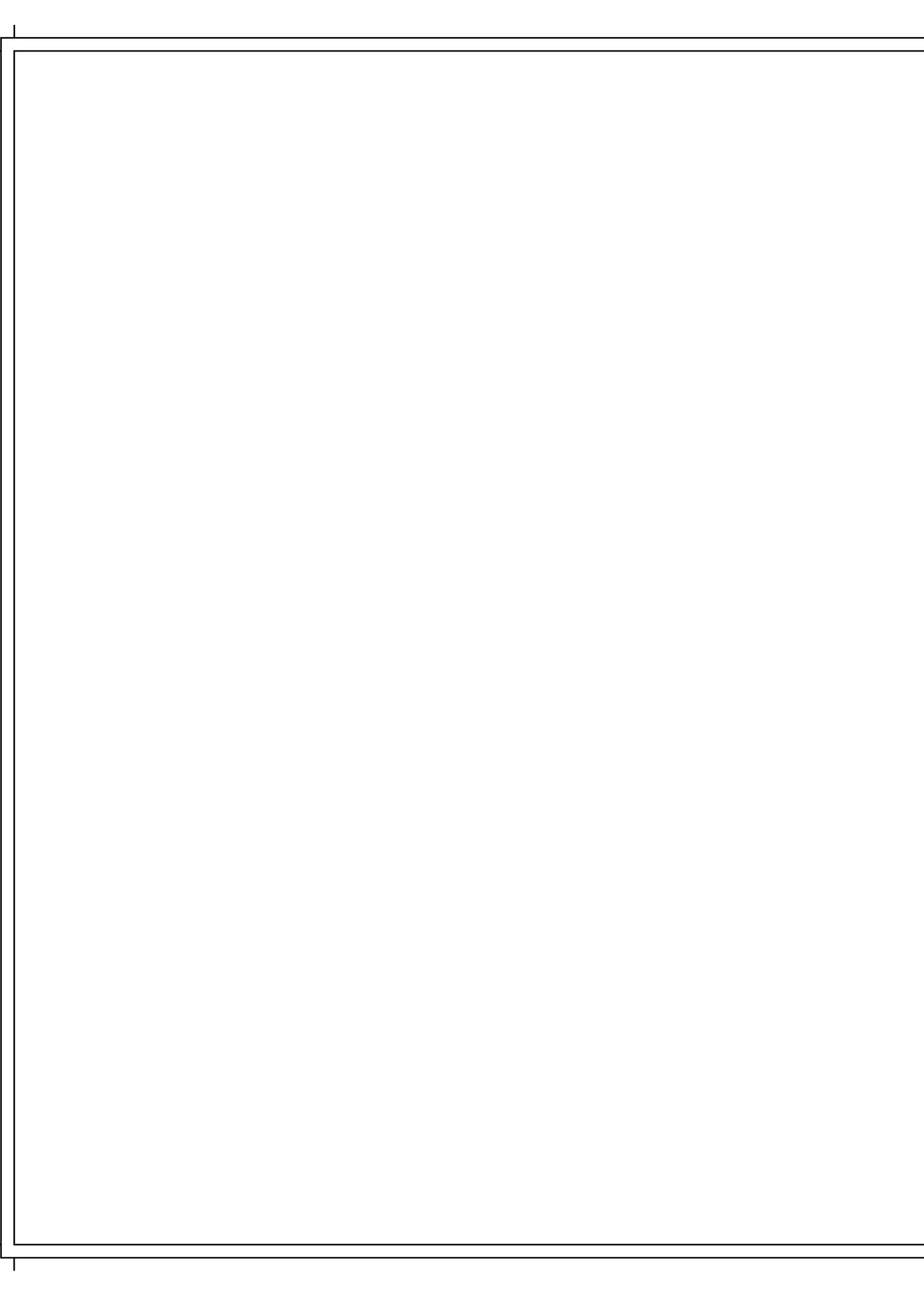
The proxy must be deposited at the Registered Office of the Company at Kusumi, Dist, Nabarangpur-764 059, Orissa not less than 48 hours before the time fixed for holding the meeting.

Revenue Stamp Re. 1/-
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Signature(s) of the Shareholder(s)









## MANGALAM TIMBER PRODUCTS LIMITED

An ISO 9001, 14001 & OHSAS 18001 Company

### Head Office :

" Birla Building"  
9/1, R N Mukherjee Road, 10th floor  
Kolkata - 700 001, West Bengal, India  
Phone Nos : 2243 - 8706/8708/8857/32939132/32939210  
Fax No. : (91) (033) 2243-8709  
E.mail : admin@mangalamtimber.com

### Regd. Office & Factory :

Vill : Kusumi, P.O. & Dist. Nabarangpur - 764 059  
Orissa, India  
Phone Nos : (06858) 222148 / 222142 / 222053  
Fax No. : (06858) 222042  
E.mail : admfac@mangalamtimber.com

### Regional Offices :

#### Chennai

275, Poonamalle High Road, Flat No. 5, III Floor, Chennai - 600 010,  
Ph: 044-26651716 Mob.9940656310  
E-mail: mad@mangalamtimber.com

#### Delhi

Room No. 223, 224 & 225, Didar Commercial Complex,  
6, DLF Industrial Area, Moti Nagar, New Delhi - 110 015,  
Ph: 011-45667684, Mob 9871719184  
E-mail : delhi@mangalamtimber.com

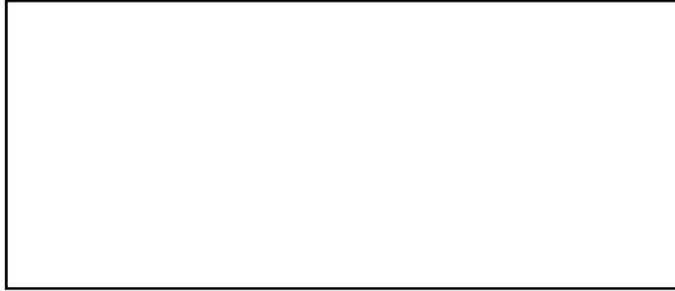
#### Mumbai

113/114 - A , 2nd Floor, Anand Estate, 189 A Sane Guruji Marg, Chinchpokli (W)  
Mumbai - 400 011, Garuda  
Ph: 022-23004173/4320, Mob.9987030801  
E-mail : bom@mangalamtimber.com

#### Kolkata

" Birla Building"  
9/1, R N Mukherjee Road, 10th floor  
Kolkata - 700 001, West Bengal, India  
Phone Nos : 2243 - 8706/8708/8857/32939132/32939210  
Fax No. : (91) (033) 2243-8709  
E.mail : admin@mangalamtimber.com

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Kolkata - 700 001