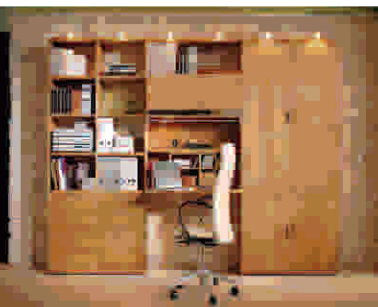




**GVK NOVOPAN**

**GVK**  
**NOVOPAN INDUSTRIES LIMITED**  
*25th Annual Report 2009-2010*



**BOARD OF DIRECTORS**

<b>Dr. G V Krishna Reddy</b>	- Chairman
<b>Smt G Indira Krishna Reddy</b>	- Vice Chairperson
<b>Sri A Issac George</b>	- Director
<b>Sri M P Murti</b>	- Director
<b>Sri Y Rama Murty</b>	- Director
<b>Sri S P Bhasin</b>	- Director (Operations)

<b>Auditors</b>	- Brahmayya & Co., 4th Floor, Golden Green Apartment Erramanzil Colony, Somajiguda Hyderabad – 500 082
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<b>Bankers</b>	- Indian Overseas Bank Indian Bank IDBI Bank Ltd. Federal Bank Ltd. Kotak Mahindra Bank Ltd.
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**Registered Office**

IDA, Phase - II, Patancheru,  
Medak District (AP) - 502 319.

**Plant Locations**

- 1) IDA, Phase - II, Patancheru, Medak District (AP)  
(Particle Board Plant)
- 2) Balanagar Village & Mandal, Mahaboobnagar Dist. (A.P.)  
(Particle Board Plant)
- 3) Plot No. A-2, IDA, Phase IV, Patancheru, Medak Dist. (AP)  
(Resin Plant)

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## **NOTICE OF THE 25<sup>TH</sup> ANNUAL GENERAL MEETING**

**Notice** is hereby given that the Twenty Fifth Annual General Meeting of the Shareholders of **NOVOPAN INDUSTRIES LIMITED** will be held at Sri Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad – 500 073 on Saturday, **the 27<sup>th</sup> November, 2010 at 11.30 am** to transact the following business.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2010 and the Balance Sheet as on that date together with the Reports of Directors' and Auditor's for the year ended 31<sup>st</sup> March, 2010.
2. To appoint a Director in the place of **Mr. G V Krishna Reddy**, Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of **Mr. A Issac George**, Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s Brahmayya & Co., Chartered Accountants, Hyderabad as Statutory Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and authorize the Board to fix their remuneration.

### **SPECIAL BUSINESS:**

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

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. S P Bhasin be and is hereby appointed as a Director of the company."

6. To consider and if thought fit, to pass the following resolution, with or without modification(s) as **Special Resolution**.

"RESOLVED THAT pursuant to the provisions of sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, that may hereafter be made by the Central Government from time to time), and such other approvals, if any, as may be required, consent of the shareholders be and is hereby accorded for the appointment of Sri S P Bhasin as Director (Operations) w.e.f. 1<sup>st</sup> November, 2010 for a period of 2 (Two) years on the following terms and conditions including remuneration, which shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, that may hereafter be made by the Central Government from time to time)" or as may be approved by the Central Government.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do such other acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution".

### **REMUNERATION :**

**Salary, Perquisites & Allowances:** - Salary, Perquisites & Allowances subject to maximum of ₹ 3,00,000/- per month.

- i) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost or hire charges.
- ii) Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- iii) Company's contribution to the Provident Fund and Superannuation or Annuity Fund,

to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company (that is half a month salary for each year of completed service) and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

### **Minimum Remunderation**

Notwithstanding anything to contrary herein contained, where, in any financial year, during the currency of the tenure of the Director (Operations) the Company has no profits or its profits are inadequate, the company shall pay remuneration by way of salary, perquisites and allowances not exceeding the overall ceiling limit as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 or such other overall ceiling amount as may be modified in the Schedule XIII by the Central Government from time to time or as approved by Central Government.

### **Other Terms & Conditions**

- A) The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the whole time Directors in accordance with Schedule XIII to the Companies Act, 1956, or any amendments thereto made hereinafter in this regard / or as approved by Central Government.
- B) The agreement may be terminated by either party giving the other party three months' notice or either party paying three months' salary in lieu thereof.
- C) If at any time the Director (Operations) ceases to be a director of the Company for any reason whatsoever, he shall also cease to be Director (Operations) of the company.

By order of the Board  
**For Novopan Industries Limited**

Place : Hyderabad  
Date : 25.10.2010

**Y Rama Murty**  
Director

### **Notes :**

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
- 2. The instrument appointing the proxy in order to be valid and effective shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3. Members / Proxies should bring their duly filled in attendance slips sent herewith for attending the meeting.
- 4. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID number to facilitate the identification of their attendance at the meeting.
- 5. Members whose shareholding is in electronic mode are requested to intimate any change of address and updation of Bank Account details immediately to their respective Depository Participants and whose shareholding is in physical form to intimate such changes to M/s. Sathguru Management Consultants (P) Limited – Share Transfer Registrar of the company.
- 6. The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> November, 2010 to 27<sup>th</sup> November, 2010 (both days inclusive).
- 7. Pursuant to Section 205A of the Companies Act, 1956, read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Unclaimed dividend amount for the financial year 2002-03 has been transferred to Investor Protection Fund. The members are requested to note that the unclaimed dividend amount pertaining to the year 2003-04 is due for transfer to the said fund in the month of October, 2011 and those members who have not yet encashed the dividend amount for that year are requested to claim the same at the earliest.
- 8. Shareholders seeking any clarification / information on the Annual Accounts are requested to forward his/her queries to the company at least 7 days prior to the meeting so that the required information can be made available at the meeting.

**Explanatory Statement**

(Pursuant to Section 173(2) of the Companies Act, 1956)

**ITEM No: 5 & 6**

Mr. S P Bhasin was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 25<sup>th</sup> October, 2010, and shall hold office up to the date of Annual General Meeting. The company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. S P Bhasin for the office of Director together with a deposit of ₹ 500/-.

Mr. S P Bhasin has over 34 years of experience in various fields including Marketing, Administration & Operations. He has in depth knowledge of over 25 years in Particle Board Industry. Mr. S P Bhasin is 55 years old and has done B Com from University of Delhi. Your company would be immensely benefited from the rich experience of Mr. S P Bhasin.

The Board of Directors of the company at its meeting held on 25<sup>th</sup> October, 2010 had appointed Mr. S P Bhasin as Director (Operations) of the company for a period of 2 years w.e.f. 1<sup>st</sup> November, 2010 subject to the approval of members.

Presently, the Company is operating three manufacturing plants i.e. two Pre-lamination particle board plants and one Resin plant under the guidance & supervision of Mr. S P Bhasin and with a view to further augment the efforts of the company towards achieving the long term goals, the appointment of Mr. S P Bhasin as Director (Operations) will be in the best interests of the company for achieving greater success.

This may be treated as an abstract of the terms and conditions of the appointment as required under section 302 of the Companies Act, 1956.

None of the Directors except Mr. S P Bhasin is interested in the resolutions

By order of the Board  
**For Novopan Industries Limited**

Place : Hyderabad  
Date : 25.10.2010

**Y Rama Murty**  
Director

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting the Twenty Fifth Annual Report and Audited Accounts of your Company, together with the Schedules and Notes thereon, for the Financial Year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS :

(₹ in Crores)

Particulars	2009-10	2008-09
Gross Turnover	<b>73.71</b>	83.47
Less: Excise Duty	<b>4.76</b>	4.55
Net Turnover	<b>68.95</b>	78.92
Gross Operating Profit (Loss)	<b>1.22</b>	(3.15)
Less: Interest	<b>4.76</b>	5.40
Profit (Loss) Before Dep. & Tax	<b>(3.54)</b>	(8.55)
Less: Depreciation	<b>3.38</b>	3.90
Profit (Loss) Before Tax	<b>(6.92)</b>	(12.45)
Add: Deferred Tax	—	1.48
Profit (Loss) After Tax	<b>(6.92)</b>	(10.97)
Add: Balance brought forward from previous year	<b>3.14</b>	14.11
Balance Available for appropriations	—	3.14
Balance Carried Forward to the Balance Sheet	<b>(3.77)</b>	3.14

### PERFORMANCE :

Net revenue of your company for the year was at ₹ 68.95 crores, in comparison with ₹ 78.92 crores.

During the year the company's performance though not turned the corners has improved in comparison to the previous year coupled with the economic situation continuing in the market.

The Company also had to face unplanned and unscheduled shutdown of Plants due to Power shortage which has impacted the production.

Moreover, due to political sensitivities which were caused by demand for separate Telngana region also have affected the performance, which have led to higher maintenance cost related to shutdown & operation and also due to under absorbed overheads.

With the various constraints stated above the company managed to reduce the losses to ₹ 6.92 crores as against ₹10.97 crores during 2008-09.

During the current year the company had faced the same constrains and also difficulties in procuring the main raw material wood. The company has taken various steps to counter the above problem and is hopeful that some of the issues relating to availability of power, raw materials etc., would ease out.

### MANAGEMENT DISCUSSION, ANALYSIS & CORPORATE GOVERNANCE:

Reports on Management Discussion & Analysis and status report on compliance of Corporate Governance are annexed and form part of Annual Report.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 on the Directors' Responsibility Statement, it is hereby confirmed:

- ◆ That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ◆ That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year ended 31<sup>st</sup> March, 2010;
- ◆ That the Directors took proper and sufficient care to maintain 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 prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2010, on a going concern basis.

**DIVIDEND :**

In view of the losses during the financial year 2009-10, no dividend is recommended by the Board of Directors.

**FIXED DEPOSITS :**

The Company has not accepted any Fixed Deposits during the year under review as per the provisions of Section 58A of the Companies Act, 1956 and the rules made thereunder and no such amount in respect of Fixed Deposit (Principal or Interest) was outstanding on the date of Balance Sheet.

**DIRECTORS :**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. G V Krishna Reddy, and Mr. A Issac George – Directors, will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. S P Bhasin was appointed as an Additional Director on the Board of the Company on 25<sup>th</sup> October, 2010 who retires at the ensuing annual general meeting and being eligible offers himself for appointment as Director of the Company.

None of the directors of the company are disqualified for being appointed as directors as specified in Section 274 of the Companies Act, 1956. Your Board of Directors recommends their appointment / re-appointment.

Sri G V Sanjay Reddy and Mr. R Surender Reddy, have resigned from the office of Director on 27<sup>th</sup> January, 2010 and 27<sup>th</sup> July, 2010 respectively due to their pre-occupations. The Board of Directors places on record the valuable services rendered by them to the company during their association with the company.

**AUDITORS :**

M/s Brahmayya & Co., Chartered Accountants, Hyderabad, will retire at the ensuing Annual General Meeting and are eligible for re-appointment as Statutory Auditors of the Company.

**INDUSTRIAL RELATIONS:**

Your Company is maintaining cordial and harmonious relations with workmen and employees at the various levels. Your Directors express their deep sense of appreciation for the excellent support and the contributions made by employees at all levels for the successful operations of the Company during the year.

**CONSERVATION OF ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:**

The particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure – A and forms part of this report. It may be noted that there was no expenditure on account of technology absorption during the year 2009-2010.

**PARTICULARS OF EMPLOYEES:**

The details of employees as specified under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 is annexed and forms part of this report as Annexure - B.

**ACKNOWLEDGEMENTS :**

Your Directors would like to place on record their gratitude for all the support received from the Banks, various departments of Central and State Government, SEBI and Stock Exchanges. Your Directors would also like to take this opportunity to express their sincere appreciation for the valuable support of the Customers, Dealers and Traders and the trust and confidence reposed by the valued shareholders in the Company.

For and on behalf of the Board  
**For Novopan Industries Limited**

Place: Hyderabad  
Date : 25.10.2010

**Dr. G V Krishna Reddy**  
**Chairman**

**Annexure - A**

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo.

Particulars	Current Year	Previous Year
<b>A. Disclosure of Particulars with respect to Conservation of Energy, Power and Fuel Consumption:</b>		
<b>1 ELECTRICITY</b>		
a) Purchased Units (in Lacs)	120.06	127.80
Total Amount (Rs. in Lacs) (including demand charges)	439.92	464.73
Rate / Unit (₹)	3.66	3.64
b) Own Generation		
i) Through Diesel Generator		
No of Units in lacs	0.93	0.78
Units / Litre of Diesel	3.09	2.65
Cost / Unit (₹)	12.41	13.80
ii) Through Steam Turbine	NIL	NIL
<b>2 COAL</b>		
Quantity (MT)	NIL	413.83
Total Cost (₹ in lacs)	NIL	14.44
Average Rate	NIL	3,489.36
<b>3 OTHERS</b>		
Consumption per unit of Production		
Electricity (Unit / Sq. Mtr.)	5.17	4.00
Coal (Kgs./ Sq. Mtr.)	NIL	0.174
<b>B. Disclosure of particulars to foreign exchange earnings and outgo: (Rs.in lacs)</b>		
Foreign Exchange outgo during the current accounting period	1416.96	2,128.25
Foreign Exchange Earnings	NIL	196.51

**Annexure - B**

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forms part of Director's Report for the year ended 31<sup>st</sup> March, 2010.

Sl. No.	Name of the Employee	Designation/ Nature of duties	Age (Years)	Qualifica- -tion	Remune- -ration (₹ in lacs)	Experience (Years)	Commence- -ment of employment	Previous Employ- -ment
1	T Rakesh Reddy*	Executive Director	37	MBA	5.57	12	25-02-2008	-

\*For part of the year as he has resigned from the office of Executive Director with effect from 03.06.2009

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **MACRO ECONOMIC OVERVIEW:**

After witnessing a significant slowdown in the fiscal year ended March 31, 2009, the Indian economy bounced back impressively during the last financial year. The inherently strong domestic consumption combined with both the monetary and fiscal stimuli measures undertaken by the Government and other policy authorities over the past year helped the economy shrug off the overhang of weak exports and global headwinds. GDP growth is estimated to be around 7.2% for the fiscal year ended March 31, 2010 as against 6.7% for the year ended March 31, 2009.

In terms of the sectoral composition of growth, the industrial sector was the clear driver of this recovery, growing by 10% in the last financial year from 2.8% a year ago. While the revival in industrial growth was led by a pick-up in consumer durables, other industrial sectors such as basic goods, intermediate goods and more importantly capital goods also gathered momentum, collectively pointing to the broad-basing of industrial recovery.

Service sector growth was dominated by community, social and personal services reflecting increased government expenditure. However, private services such as trade, transport and communication gathered pace and are likely to keep the service sector growth strong through the next financial year. Overall, service sector growth was estimated at 8.5% in the last fiscal year as against 9.7% a year ago.

Inflation over the past year was largely driven by supply-side pressures on account of the drought and hence substantially confined to agricultural commodity prices. There were however emerging signs that inflation is getting more broad-based with private demand playing a role in pushing up prices of manufactured products.

### **PARTICLE BOARD INDUSTRY**

With the country's economy getting stabilized, the market situation in Particle Board Industry is also showing upward trend. The overall demand has gone up, but at the same time, new entrants have come up with a capacity of about 900 CBM per day. This has lead to even more competition in the market. Slowly this industry is getting divided into two segments. The upper segment, where OEM'S control the market, and

a lower segment, where dealers and distributors play a role.

Branded products like NOVOPAN mostly cater to the upper segment and some reputed dealers. The new entrants mostly focus on the dealer network. The net effect of all this is an overall increase in demand but more in lower segment of market. This domestic increase has brought stagnation to imported particle boards and the volumes remain same as in the previous years. Finally the pre-laminated board market has seen severe competition from all the fronts.

### **OPPORTUNITIES & STRENGTHS**

Your company being pioneer in Particle Board Industry has developed a few special purpose particle Boards known in the International Market as Low Formaldehyde E1 Grade boards as well as NOVOPAN Green Boards. Both these products are designed for Green Building Applications which are catching up in the market by all big corporate houses.

Our main OEMs are using these value added products for major projects. These have given the company good opportunity to concentrate on value added products apart from our regular business.

### **THREATS**

Plain Particle Board Industries are coming-up with higher capacity Plants, which will have low cost of production. Therefore, the only threat is price competition. On the other hand, cost of raw-material is increasing and fluctuating price of Imported Boards also creates challenges for our product.

Wood as a primary raw material is getting scarce due to reduced availability of mango wood. Moreover, the demand for wood is increasing to meet the need of local power plants. This is resulting in further increase in the cost of manufacture.

### **REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE**

#### **FINANCIAL PERFORMANCE**

During the year 2009 - 10, the company has incurred loss of ₹ 6.92 crores, as compared to ₹ 10.97 crores loss of the previous year.

During the year the company's performance though not turned the corners has improved in comparison to the previous year coupled with the economic situation continuing in the market.

## **OPERATIONS**

Patancheru & Shadnager Plants put together, despatched 24.41 lacs sq.mtrs of prelaminated boards of various thicknesses as compared to 30.47 lacs sq.mtrs in the previous year.

The Company had to face unplanned and unscheduled shutdown of Plants due to Power shortage which has impacted the production.

Moreover, due to political sensitivities which were caused by demand for separate Telngana region also have affected the performance, which have led to higher maintenance cost related to shutdown & operation and also due to under absorbed overheads.

During the current year the company had faced the same constrains and also difficulties in procuring the main raw material wood. The company has taken various steps to counter the above problem and is hopeful that some of the issues relating to availability of power, raw materials etc., would ease out.

## **OUTLOOK**

Although the market scenario for Particle Board Industry is showing positive trends in growth, there has been stiff competition in the market due to increase in production capacity by almost 50% from new entrants. These new entrants are coming up with much higher capacity plants and with more automation, resulting in lower cost of production.

However, your company is trying to face the competition with introduction of value added products like E1 grade and Green Boards developed with in-house technology. These products are becoming popular with the awareness in Green Building Applications.

## **RISKS & CONCERNS**

Risk Management is a systematic way of projecting the concern's resources and income against losses so that the aims of the business can be achieved without interruption. At the core of the company's risk-mitigating initiatives, there is a comprehensive and integrated risk management framework, which

comprises stringent norms and regulations along with a prudent control mechanism. The risk management approach conforms to the company's strategic direction, which is in line with shareholders' desired total returns, and Company's desired risk appetite.

To make best use of Risk Management strategies, management conducts regular risk reviews to identify the gaps or scope for improvement in the systems and processes.

## **INTERNAL CONTROL SYSTEM**

Your Company has reviewed internal controls and its effectiveness through the internal audit process. Internal audits were undertaken for every operational Unit and all major corporate functions under the direction of the Group Internal Audit department. The focus of these reviews as follow:

- ◆ Identity weaknesses and areas of improvement
- ◆ Compliance with defined policies and processes
- ◆ Safeguarding of tangible and intangible assets
- ◆ Management of business and operational risks
- ◆ Compliance with applicable statutes

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the compliance reports submitted to them.

## **HUMAN RESOURCES**

The development of Human Resources has always received the core attention of your company's top management. In a technology intensive industry like ours, upgrading of skills, improving relationships and attitudes in a net-worked organization becomes a continuous process, by means of formal training programs, counselling and providing opportunities for growth.

Your management has taken several steps in this important direction. The Personnel department and the management of your company, have prepared forward plans of manpower planning including workmen and staff and integration of co-ordination, acquiring new skills and techniques wherever required, systems and methods of reporting and other aspects of achieving both the personal growth of the Individual staff and personnel and for company's planned growth.

## CORPORATE GOVERNANCE

### 1. Company's Philosophy :

Novopan Industries Limited is committed to good Corporate Governance practices. The Company's philosophy is to achieve business excellence and optimize long term shareholders' value on a sustained basis by ethical business conduct. The company is committed to transparency in all its dealings and places strong emphasis on business ethics. Looking after the welfare of stakeholders is a fundamental shared value of Novopan's Board of Directors, management and employees and critical to the company's long term success. This value system translates into institutionalizing structures and procedures that enhance the accountability and integrity across the Company. The Company's initiative towards this end include – driving professionalism of the Board of Directors, create fair and transparent process and reporting systems and go beyond mandated Corporate Governance Code requirements of SEBI. Company's compliance report for the Financial Year 2009-10, in accordance with the Stock Exchange Regulations and Listing agreement is presented below:

### 2. Board of Directors :

Composition of the Board of Directors:

The Board represents an optimum combination of executive and non-executive directors. Composition of the Board is in conformity with the provisions of the Listing Agreement on corporate governance for the Financial Year 2009-10.

None of the Directors are disqualified under Section 274(1)(g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003. Necessary disclosures have been made by the Directors stating that they do not hold any membership in more than 10 Committees or Chairmanship of more than 5 Committees in terms of Clause 49 of the Listing Agreements.

The Category-wise Composition of Directors as on 31<sup>st</sup> March, 2010 is given below:

Category	Particulars of Directors
Promoter & Non – Executive Directors	1 Dr G V Krishna Reddy – Chairman 2 Smt G Indira Krishna Reddy – Vice Chairperson
Whole time Director or Executive Director	1. Sri S P Bhasin - Director (Operations)*
Independent Directors	1 Sri M P Murti - Director 2 Sri R Surender Reddy - Director ** 3 Sri A Issac George - Director 4 Sri Y Rama Murty – Director

\* Sri S P Bhasin has been appointed as an Additional Director of the Company w.e.f. 25<sup>th</sup> October, 2010 and Director (Operations) w.e.f. 1st November, 2010.

\*\* Sri R Surender Reddy has resigned as Director from the Board of the Company on 27<sup>th</sup> July, 2010.

### 3. Non – Executive Director's Remuneration & Sitting Fees :

The non-executive Directors did not draw any remuneration from the company except sitting fees of Rs.4,000/- for attending each Board Meeting / Committee Meeting. The Company has paid total Rs.1.20 lacs sitting fee to directors during the financial year 2009-10.

**4. Board Meetings held in the financial year 2009-10 :**

During the year, the Board of Directors met five times (as against minimum requirement of four meetings) on 29<sup>th</sup> April, 30<sup>th</sup> July, 22<sup>nd</sup> September, 29<sup>th</sup> October, 2009 and on 27<sup>th</sup> January, 2010. The gap between two Board Meetings was within the maximum time gap of four months prescribed in Clause 49 of the Listing Agreement. All the information was made available as required to be placed before the Board.

**5. Attendance of Board of Directors :**

The following is the attendance of each Director at the Board Meeting, last Annual General Meeting and number of other Directorship and Chairman/Membership of Committees of each Director in various other Companies.

Name of the Director	Category	Attendance Particulars		Number of other Directorships and Committee Member/ Chairmanships #		
		Board Meeting	Last AGM	Other Directorships*	Committee Memberships	Committee Chairmanships
Dr G V Krishna Reddy	Promoter; Non-executive	5	Yes	12	Nil	Nil
G Indira Krishna Reddy	Promoter; Non-executive	4	No	12	Nil	Nil
G V Sanjay Reddy **	Promoter; Non-executive	1	No	11	Nil	Nil
T Rakesh Reddy ***	Whole Time Director	1	No	Nil	Nil	Nil
M P Murti	Independent	5	Yes	3	1	2
R Surender Reddy ****	Independent	3	Yes	9	5	5
A Issac George	Independent	4	Yes	4	1	Nil
Y Rama Murty	Independent	4	No	2	Nil	Nil

# Committee memberships considered are of other companies only and those as required under the code of Corporate Governance.

\* Directorships in other public limited companies.

\*\* Sri G V Sanjay Reddy has resigned as Director from the Board of the Company w.e.f. 27<sup>th</sup> January, 2010.

\*\*\* Sri T Rakesh Reddy has resigned as Executive Director and Director from the Board of the Company w.e.f. 3<sup>rd</sup> June, 2009.

\*\*\*\* Sri R. Surender Reddy has resigned as Director from the Board of the Company on 27<sup>th</sup> July, 2010.

**6. Code of Conduct :**

The Company has received declarations from its Directors and Senior Management Personnel affirming their compliance with the applicable code of conduct.

**7. Audit committee :**

The role / terms of reference of the Audit Committee includes the following :

- ◆ Reviewing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ◆ Reviewing with the Management the Annual Financial Statements before submission to the Board;
- ◆ Reviewing with the Management, Statutory and Internal Auditors the adequacy of Internal Control Systems;
- ◆ Discussion with Internal Auditors on any significant findings and follow-up thereon;
- ◆ Review the Company's accounting and risk management policies;
- ◆ Looking into the reasons for substantial defaults in the payment, if any, to depositors, shareholders (in case of non-payment of declared dividends) and creditors;
- ◆ Recommend the appointment and removal of Statutory Auditors and fixation of Audit Fees and approval for payment for any other services.

The Composition of Audit Committee and Attendance of members are given as under :

Name of Director and Position	Category of Director	Meetings / Attendance			
		29.04.09	30.07.09	29.10.09	27.01.10
M P Murti – Chairman	Independent	P	P	P	P
R Surender Reddy - Member *	Independent	A	P	A	P
A Issac George – Member	Independent	P	P	P	P
Y Rama Murty – Member	Independent	P	P	P	A
G Indira K Reddy - Member	Non-Executive	P	P	P	P

P – Present, A - Absent

\* Sri R. Surender Reddy has resigned as member from the Audit Committee of the Company on 27<sup>th</sup> July, 2010.

**8. Remuneration Committee :**

The Remuneration Committee of the company comprises of three Non-executive Director viz., Sri M P Murti as Chairman (Independent Director), Sri R Surender Reddy (Independent Director - who has resigned w.e.f. 27<sup>th</sup> July, 2010) and Smt G Indira Krishna Reddy (Non-executive Director) as its members.

**Details of Remuneration paid to the Whole time Directors for the year :** The aggregate value of salary and perquisites paid for the year ended 31<sup>st</sup> March, 2010 to Sri T Rakesh Reddy, Executive Director was ₹ 5.57 lacs. There is a Sub Committee of Board viz., Remuneration Committee which studies the remuneration policy and fix the remuneration of non-executive and executive directors. The non-executive directors do not draw any remuneration from the company except sitting fees.

## **9. Disclosures by management to the Board**

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

## **10. Shareholders' / Investors' Grievance Committee :**

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors of the Company has constituted an Investor Grievance Committee comprising of four Non-executive Directors viz., Sri R Surender Reddy as Chairman (Independent Director - who has resigned w.e.f. 27<sup>th</sup> July, 2010) Sri M P Murti (Independent Director), Sri A Issac George (Independent Director) & Smt G Indira Krishna Reddy (Non-executive Director) as its members.

The Investor Grievance Committee specifically looked into the redressal of Investor grievances pertaining to - Transfer of Shares, Payment of Dividend, Dematerialization of Shares and issue of Duplicate shares Certificates etc.,

The total number of queries / correspondence received and resolved to the satisfaction of the shareholders during the year under review is given below.

<b>Particulars</b>	<b>Pending as on 1<sup>st</sup> April, 2009</b>	<b>Received during the year</b>	<b>Redressed during the year</b>	<b>Pending as on 31<sup>st</sup> March, 2010</b>
Non-receipt of Dividend	Nil	3	3	Nil
Exchange of Share Certificates	Nil	95	95	Nil
Change of Address	Nil	20	20	Nil
Bank Details / Mandate	Nil	5	5	Nil
Duplicate / Revalidation of Dividend Warrants	Nil	120	120	Nil
Complaints from Stock Exchanges, SEBI, ROC & Ministry of Corporate Affairs	Nil	0	0	Nil
Physical Share Transfers / Transmissions	Nil	29	29	Nil
General Correspondence	Nil	45	45	Nil

The Company has attended to most of the investors' grievance / complaints within a period of 7 days from the date of receipt of the same.

**11. CEO/CFO Certification :**

A certificate from Director (Operations) and Finance Head on the financial statements of the company was placed before the Board.

**12. General Body Meetings :**

Location and time for the last three Annual General Meetings were:

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
2006 - 2007	Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad – 500073	27-09-2007	12.00 Noon
2007 - 2008	Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad – 500073	27-12-2008	11.30 a.m.
2008 - 2009	Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad – 500073	22-09-2009	3.30 p.m.

**13. Other Disclosures :**

- ◆ Related party transactions: There were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. Transactions with the related parties are disclosed in Notes to the Accounts in the Annual Report.
- ◆ There were no instances of non-compliance, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter relating to capital markets during the last three years.

**14. Means of Communication :**

The quarterly financial results are generally published in “Financial Chronicle” & “Andhra Bhoomi” and the same is being intimated to Stock Exchanges where the shares of the company is listed.

**15. Share Transfer System :**

The Board of Directors has appointed Sathguru Management Consultants (P) Ltd as Share Transfer Registrars, for affecting the transfers and other related works of the company. The transfers, which are received in physical form are registered and returned within a period of one month from the date of receipt, if the documents are valid and complete in all respects. The transfer of share in physical form is affected on fortnightly basis by the Share Transfer Registrar and the transfer of shares in electronic form is affected through the Depository Participant.

**16. Distribution of Shareholding as on 31<sup>st</sup> March, 2010 :**

<b>Category (No. of shares)</b>	<b>Number of Shareholders</b>	<b>% of Shareholders</b>	<b>Number of Shares held</b>	<b>% of Shareholding</b>
0 – 1000	13617	98.50	1064431	8.94
1001 – 5000	154	1.12	323011	2.71
5001 – 10000	18	0.13	129517	1.09
Above 10000	35	0.25	10392994	87.26
<b>Total</b>	<b>13824</b>	<b>100.00</b>	<b>11909953</b>	<b>100.00</b>

Market Capitalization : ₹ 55.02 crores as on 31st March, 2010

**17. Dematerialization of Shares :**

The equity shares of the Company are being traded compulsorily in dematerialized form and as on 31st March, 2010 total number of 1,15,08,595 equity shares of the face value of ₹11.51 crores, representing 96.63% of the equity share capital have been dematerialized.

Monthly High / Low of market price of the Company's shares traded on The Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) during the Financial Year 2009-10.

<b>Particulars</b>	<b>BSE</b>		<b>NSE</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
April, 2009	19.50	15.20	19.50	15.50
May, 2009	25.50	18.00	26.40	17.85
June, 2009	26.65	21.60	28.85	22.00
July, 2009	25.00	21.50	25.25	21.40
August, 2009	27.75	22.70	27.00	21.55
September, 2009	28.95	24.00	29.00	24.75
October, 2009	56.35	27.10	55.70	27.50
November, 2009	42.10	35.20	41.90	36.00
December, 2009	44.30	39.05	43.50	38.10
January, 2010	47.70	36.75	48.30	38.20
February, 2010	42.25	36.20	42.80	35.50
March, 2010	46.20	33.85	47.45	33.00

**18. Shareholders information :**

1. Annual General Meeting Date, Time & Venue	27 <sup>th</sup> November, 2010 at 11.30 a.m. “Sathya Sai Nigamagmam”, 8-3-987/2, Srinagar Colony, Hyderabad – 500 073.
2. Financial Calendar 2009-10	Reporting of financial results for each quarter is done in the following month for the relevant quarters & for the financial year ending 31 <sup>st</sup> March, 2011 will be done during May/June, 2011.
3. Dates of Book Closure	From 24 <sup>th</sup> November, 2010 to 27 <sup>th</sup> November, 2010 (both days inclusive)
4. Listing on Stock Exchanges	Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  The National Stock Exchange of India Ltd. (NSE) Bandra Kurla Complex, NSE Exchange Plaza Bandra (East), Mumbai – 400 051
5. Listing Fees	Paid to both the above Stock Exchanges upto Financial Year 2010-11.
6. Stock Code	‘500310’ on the Bombay Stock Exchange Ltd., Mumbai ‘NOVOPAN IND’ on the National Stock Exchange of India Ltd, Mumbai.
7. Demat ISIN Number in NSDL & CDSL for equity shares	INE460B01016
8. Registered Office	IDA, Phase - II, Patancheru, Medak District (AP) - 502 319. Phone : 08455 - 242624 / 242625 / 242626, Fax : 08455 - 241883 E-mail : <a href="mailto:investor@novopan.in">investor@novopan.in</a>
9. Share Transfer Registrars (for both Physical & Electronic Shares)	Sathguru Management Consultants (P) Ltd. Plot No.15, Hindi Nagar, Behind Sai Baba Temple, Panjagutta, Hyderabad – 500 034 Ph : 040-23356975/23356507/23350586, Fax: 040-40040554 E-mail: <a href="mailto:sta@sathguru.com">sta@sathguru.com</a> / <a href="mailto:info@sathguru.com">info@sathguru.com</a>
10. Shareholders' Correspondence	Share Transfers in physical form and all other correspondence regarding Duplicate Share Certificates, Dividends, Change of Addresses shall be addressed to M/s Sathguru Management Consultants (P) Ltd. – Share Transfer Registrar.

**Annexure to Report of Corporate Governance**

Details of Director seeking reappointment at the ensuing Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges).

Name of the Director	Dr. G.V. Krishna Reddy	Mr. A. Issac George	Mr. S.P Bhasin
Date of Birth	22 <sup>nd</sup> March, 1937	19 <sup>th</sup> April, 1954	17 <sup>th</sup> February, 1955
Date of Appointment	31 <sup>st</sup> August, 1984	25 <sup>th</sup> June, 2002	25 <sup>th</sup> October, 2010
Shares held	746056	Nil	Nil
Qualification	B.A.	FCA	B.Com.
Experience in specific functional area	Universally recognized as an inspiring contributor to Industrial development in India, Dr. G.V. Krishna Reddy's entrepreneurial achievements span over three decades and field as varied as civil engineering and construction to infrastructure, hospitality and power, Mr. Reddy established Novopan Industries, India's first high-quality pre-laminated particle board facility in 1979, followed by GVK Petrochemicals Ltd., from Hyderabad's first world class five star hotel to the first Private Sector Power Plant to go on stream in India, Mr. Reddy's achievements are legendary. There was successful implementation of various GVK Group projects under his guidance. He has experience in supervising various functions like the design, construction financing and operation	He is associated with GVK Power & Infrastructure Limited, Hyderabad as CFO. He is having vast knowledge in the fields of Corporate Security Issuance, Lease Financing and Bond Administration. His area of expertise also include Financial Structuring, Project Financing, Acquisition Financing, Debt Syndication, Corporate Planning & Forecasting, Treasury Functions, MIS Development & Implementation. He is also having vast international exposure in dealing with Banks and multilateral agencies.	He is associated with Novopan Industries Ltd. for over a period of 25 years and has got rich experience in Particle Board Industry. He is having overall experience of 34 years in the fields of Marketing, Administration & Operations.
List of Public Companies in which outside directorships held as on 31.03.2010	<ol style="list-style-type: none"> <li>1. GVK Industries Ltd.</li> <li>2. GVK Power (Goindwal Sahib) Ltd.</li> <li>3. GVK Energy Ltd.</li> <li>4. GVK Gautami Power Ltd.</li> <li>5. GVK Power &amp; Infrastructure Ltd.</li> <li>6. GVK Oil &amp; Gas Ltd.</li> <li>7. GVK Cements Ltd.</li> <li>8. TajGVK Hotels &amp; Resorts Ltd.</li> <li>9. Pinakini Share &amp; Stock Brokers Ltd.</li> <li>10. Alakananda Hydro Power Co. Ltd.</li> <li>11. Bangalore International Airport Ltd.</li> <li>12. Vertex Projects Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. GVK Industries Ltd.</li> <li>2. GVK Power (Goindwal Sahib) Ltd.</li> <li>3. GVK Gautami Power Ltd.</li> <li>4. GVK Power &amp; Infrastructure Ltd.</li> </ol>	

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**Auditors' Certificate on Compliance of conditions of the Corporate Governance as per clause 49 of the Listing Agreement with the Stock Exchanges.**

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To

The Members of  
Novopan Industries Limited

We have examined the compliance of conditions of Corporate Governance by Novopan Industries Limited, Hyderabad for the year ended on 31st March, 2010, 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 has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and management;

We certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no Investor grievances are pending for a period exceeding one month against the Company, as per the records maintained by the Company.

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

**For BRAHMAYYA & CO.,**  
Chartered Accountants.

**(KOTESWARA RAO SSR)**  
Partner  
Membership No.18952

Place : Hyderabad  
Date : 27<sup>th</sup> July, 2010

**Auditor's Report**

To, The Members of  
NOVOPAN INDUSTRIES LIMITED,  
PATANCHERU(A.P).

We have audited the attached balance sheet of NOVOPAN INDUSTRIES LIMITED, PATANCHERU (A.P), as at 31<sup>st</sup> March, 2010, its Profit and Loss account for the year ended on that date annexed thereto, and its Cash Flow statement for the year ended on that date. 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 the 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.

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

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet, the Profit and Loss Account and the Cash-flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash- flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2010;
  - (b) in the case of the Profit and Loss account, of the **LOSS** of the company for the year ended on that date; and
  - (c) in the case of the Cash-flow Statement, of the cash flows of the company for the year ended on that date.

**For BRAHMAYYA & CO.,**  
Chartered Accountants.  
Firm Regn No.:000513S

**(KOTESWARA RAO SSR)**  
Partner  
Membership No:018952

Place : Hyderabad  
Date : 27<sup>th</sup> July, 2010

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- 1.1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - 1.1.1 As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of the assets. No material discrepancies were noticed on such verification.
  - 1.1.2 As per the information and explanations given to us, during the year the company has not disposed of a substantial part of its fixed assets that would affect the going concern status of the Company.
- 2.1 The company has physically verified its inventories during the year. In our opinion, the frequency of verification is reasonable.
- 2.2. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3. The company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- 3.1.1 According to the information furnished to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956. Accordingly the provisions of clauses 4(iii) (b), (c) and (d) of the order, are not applicable.
- 3.1.2 According to the information and explanations furnished to us, the company has not taken any loans secured or unsecured from companies, firms or other parties whose particulars are recorded in the register maintained under Section 301 of the Companies Act 1956. Accordingly the provisions of clauses 4(iii) (f) and (g) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further during the course of our audit, we have not come across any instances of major weaknesses in internal control that in our opinion, require correction but have so continued without correction.
- 5.1 Based on the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2 In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are having regard to the prevailing market prices at the relevant time.

6. The company has not accepted deposits from public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the company.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company.
- 9.1 According to the records of the company, the company is regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service tax, Cess and other material statutory dues applicable to it.
- 9.2 According to the information furnished to us, there were no undisputed statutory dues payable in respect of Income Tax, Wealth Tax, Service tax and Cess which were in arrears, as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.
- 9.3 According to the records of the company and the information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Excise Duty, Customs duty, Wealth Tax, Service tax and Cess, which have not been deposited on account of any dispute except the following:

Nature of the Dues	Amount (Rs. in Lacs)	Period for which the Amount Relates	Forum in which Dispute is Pending
Income Tax	20.37	2003 - 2004 (Asst. year)	Income Tax Appellate Tribunal Hyderabad
	36.49	2004 - 2005 (Asst. year)	Income Tax Appellate Tribunal Hyderabad
	49.64	2006 - 2007 (Asst. year)	Commissioner of Income Tax (Appeals)
	180.233	2007 - 2008 (Asst. year)	Commissioner of Income Tax (Appeals)

10. The company has no accumulated losses. It has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The company has not defaulted in repayment of its dues to financial institutions and banks.
12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The company is neither a chit fund nor a nidhi/mutual benefit fund /society and hence the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
14. The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information and explanation given to us, the company has not given guarantees for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to us, the term loans obtained by the company during the year were applied for the purpose for which they were obtained.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds were raised on short-term basis.
18. During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
19. The company has neither issued nor had any outstanding debentures during the year. Accordingly the provision of Clause 4 (XIX) of the order are not applicable.
20. The company has not raised any money through public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
21. According to the information and explanations given to us, and based on the audit procedures generally adopted by us, we report that, during the year, no fraud on or by the company has been noticed or reported that is either significant or could have caused a material misstatement in the financial statements.

**For BRAHMAYYA & CO.,**

Chartered Accountants.  
Firm Regn No.:000513S

Place: Hyderabad  
Date : 27<sup>th</sup> July, 2010

**(KOTESWARA RAO SSR)**

Partner  
Membership No.018952

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedule Reference	31st MARCH, 2010		31st MARCH, 2009	
		Amount ₹	Amount ₹	Amount ₹	Amount ₹
<b>SOURCES OF FUNDS:</b>					
<b>Shareholder's Funds</b>					
Share Capital	1	11,90,99,530		11,90,99,530	
Reserves & Surplus	2	<u>30,13,06,427</u>		<u>37,04,62,224</u>	
			42,04,05,957		48,95,61,754
<b>Loan Funds</b>					
Secured Loans	3		32,92,76,285		39,81,88,246
Unsecured Loans			-		99,76,704
<b>TOTAL</b>			<u>74,96,82,242</u>		<u>89,77,26,704</u>
<b>APPLICATION OF FUNDS:</b>					
<b>Fixed Assets</b>					
Gross Block	4	1,34,61,02,217		1,36,57,15,398	
Less: Depreciation		<u>70,04,41,895</u>		<u>68,52,29,235</u>	
Net Block			64,56,60,322		68,04,86,163
Add: Capital Work-in-Progress			3,22,250		3,22,250
			64,59,82,572		68,08,08,413
<b>Investments</b>	5		16,92,500		16,92,500
<b>Current Assets, Loans and Advances</b>					
Inventories	6A	22,55,77,282		21,12,51,565	
Sundry Debtors	6B	11,33,43,198		12,13,88,952	
Cash and Bank Balances	6C	66,97,433		60,32,439	
Loans and Advances	6D	5,50,55,784		12,68,79,883	
<b>TOTAL - A</b>		<u>40,06,73,697</u>		<u>46,55,52,839</u>	
<b>Current Liabilities and Provisions</b>					
<b>TOTAL - B</b>	7	<u>30,47,57,775</u>		<u>25,68,12,138</u>	
		<u>30,47,57,775</u>		<u>25,68,12,138</u>	
Net Current Assets (A - B)			9,59,15,922		20,87,40,701
Deferred Tax Asset			52,24,797		52,24,797
Miscellaneous expenses (To the extent not written off)	8	8,66,451			12,60,293
<b>TOTAL</b>			<u>74,96,82,242</u>		<u>89,77,26,704</u>
Notes to the Accounts	16				
Schedules referred to above form an integral part of the Balance sheet					

As per our report of even date  
for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firm Regn No. : 000513S

For and on behalf of the Board of Directors

**KOTESWARA RAO SSR**

Partner

Membership No.: 18952

Place: Hyderabad

Date : 27.07.2010

**G V KRISHNA REDDY**

Chairman

**G INDIRA K REDDY**

Vice-Chairperson

**ASHISH KULKARNI**

Asst. Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	<b>Schedule Reference</b>	<b>Current Year ₹</b>	<b>Previous Year ₹</b>
<b>REVENUE</b>			
Sales		<b>72,49,61,729</b>	76,12,00,717
Less: Excise Duty		<b>4,75,67,131</b>	4,54,73,030
		<b>67,73,94,598</b>	71,57,27,687
Contract and Consultancy Income		-	3,96,50,882
Other Income	<b>9</b>	<b>1,21,14,202</b>	3,38,46,904
<b>TOTAL</b>		<b>68,95,08,800</b>	78,92,25,473
<b>EXPENDITURE</b>			
Materials Consumed	<b>10</b>	<b>34,16,80,879</b>	41,68,70,052
Rates and Taxes	<b>11</b>	<b>3,06,27,128</b>	3,08,80,731
Personnel Cost	<b>12</b>	<b>10,52,73,475</b>	11,32,92,338
Power and Fuel		<b>7,33,46,790</b>	7,43,59,966
Other Expenses	<b>13</b>	<b>11,97,44,623</b>	18,33,64,744
Finance Charges	<b>14</b>	<b>5,19,42,894</b>	6,13,83,234
Depreciation	<b>4</b>	<b>3,38,11,320</b>	3,90,73,334
(Increase)/Decrease in stocks	<b>15</b>	<b>22,37,488</b>	(54,11,217)
<b>TOTAL</b>		<b>75,86,64,597</b>	91,38,13,182
Loss for the year before tax		<b>6,91,55,797</b>	12,45,87,709
Less : Provision for Taxes			
Earlier Years		-	1,57,59,964
Fringe Benefit Tax		-	(12,90,933)
Deferred Tax		-	(3,19,00,515)
Loss for the year after tax		<b>6,91,55,797</b>	10,97,38,091
Balance brought forward from last year		<b>3,14,13,684</b>	14,11,51,775
Less: Adjusted against General Reserve		<b>3,77,42,113</b>	-
Balance carried over to Balance Sheet		-	<b>3,14,13,684</b>
<b>Earnings per Share (Rs.)</b>			
Basic		Nil	Nil
Number of Shares		1,19,09,953	1,19,09,953
Notes to the Accounts	<b>16</b>		
Schedules referred to above form an integral part of Profit and Loss account			

As per our report of even date  
**for BRAHMAYYA & CO.**  
Chartered Accountants  
Firm Regn No. : 000513S

For and on behalf of the Board of Directors

**KOTESWARA RAO SSR**  
Partner  
Membership No.: 18952  
Place: Hyderabad  
Date : 27.07.2010

**G V KRISHNA REDDY**  
Chairman

**G INDIRA K REDDY**  
Vice-Chairperson

**ASHISH KULKARNI**  
Asst. Company Secretary

**SCHEDULES TO BALANCE SHEET**
**SCHEDULE - 1**
**SHARE CAPITAL**

	As at <b>31.03.2010</b> ₹	As at 31.03.2009 ₹
AUTHORISED: 2,00,00,000 Equity Shares of ₹ 10/- each	<b><u>20,00,00,000</u></b>	<u>20,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP 11909953 (Previous year 1,19,09,953) Equity Shares of ₹10/- each fully paid-up	<b>11,90,99,530</b>	11,90,99,530
<b>TOTAL</b>	<b><u>11,90,99,530</u></b>	<u>11,90,99,530</u>

**SCHEDULE - 2**
**RESERVES AND SURPLUS**

	As at 31.03.2009 ₹	Additions During the year ₹	Withdrawals during the year ₹	As at <b>31.03.2010</b> ₹
A. Capital Reserve				
Profit on reissue of forfeited Shares	27,480	-	-	<b>27,480</b>
B. Revaluation Reserve	28,73,28,873	-	-	<b>28,73,28,873</b>
C. General Reserve	5,01,92,187	-	3,77,42,113	<b>1,24,50,074</b>
D. Central & State Subsidies	15,00,000	-	-	<b>15,00,000</b>
E. Balance in Profit and Loss Account	3,14,13,684	-	3,14,13,684	-
<b>TOTAL</b>	<b>37,04,62,224</b>	-	6,91,55,797	<b>30,13,06,427</b>

**SCHEDULE - 3**
**SECURED LOANS**

	As at <b>31.03.2010</b> ₹	As at 31.03.2009 ₹
a) Term Loan From Indian Bank	<b>19,21,46,951</b>	24,78,89,552
b) Working capital loans		
i) Indian Overseas Bank	<b>6,29,19,725</b>	6,37,43,349
ii) IDBI Bank Ltd	<b>1,44,46,612</b>	1,67,74,178
iii) Kotak Mahindra Bank Ltd	-	99,63,386
iv) Indian Bank	<b>3,49,55,587</b>	3,49,27,243
v) Federal bank	<b>2,48,07,410</b>	2,48,90,538
<b>TOTAL</b>	<b><u>32,92,76,285</u></b>	<u>39,81,88,246</u>

Notes: (a) Term Loans are secured by way of first charge on Fixed Assets of the Company.  
(b) Working Capital Loans are secured by way of hypothecation of raw materials, finished goods, debtors, stores, goods in transit and second charge on the fixed assets.

**SCHEDULE - 4**
**FIXED ASSETS**

		GROSS BLOCK						DEPRECIATION				NET BLOCK	
Sl No.	Particulars	As at 01.04.2009 ₹	Additions on account of Revaluation ₹	Additions during the Year ₹	Deductions during the Year ₹	As at 31.03.2010 ₹	Upto 01.04.2009 ₹	For the Year ₹	Deductions during the Year ₹	Upto 31.03.2010 ₹	As at 31.03.2010 ₹	As at 31.03.2009 ₹	
1	Land	359666340	-	-	-	359666340	-	-	-	-	359666340	359666340	
2	Buildings	106774105	-	-	-	106774105	44944204	2605276	-	47549480	59224625	61829901	
3	Plant & Machinery	859176706	-	-	9602009	849574697	607469498	30023512	9121908	628371102	221203595	251707208	
4	Furniture & Office Equipment	36500092	-	162188	10173360	26489920	30759743	983767	9476752	22266758	4223162	5741349	
5	Vehicles	3445689	-	-	-	3445689	1904324	198765	-	2103089	1342600	1541365	
6	Other Fixed Assets	151466	-	-	-	151466	151466	-	-	151466	-	-	
TOTAL		1365715398	-	162188	19775369	1346102217	685229235	33811320	18598660	700441895	645660322	680486163	
Previous Year		1096958244	287328873	18703494	37275213	1365715398	662679659	39073334	16523758	685229225	680486163	434278585	

**SCHEDULES TO BALANCE SHEET**
**SCHEDULE - 5**
**INVESTMENTS**

	As at <b>31.03.2010</b> ₹	As at 31.03.2009 ₹
<b>National Savings Certificates</b> (Deposited with Government Departments)	<b>59,600</b>	59,600
<b>Shares in Companies - Long Term At Cost:</b>		
<b>Non-trade - Unquoted</b>		
a) Visual Quest India Pvt Ltd 1,15,500 Equity shares of ₹10/-each fully paid-up	<b>11,55,000</b>	11,55,000
b) Patancheru Envirotech Ltd 46,498 Equity Shares of ₹10/- each fully paid-up	<b>4,77,900</b>	4,77,900
<b>TOTAL</b>	<b><u>16,92,500</u></b>	<u>16,92,500</u>

**SCHEDULES TO BALANCE SHEET**
**SCHEDULE-6**
**CURRENT ASSETS, LOANS AND ADVANCES**

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
<b>A. Inventories at cost (as valued and certified by the Management)</b>		
a. Raw Materials	15,45,91,774	15,31,40,487
b. Packing Material	21,97,422	29,55,648
c. Stores and Spares	5,81,97,280	4,23,27,136
d. Work-in-process	9,47,778	32,17,130
e. Finished Goods	96,43,028	96,11,164
<b>TOTAL - A</b>	<b>22,55,77,282</b>	<b>21,12,51,565</b>
<b>B. Sundry Debtors (Unsecured, considered good)</b>		
a. Outstanding for a period exceeding six months		
i. Considered Good	1,98,45,148	4,11,80,452
ii. Considered Doubtful	37,86,414	29,01,798
Less: Provision for Doubtful Debts	37,86,414	29,01,798
	1,98,45,148	4,11,80,452
b. Others	9,34,98,050	8,02,08,500
<b>TOTAL - B</b>	<b>11,33,43,198</b>	<b>12,13,88,952</b>
<b>C. Cash &amp; Bank Balances</b>		
a. Post office savings bank account	1,000	1,000
b. With Scheduled Banks in:		
Current Accounts *	38,44,298	37,73,841
Fixed Deposits	6,46,105	2,09,458
Margin Money Deposits	22,06,030	20,48,140
<b>TOTAL - C</b>	<b>66,97,433</b>	<b>60,32,439</b>
* Includes deposits for unclaimed dividends ₹ 18,26,119/- (Previous Year ₹ 20,50,358/-)		
<b>D. Loans &amp; Advances (Unseured, Considered Good)</b> (Recoverable in cash or in kind or for value to be received)		
a. Prepaid Expenses	27,42,728	28,39,885
b. Staff Advances	16,74,192	3,77,675
c. Deposits Recoverable	1,06,28,456	1,12,35,832
d. Other Advances	2,51,40,152	8,58,73,579
e. Interest accrued	66,918	5,23,917
f. Advance Tax and Tax deducted at source(net of provisions)	1,17,96,971	80,83,610
g. Balance with Government Authorities	5,73,920	1,07,42,302
h. Cenvat and VAT receivable	24,32,447	72,03,083
<b>TOTAL - D</b>	<b>5,50,55,784</b>	<b>12,68,79,883</b>
<b>GRAND TOTAL (A+B+C+D)</b>	<b>40,06,73,697</b>	<b>46,55,52,839</b>

**SCHEDULES TO BALANCE SHEET**
**SCHEDULE-7**
**CURRENT LIABILITIES & PROVISIONS**

	<b>As at 31.03.2010 ₹</b>	<b>As at 31.03.2009 ₹</b>
<b>Current Liabilities</b>		
i. Creditors for Trade	<b>17,92,93,028</b>	18,10,24,534
ii. Creditors for Expenses	<b>6,12,07,440</b>	5,19,00,493
iii. Creditors for Other Finance	<b>21,60,969</b>	35,78,721
iv. Investor Education and Protection Fund on account of Unpaid Dividend (Not due for remittance)	<b>18,26,119</b>	20,50,358
v. Deposits refundable	<b>83,38,750</b>	95,60,100
vi. Advance received against sale of Land	<b>3,30,00,000</b>	-
vii. Advances received against sales	<b>1,89,31,469</b>	86,97,932
<b>TOTAL (A)</b>	<b>30,47,57,775</b>	25,68,12,138

**SCHEDULE-8**
**MISCELLANEOUS EXPENDITURE**

	<b>As at 31.03.2010 ₹</b>	<b>As at 31.03.2009 ₹</b>
(To the extent not written off or adjusted)		
<b>Merger Expenses</b>	<b>12,60,293</b>	15,75,366
Less : Amortised During The Year	<b>3,93,842</b>	3,15,073
<b>TOTAL</b>	<b>8,66,451</b>	12,60,293

**SCHEDULES TO PROFIT & LOSS ACCOUNT**
**SCHEDULE - 9**
**OTHER INCOME**

	<b>Current Year ₹</b>	<b>Previous Year ₹</b>
Interest income	<b>6,30,266</b>	7,33,018
(TDS Rs. 60,755 /- Previous Year Rs. 120,250/- )		
Corporate Guarantee Fees	<b>18,65,240</b>	62,00,000
Miscellaneous Income	<b>15,55,516</b>	21,37,488
Rent Earned	<b>1,24,468</b>	9,35,000
Credit Balances and Excess Provisions written Back	<b>11,96,176</b>	35,25,452
Income pertaining to previous year	<b>1,65,783</b>	71,136
Foreign Exchange Fluctuations (Net)	<b>53,24,231</b>	-
Profit on sale of Raw Material	<b>5,32,623</b>	-
Profit on sale of assets	<b>7,19,899</b>	2,00,08,810
Claims Received	<b>-</b>	2,36,000
<b>TOTAL</b>	<b><u>1,21,14,202</u></b>	<b><u>3,38,46,904</u></b>

**SCHEDULE - 10**
**MATERIALS CONSUMED**

	<b>Current Year (₹)</b>		<b>Previous Year (₹)</b>	
a) Stocks at the beginning of the year				
i) Raw materials	<b>15,31,40,487</b>		19,19,30,791	
ii) Packing Materials	<b><u>29,55,648</u></b>	<b>15,60,96,135</b>	<b><u>38,16,984</u></b>	19,57,47,775
b) Add: Purchases				
i) Raw materials	<b>36,38,73,112</b>		47,93,22,148	
ii) Packing Materials	<b><u>48,16,926</u></b>		<b><u>63,38,471</u></b>	
		<b><u>36,86,90,038</u></b>		<b><u>48,56,60,619</u></b>
		<b><u>52,47,86,173</u></b>		<b><u>68,14,08,394</u></b>
c) Less:				
Cost of Raw Materials sold	<b>11,88,270</b>		3,86,30,916	
Transfer to Power and Fuel	<b>2,09,42,943</b>		2,07,62,992	
Raw Materials written off	<b>-</b>		1,49,70,597	
Loss due to fire accident	<b><u>41,84,885</u></b>	<b>2,63,16,098</b>	<b><u>3,40,77,702</u></b>	10,84,42,207
d) Closing stocks:				
i) Raw materials	<b>15,45,91,774</b>		15,31,40,487	
ii) Packing Materials	<b><u>21,97,422</u></b>	<b>15,67,89,196</b>	<b><u>29,55,648</u></b>	
		<b><u>18,31,05,294</u></b>		<b><u>15,60,96,135</u></b>
<b>Consumption of Materials</b>		<b><u>34,16,80,879</u></b>		<b><u>41,68,70,052</u></b>

**SCHEDULE - 11**
**RATES, TAXES AND DUTIES**

	<b>Current Year Rs.</b>	<b>Previous Year Rs.</b>
Sales Tax and Excise Duty	<b>2,73,22,885</b>	2,93,12,529
Octroi	<b>3,34,605</b>	5,75,678
Licences & Renewals	<b>29,69,638</b>	9,92,524
<b>TOTAL</b>	<b><u>3,06,27,128</u></b>	<b><u>3,08,80,731</u></b>

**SCHEDULES TO PROFIT & LOSS ACCOUNT**
**SCHEDULE - 12**
**PERSONNEL COST**

	<b>Current Year</b> ₹	Previous Year ₹
Salaries, Wages and Bonus	<b>9,60,03,936</b>	10,10,48,227
Contribution to Provident Fund and ESI	<b>62,97,805</b>	75,38,413
Gratuity	-	8,56,450
Workmen and Staff Welfare Expenses	<b>29,71,734</b>	38,49,248
<b>TOTAL</b>	<b><u>10,52,73,475</u></b>	<u>11,32,92,338</u>

**SCHEDULE - 13**
**OTHER EXPENSES**

	<b>Current Year</b> ₹	Previous Year ₹
Stores Consumed	<b>2,65,92,928</b>	2,75,99,109
Rent	<b>23,55,846</b>	33,62,340
Insurance	<b>25,83,378</b>	16,82,209
Freight and Handling Charges	<b>5,80,57,867</b>	5,79,08,007
Repair and Maintenance:		
Plant and Machinery	<b>3,38,889</b>	14,62,658
Buildings	<b>10,93,055</b>	12,94,806
Other Assets	<b><u>4,49,243</u></b>	<u>4,47,358</u>
Printing and Stationery	<b>8,86,581</b>	32,04,822
Communication costs	<b>17,91,564</b>	9,53,623
Travelling and Conveyance	<b>1,03,53,809</b>	26,05,459
Legal and Professional charges	<b>28,33,196</b>	1,37,20,829
Payments to auditors towards:		
Statutory Audit	<b>3,00,000</b>	30,12,924
Tax Audit	<b>80,000</b>	3,00,000
Certification	<b><u>15,000</u></b>	<u>2,06,850</u>
Director's Remuneration	<b>3,95,000</b>	5,16,850
Director's Sitting Fee	<b>5,29,200</b>	72,50,632
Advertisement and Sales Promotion	<b>1,20,000</b>	2,04,000
Security Charges	<b>3,09,861</b>	4,61,706
Detention Charges	<b>24,27,912</b>	26,47,943
Foreign Exchange Fluctuations (Net)	<b>20,57,848</b>	1,51,74,395
Loss on sale of Assets	-	30,52,591
Loss on sale of Raw Materials	<b>4,04,146</b>	4,05,094
Expenses Pertaining to Previous Year	-	2,17,13,953
Provision for Bad & Doubtful Debts	<b>1,47,785</b>	77,539
Raw Materials Written Off	<b>8,84,616</b>	96,669
Debit Balances Written off	-	1,49,70,597
Claims Written Off	<b>11,16,239</b>	3,57,289
Miscellaneous Expenses	<b>24,02,981</b>	-
Merger Expenses Written off	<b>12,18,837</b>	20,71,091
<b>TOTAL</b>	<b><u>3,93,842</u></b>	<u>3,15,073</u>
	<b><u>11,97,44,623</u></b>	<u>18,33,64,744</u>

**SCHEDULES TO PROFIT & LOSS ACCOUNT**
**SCHEDULE - 14**
**FINANCE CHARGES**

	<b>Current Year</b> ₹	<b>Previous Year</b> ₹
INTEREST:		
On Term Loans	<b>2,48,57,159</b>	2,92,95,955
Working Capital Loan	<b>2,13,49,303</b>	2,36,86,858
Others	<b>14,32,847</b>	10,58,002
Bank charges	<b>43,03,585</b>	73,42,419
<b>TOTAL</b>	<b><u>5,19,42,894</u></b>	<b><u>6,13,83,234</u></b>

**SCHEDULE - 15**
**(INCREASE) / DECREASE IN STOCKS**

	<b>Current Year</b> ₹	<b>Previous Year</b> ₹
a) Opening Stock:		
i) Work-in-process	<b>32,17,130</b>	18,26,024
ii) Finished goods	<b><u>96,11,164</u></b>	<u>55,91,053</u>
	<b>1,28,28,294</b>	74,17,077
b) Closing Stock:		
i) Work-in-process	<b>9,47,778</b>	32,17,130
ii) Finished Goods	<b><u>96,43,028</u></b>	<u>96,11,164</u>
	<b>1,05,90,806</b>	1,28,28,294
<b>(INCREASE) / DECREASE IN STOCKS</b>	<b><u>22,37,488</u></b>	<b><u>(54,11,217)</u></b>

**SCHEDULE - 16 :**
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**
**1. ACCOUNTING POLICIES:**
**A. BASIS OF ACCOUNTING:**

The financial statements are prepared under historical cost convention on accrual basis and in accordance with generally accepted accounting principles.

**B. REVENUE RECOGNITION:**

The income from sale is recognised as and when sales are made. Sales are inclusive of all Taxes, Duties and other charges and net of Trade Discounts and Rebates.

**C. FIXED ASSETS:**

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, net of duty/tax credits availed, if any, incidental expenses relating thereto and the cost of installation/erection.

**D. DEPRECIATION:**

Depreciation is provided on written down value method for Patancheru Unit and on Straight Line Method for Shadnagar unit and Resin Units at the rates and in the manner specified in

Schedule XIV of the Companies Act, 1956.

**E. INVENTORIES:**

- (i) Finished goods are stated at cost or realizable value whichever is less.
- (ii) Work-in- process is stated at Cost.
- (iii) Raw materials, Packing Material and Stores and Spares are stated at cost on Weighted Average method.

**F. RETIREMENT BENEFITS:**

- (i) Periodical contributions made to concerned authorities towards Provident Fund and ESI are charged to revenue.
- (ii) Group Gratuity Scheme is administered through trustees for which policy is taken from LIC and Premiums will be paid to the said fund. At each reporting date, company's liability towards gratuity is determined by independent actuarial valuation using the projected unit credit method and is charged to revenue.
- (iii) The workers of the company are eligible for leave encashment. At each reporting date, company's liability towards leave encashment is determined by independent actuarial valuation using the projected unit credit method and is charged to revenue.

**G. INSURANCE CLAIMS:**

Insurance claims are accounted for on admission by the authorities or on settlement.

**H. Miscellaneous Expenditure:**

Expenditure on account of merger/amalgamation is written off over a period of 5 years.

**I. FOREIGN EXCHANGE FLUCTUATION:**

- (i) Foreign currency transaction will be accounted at the rate prevailing on the date of transaction and difference if any in the rate of exchange arising on the date of payment will be debited / credited to the revenue.
- (ii) Assets and liabilities arising out of foreign exchange transactions are translated at the rates of exchange ruling on the date of Balance Sheet and are suitably adjusted to the revenue account.
- (iii) Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

**J. INVESTMENTS:**

Long term Investments are stated at cost. Provision is made for diminution in value of investments only if such decline is other than temporary.

**K. DEFERRED TAX:**

Deferred tax, being tax on timing difference between taxable income and accounting income, that originate in one year and capable of reversal in one or more subsequent years, has been recognized.

Deferred tax asset is recognized only if there is reasonable certainty that it will be realized and will be reviewed for the appropriateness of its respective carrying value at each balance sheet date.

**L. CONTINGENT LIABILITIES:**

Contingent liabilities are indicated by way of a note and will be paid / provided on crystallisation of the liability.

**M. IMPAIRMENT OF ASSETS:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generation unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**2. NOTES ON ACCOUNTS:**
**A. Contingent Liabilities:**

Sl. No.	Particulars	March,2010 ₹ in lacs	March,2009 ₹ in lacs
I	Towards Bank Guarantee	<b>9.00</b>	2.23
II	On Account of Letters of Credit	<b>268.14</b>	604.38
III	Bills Discounted	<b>57.02</b>	---
IV	Towards Corporate Guarantees	---	7,002.00
V	Claims against the Company not acknowledged as Debts		
i)	Royalty and Interest to Forest Department : There has been a claim by Forest Department, Government of Andhra Pradesh for ₹ 50.83 lacs towards Royalty on account of wood supplied from 1980 to 1984 and for ₹ 13.02 lacs towards interest thereon out of which the Company had accepted the claim to the extent of ₹ 30.65 lacs towards Royalty, which is provided.	<b>33.20</b>	33.20
ii)	Demands of the Income-tax department, contested by the Company	<b>286.73</b>	106.50
iii)	Central Excise Department : The Excise Department filed an appeal before Hon'ble CESTAT, Bangalore against refund of Excise Duty of ₹ 36.26 lacs on account of abatement of Octroi claimed by the company which was decided in Company's favour. Consequently, Department filed further appeal in this regard before the Hon'ble High Court of Andhra Pradesh.	<b>36.26</b>	36.26

**B.** Even though the Company has installed an ETP Plant and not releasing any hazardous pollutants outside factory, a public interest litigation petition was filed before Supreme Court against various industries including our company in Patancheru area. Company has also obtained a certificate from AP Pollution Control Board certifying that the pollution caused by our company is within the tolerable limits of pollution control norms. Therefore the management is not envisaging any liability in this regard.

**C. Managerial Remuneration:**

**a) Computation of Profits under section 349 of the Companies Act, 1956**

Particulars	Amount ₹ in lacs	
Net Loss for the year before Tax		691.56
Less: Managerial Remuneration	5.57	
Directors Sitting fees	1.20	
		6.77
Loss as per Section 349		684.79

**b) Managerial Remuneration (included in Personnel Cost)**

Particulars	Managing Director		Executive Director #	
	Current Year	Previous Year*	Current Year*	Previous Year
Salary/Perks	-	45.29	<b>5.29</b>	27.22
Provident Fund	-	2.42	<b>0.28</b>	1.45
Superannuation Fund	-	2.97	-	-
<b>TOTAL</b>	-	50.68	<b>5.57</b>	28.67

\* part of the year

# Remuneration paid as per the provision of Schedule XIII (Part II – Section II) of the Companies Act, 1956.

**D.** Detailed information regarding quantitative particulars as required under Part II of Schedule-VI to the Companies Act, 1956.

Particulars	Current Year	Previous Year
I. Particle Boards Installed Capacity(Sq Mtrs)	48.50 lac Sq.Mtrs	48.50 lac Sq.Mtrs

(Installed Capacity has been Certified by the Management but not verified by the Auditors being a Technical matter)

II Particulars	Current Year		Previous Year	
	Quantity	Value ₹ in lacs	Quantity	Value ₹ in lacs
Opening Stock				
Particle board (Sq.mtrs. in lacs)	3.80		2.23	
Furniture (Nos.)	Nil		Nil	
Wood Dust (MTs)	Nil		Nil	
Formaldehyde (MTs)	61.38		35.36	
Actual Production				
Particle board (Sq.mtrs.in lacs)	22.01		23.70	
Purchased PPB(Sq.mtrs.in lacs)	5.03		8.42	
Furniture (Nos.)	13520.00		5897.00	
Wood Dust (MTs)	1044.00		939.00	
Formaldehyde (MTs)	6540.30		4144.56	
Turnover				
Particle board (Sq.mtrs.in lacs)	21.90	5,520.62	22.88	5,626.77
Purchased PPB(Sq.mtrs.in lacs)	5.42	1,366.29	7.59	1,866.57
Furniture (Nos.)	13520.00	62.37	5897.00	44.02
Wood Dust (MTs)	1044.00	35.10	939.00	29.77
Formaldehyde (MTs)	2741.58	265.24	544.58	44.88
<b>Total</b>		<b><u>7,249.62</u></b>		<b><u>7,612.01</u></b>
Closing Stock				
Particle board (Sq.mtrs.in lacs)	3.43		3.80	
Furniture (Nos.)	Nil		Nil	
Wood Dust (MTs)	Nil		Nil	
Formaldehyde (MTs)	39.56		61.38	

**III Consumption of Raw Materials (including packing materials) :**

Particulars	Current Year		Previous Year	
	Quantity	Value ₹ in lacs	Quantity	Value ₹ in lacs
Wood (MTs)	50024	<b>988.29</b>	53276	1035.42
Chemicals (MTs)	3797	<b>754.31</b>	2658	625.66
Base Paper (MTs)	365	<b>710.93</b>	524	977.25
PPB Boards (Sq.mtrs)	520003	<b>795.67</b>	830771	1416.20
Captive consumption of PPB Boards for Furniture Manufacturing (Sq. mts.)	9000		8000	
Captive Consumption of Formaldehyde (MTs)	3821		3574	
Others		<b>167.61</b>		114.17
<b>TOTAL</b>		<b>3,416.81</b>		4,168.70

**IV. Material Consumption (including stores consumed) :**

Particulars	Current Year		Previous Year	
	%	Value ₹ in lacs	%	Value ₹ in lacs
Imported	42.18	<b>1,553.42</b>	55.04	2,446.45
Indigenous	57.82	<b>2,129.32</b>	44.96	1,998.24
<b>TOTAL</b>	100	<b>3,682.74</b>	100	4,444.69

**E. Value of Imports on CIF basis:**

Particulars	Current Year ₹ in lacs	Previous Year ₹ in lacs
a) Raw Materials & Spares	<b>1,693.49</b>	2,306.76
b) Capital items	-	123.65
<b>TOTAL</b>	<b>1,693.49</b>	2,430.41

**F. Expenditure in Foreign Currency on account of :**

Particulars	Current Year ₹ in lacs	Previous Year ₹ in lacs
Raw Materials & Spares	<b>1,399.98</b>	1,999.76
Capital Goods	-	123.34
Technical Fees	<b>16.98</b>	5.15
<b>TOTAL</b>	<b>1,416.96</b>	2,128.25

**G. Earnings in Foreign currency ₹ Nil Lacs (Previous Year ₹196.51 Lacs)**

H. As per the information made available to the company by the suppliers regarding their status as per the provisions of "Micro, Small and Medium Enterprises Development Act 2006", there were no dues outstanding as on the date of Balance Sheet.

**I. Employee Benefits:**

Components of net benefit expenses recognised in Profit and Loss Account and Movement in Balance Sheet

**(i) Leave Encashment:**

Particulars	2009-10	2008-09
<b>(a) Components of Employer Expenses</b>		
Current Service Cost	2,04,365	65,430
Interest Cost on benefit obligation	1,59,918	49,608
Expected Return On Plan Assets	-	-
Past Service Cost	-	-
Net Actuarial (gain)/ Loss recognized in the year	15,83,759	24,16,454
Net Benefit expense	19,48,042	25,31,492
<b>Actual return on plan assets</b>		
<b>(b) Change in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	19,98,985	6,20,107
Interest cost	1,59,918	49,608
Current services cost	2,04,365	65,430
Benefits paid	(8,88,430)	(11,52,614)
Actuarial (gains)/losses on obligation	15,83,759	24,16,454
Closing defined benefit obligation	30,58,597	19,98,985
The principal assumptions used in determining leave and post employment medical benefit obligations for the company's plans are shown below:		
<b>(c) Assumptions</b>	%	%
Salary Rise	4	4
Discount rate	8	8
Attrition Rate	5	5
<b>(ii) Gratuity:</b>		
<b>(a) Components of Employer Expense</b>		
Current Service Cost	10,35,705	12,89,044
Interest Cost on Benefit Obligation	20,41,385	23,03,998
Expected Return On Plan Assets	(9,14,566)	(11,47,082)
Net Actuarial Gain /Loss Recognised	(28,64,884)	(15,93,155)
Past Service Cost	-	-
Total expense recognized in Profit & Loss Account	(7,02,360)	8,52,805
<b>(b) Actual Return on Plan Assets</b>	(9,14,566)	(11,47,082)

Particulars	2009-10	2008-09
<b>(c) Net Asset /Liability recognized in Balance Sheet</b>		
Define Benefit Obligation	2,11,42,580	2,55,17,313
Fair Value of Plan Assets	(93,87,201)	(1,17,88,635)
Status(Surplus/Deficit)	<b>1,17,55,379</b>	<b>1,37,28,678</b>
Unrecognised Past Service Cost	-	-
Net Asset/Liability recognized in Balance Sheet	<b>1,17,55,379</b>	<b>1,37,28,678</b>
<b>(d) Changes in the PV of DBO</b>		
Opening Defined Benefit Obligation	2,55,17,313	2,87,99,983
Interest Cost	20,41,385	23,03,998
Current Service Cost	10,35,705	12,89,044
Benefits Paid	(45,86,939)	(52,82,557)
Acturial (gains) / losses on obligation	(28,64,884)	(15,93,155)
Closing Defined Benefit obligation	2,11,42,580	2,55,17,313
<b>(e) Changes in Fair Value of Plan Assets</b>		
Opening Fair Value of Plan Assets	1,17,88,635	1,33,43,619
Expected Return	9,14,566	11,47,082
Contributions	12,70,939	25,80,491
Benefits Paid	(45,86,939)	(52,82,557)
Acturial Gain/loss	-	-
Closing Fair value of Plan Assets	93,87,201	1,17,88,635
<b>(f) Movement in Balance Sheet</b>		
Opening liability	1,37,28,678	1,54,56,364
Expenses as above	(7,02,360)	8,56,450
Contribution Paid	(12,70,939)	(25,84,136)
Closing Net Liability	<b>1,17,55,379</b>	<b>1,37,28,678</b>
The principal assumptions used in determining leave and post employment medical benefit obligations for the company's plans are shown below:		
<b>Assumptions</b>	<b>%</b>	<b>%</b>
Salary Rise	4	4
Discount rate	8	8
Attrition Rate	5	5

**J. Related Party Disclosure:**

Disclosures as required by the accounting standard - 18 of the Institute of Chartered Accountants of India are given below :

Companies/Firms/Trust in which key management and their relatives are interested:

Accura Constructions (P) Ltd	GVK Energy Ltd
Accura Estates (P) Ltd	GVK Estates (P) Ltd
Alakananda Hydro Power Company Ltd	GVK Foundation
Allied Estates (P) Ltd	GVK Gautami Power Ltd #
Altitude Design & Development (P) Ltd	GVK Hydel (P) Ltd
Amtran Constructions (P) Ltd	GVK Industries Ltd
Anchor Estates (P) Ltd	GVK Infra tech (P) Ltd
Appease Estates (P) Ltd	GVK Infrastructure Holdings (P) Ltd
Blue Streak Consultants (P) Ltd	GVK Jaipur Expressway (P) Ltd #
Blue Streak Land Holdings (P) Ltd	GVK Oil & Gas Ltd
Bonanza Real Estates (P) Ltd	GVK Perambalur SEZ (P) Ltd
Caspian Capital & Finance (P) Ltd	GVK Power & Infrastructure Ltd.
Casuarina Capital & Finance (P) Ltd	GVK Power (Goindwal Sahib) Ltd
Classic Land Holdings (P) Ltd	GVK Power (Jegurupadu)(P) Ltd
Consolidated Real Estates (P) Ltd	GVK Power (Krishnapatnam) (P) Ltd
Cygnus Real Estates (P) Ltd	GVK Power (Ratlam) (P) Ltd
Delta Land Holdings (P) Ltd	GVK Projects & Technical services (P) Ltd
Dhauasidh Power (P) Ltd	GVK Properties & Management.Co., (P) Ltd
Eagle Land Holdings (P) Ltd	GVK Technical & Consultancy Services (P) Ltd #
Fair Value Land Holdings (P) Ltd	GVK Virudhnagar SEZ (P) Ltd
Fortune Real Estates (P) Ltd	IKR Land Holdings (P) Ltd
Fresenius Intraven (P) Ltd	Inc GVK bio (P) Ltd
Gautami Power (Samlkot) (P) Ltd	Indigo Enterprises
Genesis Realtors (P) Ltd	Indigo Estates
GIKR Land Holdings (P) Ltd	Indira Constructions
Gold Green Land Holdings (P) Ltd	Indira Enterprises
Goriganga Hydro Power (P) Ltd	Infotech Professional Pty Ltd
Green Woods Golf & Resorts (P) Ltd	Inogent Laboratories (P) Ltd
Greenridge Hotels & Resorts(P)Ltd	Innovative Land Holdings (P) Ltd
GSR Land Holdings (P)Ltd	ISR Infrastructure
GVK Airport Developers (P) Ltd	Jegurupadu Power Plant Services (P) Ltd
GVK Airport Holdings (P) Ltd	JK Operation & Maintainance (P) Ltd
GVK Avaiaion (P) Ltd	KR Bhupal Land Holdings (P) Ltd
GVK Biosciences (P) Ltd	KRAMB Land Holdings (P) Ltd
GVK Cements Ltd	KRBSB Estates (P) Ltd
GVK City (P) Ltd	KRGV Land Holdings (P) Ltd
GVK Coal (Tokisud) Co.(P) Ltd	Krishna Enterprises
GVK Davix Research (P) Ltd	Lakshmi Enterprises
GVK Davix Technologies (P) Ltd	Lepus Land Holdings (P) Ltd
GVK Developmental Projects (P) Ltd	Mallikarjuna Estates (P) Ltd
GVK Energy Holdings (P) Ltd	Mallikarjuna Finance (P) Ltd

Marine Developers	SBSR Land Holdings (P) Ltd
Marine Enterprises	Seregarha Mines Ltd
Marine Estates	Sheraton Estates (P) Ltd
Marriot Land Holdings (P) Ltd	SHSB Land Holdings (P) Ltd
Marwell Architects & Contractors (P) Ltd	SOMKRB Land Holdings (P) Ltd
Metro Architects & Contractors (P) Ltd	SR Finance & Others
Midas Estates (P) Ltd	SR Finance (P) Ltd
MMR Constructions	Sri Hari Developers
MR Constructions	Sri Hari Enterprises
MRK Constructions	Sri Hari Estates
Mumbai Airport Developers (P) Ltd	Sri Lakshmi Enterprises
Mumbai International Airport (P) Ltd	Sri Shiva Enterprises
Orbit Travel & Tours (P) Ltd	Sri Venkateswara Enterprises
Oxford Land Holdings (P) Ltd	Sri Vishnu Enterprises
Pace Constructions (P) Ltd	Starlet Land Holdings (P) Ltd
Pace Estates (P) Ltd	Sunshine Properties (P)Ltd
Paigah House Hotel (P) Ltd	Suphala Real Estates (P) Ltd
Parthasarathy Airconditioned Tourists (P) Ltd	Taj GVK Hotels & Resorts Ltd #
Patikari Power (P) Ltd	TRG Constructions
Pinakini Share & Stock Brokers Ltd	Trinity Advisors (P) Ltd
Pinnacle Land Holdings (P) Ltd	Ubiquitous Infra tech (P) Ltd
Plateau Constructions & Engg.(P) Ltd	Verdura
Plateau Land Holdings.(P) Ltd	Vertex Infratech (P) Ltd
Raghavendra Finance (P) Ltd	Vertex Projects Ltd #
Raghavendra Land Holdings (P) Ltd	Volantis Land Holdings (P) Ltd
Regulus Estates (P) Ltd	Vulcon Constructions (P) Ltd
RK Estates	Zinger Investments (P) Ltd
S.Bhupal & Others	

# Companies with which there are transactions during the year.

**Directors:**

- (i) Mr G V Krishna Reddy
- (ii) Mrs G Indira Krishna Reddy
- (iii) Mr Sanjay Reddy (upto 27-01-2010)

**Key Management Personnel:**

Mr T Rakesh Reddy (upto 03-06-2009)

**Transactions with related parties**

(₹ in lacs)

<b>Nature of the Transaction</b>	<b>Key Management</b>	<b>Directors/ Relatives of Directors</b>	<b>Enterprises in which Directors/ their relatives are interested</b>
Remuneration	<b>5.57</b> (79.45)		
Sitting Fee		<b>0.28</b> (0.76)	
Rent		<b>11.91</b> (20.97)	
Sales			<b>4.61</b> (4.48)
Service charges			<b>—</b> (200.00)
Corporate Guarantee Fee			<b>18.65</b> (62.00)
Hospitality Charges			<b>0.85</b> (0.35)
Travel Expenses			<b>3.59</b> (4.99)
Reimbursement of Expenses			<b>18.57</b> (—)
Balances as on 31-03-2010 Receivable			<b>3.49</b> (3.27)
Payables			<b>1.67</b> (0.89)
Deposits Refundable			<b>80.89</b> (90.00)
Advance received against Sale of Fixed Assets			<b>330.00</b> (—)

**K. Deferred Tax :**

Deferred Tax has been provided in accordance with AS-22 "Taxes on Income" issued by the Institute of Chartered Accountants of India. The components of net deferred tax asset as on 31<sup>st</sup> March, 2010 is as under :

(₹ in lacs)

Particulars	Deferred Liability	Deferred Tax Asset
On account of Depreciation		346.18
Carried forward losses	589.67	
Disallowances u/s. 43B	8.12	
Disallowances u/s. 40A (7)	36.32	
Disallowed u/s. 40a(ia)	1.17	
Provision for doubtful debts	11.70	
<b>Total</b>	<b>646.98</b>	<b>346.18</b>
<b>Net Deferred tax asset as on 31-03-10</b>		<b>300.80</b>
Less : Provided during the financial year 2008-09		52.25
<b>Required to be provided for financial year 2009-10</b>		<b>248.55</b>

Deferred Tax Asset ₹ 248.55 lakhs for the year ended 31<sup>st</sup> March, 2010 has not been recognised as there is no virtual certainty that sufficient profit will be available in future against which such an asset can be realised.

**L. Earnings per Share**

Earnings per Share has been computed as under	Current Year	Previous Year
Profit/(Loss) After Tax (₹ In lacs)	<b>(691.56)</b>	(1097.38)
Number of Shares	<b>11909953</b>	11909953
Basic Earnings per Share (₹)	<b>(5.81)</b>	(9.21)

**M.** The balances in personal accounts are subject to confirmations and reconciliations.

**N.** In the opinion of the Board the current assets and loans and advances would realize at the amounts at which they were stated.

**O.** Previous year figures have been re-grouped wherever necessary.

Signatures to Schedules Nos. 1 to 16

As per our report of even date  
**for BRAHMAYYA & CO.**  
 Chartered Accountants  
 Firm Regn No.000513S

For and on behalf of the Board of Directors

**KOTESWARA RAO SSR**  
 Partner  
 Membership No. : 18952

**G V KRISHNA REDDY**  
 Chairman

**G INDIRA K REDDY**  
 Vice-Chairperson

Place: Hyderabad  
 Date : 27.07.2010

**ASHISH KULKARNI**  
 Asst. Company Secretary

**CASH FLOW STATMENT FOR THE YEAR 2009-10**

(₹ in lacs)

	Current Year		Previous Year	
	Add / (Deduct)	Amount	Add / (Deduct)	Amount
A. Cash flow from operating activities				
Net Profit before tax & Extra-ordinary items		<b>(691.56)</b>		(1,245.88)
Adjustments for:				
Depreciation	<b>338.11</b>			390.73
Miscellaneous Expenditure written off	<b>3.94</b>			3.15
Interest	<b>476.39</b>			540.41
Interest & others received	<b>(6.30)</b>			(7.33)
Credit Balance and Excess Provision credited back	<b>(11.96)</b>			(35.25)
Loss on sale of Assets	<b>4.04</b>			4.05
Provision for Doubtful Debts	<b>8.85</b>			0.97
Bad Debts Written off	<b>11.16</b>			3.57
Foreign Exchange Fluctuations	<b>(53.24)</b>			30.53
Claims Written off	<b>24.03</b>			-
Raw Materials writtern off	-			149.71
Loss on Sale of Raw Materials	-			217.14
Profit on Sale of Raw Materials	<b>(5.33)</b>			-
Profit on Sale of Assets	<b>(7.20)</b>			(200.09)
		<b>782.49</b>		1,097.58
Operating Profit before working capital changes		<b>90.93</b>		(148.30)
Adjustments for:				
Trade & Other Receivables	<b>511.07</b>			463.85
Inventories	<b>(179.78)</b>			(394.15)
Trade & Other Payables	<b>546.90</b>			609.91
		<b>878.20</b>		679.61
Cash generation from Operations		<b>969.13</b>		531.31
Less: Income Tax Paid		<b>37.13</b>		263.48
		<b>932.00</b>		267.83
B. Cash flow from Investing activities				
Interest & others received	<b>10.87</b>			6.45
Proceeds from Sale of Assets	<b>332.92</b>			539.73
Purchase of Fixed Assets	<b>(1.62)</b>			(625.66)
		<b>342.18</b>		(79.48)
C. Cash flow from financing activities				
Net Borrowings	<b>(782.70)</b>			3.03
Interest paid	<b>(482.58)</b>			(537.08)
Dividends paid	<b>(2.24)</b>			(2.37)
		<b>(1,267.52)</b>		(536.43)
Net increase in cash & cash equivalents		<b>6.65</b>		(348.08)
Cash & cash equivalents at the beginning of the year		<b>60.32</b>		408.39
Cash & cash equivalents at the end of the year		<b>66.97</b>		60.31

For and on behalf of the Board of Directors

**G V KRISHNA REDDY**

Chairman

**G INDIRA K REDDY**

Vice-Chairperson

Place: Hyderabad

Date : 27.07.2010

**ASHISH KULKARNI**

Asst. Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**I. Registration Details**

Registration No.  State Code

Company Information No.

Balance Date     
Date Month Year

**II. Capital Raised during the year (Rs. in lacs)**

Public Issue   
Rights Issue   
Bonus Issue   
Naked Warrant Pref. Offer

**III. Position of Mobilisation and Deployment of Funds (Rs. in lacs)**

Total Liabilities   
Total Assets

SOURCE OF FUNDS APPLICATION FUNDS

Paid up Capital   
Net Fixed Assets

Reserves and Surplus   
Investments

Secured Loans   
Net Current Assets

Unsecured Loans   
Diferred Tax Assets

Misc. Expenditure

**IV. Performance of the Company (Rs. in lacs)**

Turnover (Gross Revenue)   
Total Expenditure

Profit / (Loss) before Tax Profit / (Loss) after Tax 

Earning Per Share in Rs.   
Dividend %

**V. Generic Name of Principal Products / Services of Company (as per monetary terms)**

Item Code No. (ITC Code)   
Product Description



## Novopan Industries Limited

Regd. Office: IDA, Phase - II, Patancheru, Medak District (AP) - 502 319.

### ATTENDANCE SLIP

I hereby record my presence at the 25th Annual General Meeting of the Company held on Saturday, the 27th November, 2010 at 11.30 a.m. at Sri Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073.

**Name of the Shareholder/Proxy\*** \_\_\_\_\_ **No. of Shares Held** \_\_\_\_\_

Folio No. :

Client ID No. :

DP ID No. :

SIGNATURE OF THE  
SHAREHOLDER/PROXY

\*Strike out whichever is not applicable

Note : Please handover the slip at the entrance of the meeting Venue.

- Notes :
1. Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the Meeting and handover at the entrance duly signed.
  2. Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.



## Novopan Industries Limited

Regd. Office: IDA, Phase - II, Patancheru, Medak District (AP) - 502 319.

### PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the District of \_\_\_\_\_  
beaing a Member/Members of the above named Company, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ in the  
district of \_\_\_\_\_ or failing him / her \_\_\_\_\_ or  
\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our

Proxy to attend and vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held on Saturday, the 27th November, 2010 at 11.30 a.m. at Sri Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073 and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Folio No. :

Client ID No. :

DP ID No. :

No of Shares : \_\_\_\_\_

Signature \_\_\_\_\_

Affix  
Revenue  
Stamp

**Note :** The Proxy Form must be returned so as to reach the Registered Office of the Company at IDA, Phase - II, Patancheru, Medak District (AP) - 502 319 not less than 48 (forty-eight) hours before the time for holding the aforesaid meeting.

## BOOK - POST



*If undelivered please return to :*



**NOVOPAN INDUSTRIES LIMITED**

IDA, Phase - II, Pathancheru,  
Medak District (AP) - 502 319.