

ORIENTAL VENEER PRODUCTS LTD.



13th Annual Report 2003/2004

REGISTERED OFFICE

At Post : Aghai, Via Kalyan (R.S.)

Dist Thane - 421 301

ORIENTAL VENEER PRODUCTS LTD.

BOARD OF DIRECTORS

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

REGISTERED OFFICE & WORKS

At Post : Aghai, Via Kalyan Rly. Stn., Dist. Thane, Pin - 421 301.

BANKERS

DEVELOPMENT CREDIT BANK LTD.

(Nariman Point Branch)

6, Tulsiani Chambers, Gr. Flr., Mumbai - 21.

AUDITORS

M/S. ANIL BANSAL & ASSOCIATES

Chartered Accountants

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



M/S. N. B. SHETTY & COMPANY

Chartered Accountants

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

NOTE

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

ORIENTAL VENEER PRODUCTS LTD.

NOTICE

Notice is hereby given that 13th Annual General Meeting of the Members of M/s. ORIENTAL VENEER PRODUCTS LIMITED will be held at the Registered Office of the Company at Post : Aghai, Via Kalyan (Rly. Strn.), District : Thane : 421 301, on Thursday, September 30, 2004 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the Balance Sheet as at March 31, 2004. Profit and Loss Account for the year ended as on date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Afzal A. Patel who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mustafa S. Pardawala who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

For and On behalf of the
Board of Directors

VALI N. MITHIBORWALA
MANAGING DIRECTOR

Place : Mumbai
Date : 30/08/2004

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 28, 2004 to Thursday, September 30, 2004 (both days inclusive).

2. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.

3. All documents referred to in Notice are open for inspection at the Registered Office of the Company during Office hours on all days except Sunday, Wednesday and public holidays between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

4. For convenience of the Members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of Meeting. The proxy Member should mark on the attendance slip as 'proxy'.

5. IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTOR'S REPORT & AUDITORS' REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.

6. Members are requested to bring their copies of the reports to Annual General Meeting.

7. Members holding shares in the same set of names under different folios are requested to apply for consolidation of such folios alongwith Share Certificates to the Company.

8. In order to exercise strict control over the transfer documents, Members are requested to send the transfer documents/correspondence, if any, directly to the Registrar & Share Transfer Agents of the Company at :

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

DIRECTOR'S REPORT

Your Directors have pleasure in presenting their Thirteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2004.

FINANCIAL HIGHLIGHTS

Particulars	As on 31st March 2004	As On 31st March 2003
Net Profit/(Loss) before Tax	85,91,997	8,621,397
Less : Income Tax for earlier year	NIL	NIL
Less : Provision for Tax	26,23,304	1,617,000
Less : Deferred Tax (See note 6)	(08,39,811)	(444,703)
Profit after tax	68,08,304	7,449,100
Transfer to General Reserve	35,00,000	60,00,000
Add : Previous year Bal.	3,83,71,336	3,89,22,236
	-----	-----
Balance carried to Balance sheet	4,16,79,640	3,83,71,336

DIVIDEND :

The Board of Directors have decided to plough back the profits earned for the year ended March, 31, 2004 for development of the business of the Company and hence they do not recommend any dividend for the year under review.

DIRECTORS :

Pursuant to Article 39 of the Articles of Associations of the Company, Mr. Afzal A. Patel & Mr. Mustafa S. Pardawala, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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

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

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

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

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

ORIENTAL VENEER PRODUCTS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS :

A) INDUSTRY STRUCTURE AND DEVELOPMENT :

THE Industry is going through major changes worldwide.

B) OPPORTUNITIES & THREATS :

The Company does not see any immediate threat.

C) SEGMENT WISE OR PRODUCT WISE PERFORMANCE :

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

D) FUTURE OUTLOOK :

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

E) RISK & CONCERNS

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

F) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

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

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

As compared to last year the sales increased by 7.84 crores. This was mainly due to effective and aggressive steps taken by the Board of Directors of the Company in marketing the products of the Company. Further, the company has made a reasonable Net Profit After Tax of Rs. 68,08,304/- in the current year as compared to Rs. 74,49,100/- in the previous year.

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

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

CORPORATE GOVERNANCE :

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

DISCLOSURE UNDER THE STOCK EXCHANGE LISTING AGREEMENT;

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

FIXED DEPOSITS :

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

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

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

The details of Foreign Exchange earnings and outgo is given in Point No. 11, Note Nos. 10, & 11 in Notes forming part of Accounts (Schedule 13) as at March 31, 2004.

AUDITORS :

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

PARTICULARS OF EMPLOYEES :

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

INDUSTRIAL RELATIONS. :

Industrial Relations remained cordial in the

Company's Plant without any disruption in manufacturing activities.

EXPLANATION U/S. 217(3) OF THE COMPANIES ACT, 1956:

Note No. 7 to Annexure to Auditor's Report:

The Company is in the process of setting up Internal Audit System commensurate with the size and nature of its business operations.

ACKNOWLEDGMENTS :

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

For and On behalf of the
Board of Directors

VALI N. MITHIBORWALA
MANAGING DIRECTOR
SALEH N. MITHIBORWALA
DIRECTOR

Place : Mumbai

Date : 30/08/2004

ANNEXURE TO DIRECTOR'S REPORT :

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

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION :

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

For and On behalf of the
Board of Directors

VALI N. MITHIBORWALA
MANAGING DIRECTOR

SALEH N. MITHIBORWALA
DIRECTOR

Place : Mumbai

Date : 30/08/2004

COMPANY'S PHILOSOPHY:

The basic philosophy of the Company towards

ORIENTAL VENEER PRODUCTS LTD.

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

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

1. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

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

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

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

BOARD PROCEDURE :

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

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

Ten Board Meetings were held during the financial year ended March 31st 2004, the dates of which are 25/04/2003, 14/05/2003, 23/05/2003, 29/07/2003, 20/08/2003, 29/10/2003, 01/04/2004, 30/01/2004, 24/02/2004 & 01/03/2004. The attendance of each Director at Board Meetings and the Last Annual General Meeting is as under:

Name of the Director	No. of Board Meetings Attended	Attendance of Last AGM held on 24/09/2003
Mr. Vali N. Mithiborwala	10	Yes
Mr. Saleh N. Mithiborwala	10	Yes
Mr. Afzal A. Patel	10	Yes
Mr. Karim N. Mithiborwala	05	Yes
Mr. Mustafa S. Pardawala	07	No
Mr. K.H. Dabilkar	02	No

2. AUDIT COMMITTEE:

BOARD TERMS OF REFERENCE

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

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

COMPOSITION

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

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

The Constitution of the Audit Committee is as follows:

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

MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2004, Three (03) Audit Committee Meetings were held on 31/07/2003, 29/10/2003 & 30/01/2004

The attendance at the Audit Committee Meetings is as under:

Name of Director	No. of Meetings Attended
Mr. Afzal A. Patel	03 (Three)
Mr. Mustafa S. Pardawala	03 (Three)
Mr. K. H. Dabilkar	03 (Three)

3. REMUNERATION COMMITTEE :

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

COMPOSITION

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

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

MEETINGS AND ATTENDANCE

One meeting of the committee was held during the financial year ended March 31, 2004 wherein all the Members of the Committee attended the same.

REMUNERATION POLICY :

A. Remuneration to all Directors :

ORIENTAL VENEER PRODUCTS LTD.

Nature of Transaction	Name of the Related Party	Quantum of Transactions
Directors Remuneration	Mr. Saleh N. Mithiborwala	60,000
Directors Remuneration	Mr. Vali N. Mithiborwala	4,20,000
Directors Remuneration	Mr. Karim N. Mithiborwala	3,60,000

Name of Director	No. of Meetings Attended
Mr. Afzal Patel	15
Mr. Mustafa Pardawala	15
Mr. K.H. Dablikar	15

COMPLIANCE OFFER :

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

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

NIL

5. GENERAL BODY MEETING

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

Financial Year	Date	Location of the Meeting	Time
2000-2001	27/09/2001	Regd. Office of the Company	3.00 P.M.
2001-2002	20/09/2002	Regd. Office of the Company	10.00 AM.
2002-2003	26/09/2003	Regd. Office of the Company	10.00 AM.

6. DISCLOSURES :

a. Disclosures on materially significant related party transactions.

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

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

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

7. MEANS OF COMMUNICATION:

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

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

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

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

8. GENERAL SHAREHOLDER INFORMATION:

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

SHAREHOLDER INFORMATION:

Registered Office	At Post: Aghai, Via Kalyan (R.S.) Dist., Thane - 421 301.
Annual General Meeting	Date & Time : Thursday, September 30, 2004 at 10.00 A.M. Venue : At Post : Aghai, Via Kalyan (R.S.) Dist. Thane - 421 301.
Date of Book Closure	Tuesday, September 28 2004 to Thursday, September 30, 2004.
Dividend Payment Date	N.A.

Listing on Stock Exchanges :

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

Stock Code :

The Stock Exchange, Mumbai - 531859

The Stock Exchange, Bangalore - -----

Stock Market Data :

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

MONTH	High (Rs.)	Low (Rs.)	No. of Shares traded
April, 2003	NIL	NIL	NIL
May, 2003	NIL	NIL	NIL
June, 2003	NIL	NIL	NIL
July, 2003	NIL	NIL	NIL
Aug., 2003	NIL	NIL	NIL
Sept., 2003	NIL	NIL	NIL
Oct., 2003	NIL	NIL	NIL
Nov., 2003	1.20	1.20	100
Dec., 2003	NIL	NIL	NIL
Jan., 2004	NIL	NIL	NIL
Feb., 2004	NIL	NIL	NIL
March, 2004	NIL	NIL	NIL

4. SHAREHOLDER'S COMMITTEE:

FUNCTIONS

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

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

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

COMPOSITION

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

Mr. Afzal A. Patel (Independent & Non-Exe. Director) Chairman

Mr. Mustafa S. Pardwala (Independent & Non-Exe Director) Member

Mr. K.H. Dablikar (Independent & Non-Exe. Director) Member

MEETINGS AND ATTENDANCE

During the financial year ended 31-03-2004, Fifteen (15) Shareholders' Grievance Committee Meetings were held on 02/05/2003, 05/05/2003, 06/05/2003, 09/05/2003, 14/05/2003, 21/05/2003, 28/05/2003, 04/06/2003, 11/06/2003, 18/06/2003, 25/06/2003, 15/01/2004, 16/02/2004, 15/03/2004 & 26/03/2004.

ORIENTAL VENEER PRODUCTS LTD.

Registrar and Share Transfer Agents:

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

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

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

Distribution of categories as on March 31, 2004.

Category	No. of shares	Percentage (%)
Foreign Holding	Nil	---
Government holding	Nil	---
Banks & Financial Institution	Nil	---
Bodies Corporate	8,94,600	16.59
Directors & Relatives	19,83,000	36.79
Top 50	19,18,200	35.59
Others	5,94,500	11.03
Total	53,90,300	100

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2004:

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	56	29.946	20,300	0.376
5001-10000	15	8.021	13,400	0.249
10001-20000	7	3.743	11,400	0.211
20001-30000	3	1.604	7,700	0.143
30001-40000	1	0.535	3,500	0.065
40001-50000	12	6.417	53,500	0.993
50001 & above	93	49.733	52,80,500	97.963
GRAND TOTAL	187	100.00	53,90,300	100.00

Plant Location : At Post Aghai, Via Kalyan (R.S.) Dist. Thane - 421301.

Investor Correspondence :

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

ORIENTAL VENEER PRODUCTS LTD.

Regd. Office : Post : Aghai, Via Kalyan (Rly. Stn), District : Thane : 421301

AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE

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

We have reviewed the records/documents concerning the Company's compliance of conditions of Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange, Mumbai and The Stock Exchange, Bangalore for the financial year ended 31st March, 2004, and also based on the information received by us from your Company, and based on such a review, we do hereby certify that :

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

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

We state that in respect of investor grievance received during the year ended 31st March, 2004, no investors grievance are pending against the Company as on 31st March, 2004, as per the records maintained by the Company and presented to the Investors / Shareholders Grievance Committee.

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

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

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

**Anil Bansal
(Proprietor)**

(Partner)

Place : Mumbai
Date : 30/08/2004

AUDITORS REPORT

TO THE SHARE HOLDERS

We have audited the attached Balance Sheet of **ORIENTAL VENEER PRODUCTS LIMITED** as at 31st March, 2004 and the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

(v) On the basis of the written representations received from the Directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2004 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

(i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2004; and

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

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

For : ANIL BANSAL & ASSOCIATES
Chartered Accountants

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

ANIL BANSAL
Proprietor
Membership No.

PRADEEP SHETTY
Partner
Membership No. 46940

Place : MUMBAI
Date : 30/08/2004

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT TO THE MEMBERS OF ORIENTAL VENEER PRODUCTS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004.

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

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) As informed to us the fixed assets have been physically verified by the management at reasonable intervals. We have been informed that discrepancies noticed on physical verification were not material.
c) During the year a company has not disposed of a substantial part of its fixed assets.
2. a) Physical verification of inventory has been conducted by the management. In our opinion the frequency of verification is reasonable.
b) In our opinion and according to the information and explanations given to us, the procedures for the physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) The company is maintaining proper records of inventories. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the company and the same have been properly dealt with in the books of accounts.
3. a) The company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Act.
b) In view of clause (3) (a) above clause 3(b), 3(c) & 3(d) are not applicable.
4. According to the information and explanation given to us there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods, there is no continuing failure to correct major weaknesses in internal control.
5. a) According to the information and explanation given to us we are of the opinion that there are no transaction that need to be entered into the register maintained under section 301.
b) in view of clause 5(a) above clause 5(b) is not applicable.
6. The company has not accepted any deposits from the public within the meaning of section 58 A & 58 AA of the Companies Act and rules framed there under during the year.
7. As per the information and explanation given to us, the company did not have any internal audit system during the year under consideration.
8. We are informed that the Central Government has not prescribed maintenance of cost records for the company's products under section 209(1)(d) of the companies Act, 1956.
9. a) According to the records of the company the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess & any other Statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March, 2004 for a period of more than six months from the date they became payable.
10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the financial year immediately proceeding such financial year.
11. The company has not defaulted in repayment of dues to bank.
12. According to the information and explanation given to us the company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and others securities.
13. Clause 4 (XIII) of the order is not applicable to the company as the company is not a Chit Fund Company or Nidhi / Mutual benefit Fund / Society.

ORIENTAL VENEER PRODUCTS LTD.

14. *na* According to the information and explanation given to us the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of the clause are not applicable to the company.
15. *28* According to the information and explanation given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions.
16. According to the information and explanation given to us the company has not raised any term loans during the year. Accordingly the provisions of the clause is not applicable to the company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment and vice versa.
18. The company has not made any preferential allotment of shares during the year.
19. The company did not have any outstanding debentures during the year. Accordingly no securities have been created.
20. The company has not raised any money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

For : ANIL BANSAL & ASSOCIATES
Chartered Accountants

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

ANIL BANSAL
Proprietor
Membership No.

PRADEEP SHETTY
Partner
Membership No. 46940

PLACE : MUMBAI
DATE : 30/08/2004

ORIENTAL VENEER PRODUCTS LTD.

BALANCE SHEET AS ON 31ST MARCH, 2004

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2004 (RS.)	AS AT 31.03.2003 (RS.)
SOURCES OF FUNDS			
<u>Shareholders' Funds :</u>			
Share Capital	1	53,884,000	53,884,000
Reserves & Surplus	2	77,158,231	70,349,927
		131,042,231	124,233,927
<u>Loans Funds :</u>			
Secured Loans	3	36,272,035	53,533,658
Unsecured Loans	4	43,115,457	43,115,457
Deferred Tax Liability (Net)		11,711,976	12,551,587
		91,099,468	109,200,702
Total		222,141,699	233,434,629
<u>APPLICATION OF FUNDS :</u>			
<u>Fixed Assets :</u>			
Gross Block	5	105,430,150	102,767,388
Less : Depreciation		32,492,692	27,803,708
		72,937,458	74,963,680
<u>Investments</u>			
		75,000	25,000
<u>Current assets, Loans & advances</u>			
<u>Current Assets :</u>			
Inventory	6	69,358,292	51,213,359
Debtors		126,369,176	92,325,950
Cash & Bank Balances		151,146,468	161,703,021
		346,873,963	305,242,330
Loans And Advances	7	16,695,656	19,053,978
		363,569,592	324,296,308
Less : Current Liabilities & Provisions	8	214,904,565	166,562,845
		148,665,027	157,733,463
Net Current Assets		148,665,027	157,733,463
Miscellaneous Expenditure (To the extent not written/off or adjusted)	9	464,214	712,486
		222,141,699	233,434,629
Total		222,141,699	233,434,629

Notes to Accounts :

As per our Report of even date

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

ANIL BANSAL
PROPRIETOR

PLACE : MUMBAI
DATE : 30/08/2004

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

P. J. SHETTY
PARTNER

MR. V. N. MITHIBORWALA
(Managing Director)

MR. S. N. MITHIBORWALA
(Director)

MR. K. N. MITHIBORWALA
(Director)

PLACE : MUMBAI
DATE : 30/08/2004

ORIENTAL VENEER PRODUCTS LTD.

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

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2004 (RS.)	AS AT 31.03.2003 (RS.)
INCOME			
Sales		423,269,481	344,892,801
Other Income & Receipt	10	1,279,442	2,740,095
TOTAL		424,548,923	347,632,896
EXPENDITURE			
Materials	11	340,539,287	271,426,670
Manufacturing & Other Expenses	12	68,931,114	61,707,438
Interest		1,797,541	1,383,789
Depreciation		4,688,984	4,493,602
TOTAL		415,956,926	339,011,499
Profit before Tax		8,591,997	8,621,397
Less : Income Tax for Earlier Year			
Less : Provisions for Income Tax		2,623,304	1,617,000
Less : Deferred Tax [See Note 10 (II)]		(839,611)	(444,703)
Profit after Tax		6,808,304	7,449,100
Trf to General Reserve		3,500,000	6,000,000
		3,308,304	1,449,100
Add : Previous Year Balance		38,371,336	36,922,236
Balance Carried to Balance Sheet TOTAL		41,679,640	38,371,336
Weighted Average Number of Equity Shares Outstanding during the year		5,390,300	5,390,300
Basic and diluted earning per share		1.25	1.37

Notes to Accounts :

As per our Report of even date

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

ANIL BANSAL
PROPRIETOR

PLACE : MUMBAI
DATE : 30/08/2004

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

P. J. SHETTY
PARTNER

MR. V. N. MITHIBORWALA
(Managing Director)

MR. S. N. MITHIBORWALA
(Director)

MR. K. N. MITHIBORWALA
(Director)

PLACE : MUMBAI
DATE : 30/08/2004

ORIENTAL VENEER PRODUCTS LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2004 (RS.)	AS AT 31.03.2003 (RS.)
SCHEDULE NO. 1 :		
SHARE CAPITAL		
6000000 Equity Shares of Rs. 10/- each (Previous Year 60000000 Equity Shares of Rs. 10/- Each)	60,000,000	60,000,000
ISSUED, SUBSCRIBED & PAID UP		
5390300 Equity Shares of Rs. 10/- each	53,903,000	53,903,000
Less : Calls in Arrears	19,000	19,000
TOTAL	53,884,000	53,884,000
SCHEDULE NO. 2 :		
RESERVES AND SURPLUS		
a) Capital reserve :	3,025,000	3,025,000
b) General Reserve	28,953,591	22,953,591
As per Last Balance Sheet	3,500,000	6,000,000
Trf. From P & I A/C	35,478,591	31,978,591
	---	---
c) Profit & Loss A/C	41,679,640	38,371,336
TOTAL	77,158,231	70,349,927
SCHEDULE NO. 3 :		
SECURED LOANS		
Vehicle Loan from HDFC Bank	241,517	581,806
Working Capital Finance from Bank	36,030,518	52,951,852
TOTAL	36,272,035	53,533,658

Notes :

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

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2004 (RS.)	AS AT 31.03.2003 (RS.)
SCHEDULE NO. 4 :		
UNSECURED LOANS		
From sales Tax (Diff. Scheme)	43,115,457	43,115,457
TOTAL	43,115,457	43,115,457

SCHEDULE FORMING PART OF THE BALANCE SHEET

**SCHEDULE NO. : 5
FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK		
	AS AT 31.3.2003	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT 31.3.2004	FOR THE YEAR	UPTO 31.3.2004	AS AT 31.3.2004	AS AT 31.3.2003
Land	1,014,590	580,190	—	1,594,780	—	—	1,594,780	1,014,590
Building	35,358,853	48,980	—	35,407,833	1,182,390	10,174,190	25,233,643	26,367,053
Plant & Machinery	55,280,457	1,629,952	—	56,910,409	2,657,839	17,392,809	39,517,600	40,454,487
Electrical Installations	4,595,252	—	—	4,595,252	218,274	1,812,486	2,782,766	3,001,040
Furniture & Fixtures	151,448	—	—	151,448	9,587	65,335	86,113	95,700
Office Equipments	1,435,101	27,990	—	1,463,091	69,044	330,134	1,132,957	1,174,011
Computers	1,211,734	375,650	—	1,587,384	222,091	1,018,238	569,146	415,587
Vehicle	3,222,348	—	—	3,222,348	306,123	1,513,898	1,708,450	2,014,573
Fire Extinguisher	156,362	—	—	156,362	7,427	48,905	107,457	114,884
Laboratory Testing Equipment	341,243	—	—	341,243	16,209	136,697	204,546	220,755
TOTAL	102,767,388	2,662,762		105,430,150	4,688,984	32,492,692	72,937,458	74,963,680
Previous Year	98,658,774	4,108,614		102,767,388	4,493,602	27,803,708	74,963,680	75,348,672

ORIENTAL VENEER PRODUCTS LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2004 (RS.)	AS AT 31.03.2003 (RS.)
SCHEDULE NO. 6 :		
<u>INVENTORIES :</u> (As taken valued & certified by ,management)		
Raw Materials (at cost)	50,139,495	35,625,582
Finished goods (at cost or net realisable value which is lower)	11,955,847	8,777,598
Semi finished goods (at cost)	6,679,977	6,680,369
Stores & Spares (at cost)	582,973	129,810
	69,358,292	51,213,359
<u>DEBTORS :</u> (Unsecured, Considered Goods)		
Debts outstanding for a period exceeding six months	8,424,152	6,363,825
Other Debts	117,945,024	85,962,125
	126,369,176	92,325,950
<u>CASH & BANK BALANCE :</u>		
Cash in hand	2,089,749	217,913
Balance with Schedule Banks :		
In Current Account	85,979	608,618
Margin for letter of credit (Import)	148,970,740	160,876,490
	151,146,468	161,703,021
TOTAL	346,873,936	305,242,330
SCHEDULE NO. 7 :		
<u>LOANS & ADVANCES</u> (Unsecured Considered Good)		
Advances Recoverable in cash or in kind	167,102	158,852
Tax deducted at sources	5,791,521	9,895,632
Excise duty Modvat	747,804	1,151,485
Sales Tax Refundable	75,343	75,343
Sales Tax Underprotest	500,000	500,000
Excise duty Underprotest	2,565,680	2,565,680
Interest Accured but not recd.	4,941,665	3,010,434
Advance Income Tax	100,000	300,000
Deposits	1,500,300	1,134,600
Prepaid Expenses	306,241	261,952
	16,695,656	19,053,978

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2004 (RS.)	AS AT 31.03.2003 (RS.)
SCHEDULE NO. 8 :		
<u>CURRENT LIABILITIES & PROVISIONS :</u>		
<u>CURRENT LIABILITIES :</u>		
Sundry Creditors for Goods	131,563,940	115,838,354
Sundry Creditors for Expenses	7,023,937	9,813,680
State Bank Of India (Aghai)	----	95,334
Advance From Customers	----	260,883
	----	---
	----	---
Other liabilities	72,076,384	32,391,220
	210,664,261	158,399,471
<u>PROVISIONS :</u>		
Income Tax	4,240,304	8,163,374
	214,904,565	166,562,845
SCHEDULE NO. 9 :		
<u>MISCELLANEOUS EXPENDITURE</u>		
(To the extent not written off our adjusted)		
Preliminary Expenses	----	16,163
Public Issue Expenses	464,214	696,323
	464,214	712,486

ORIENTAL VENEER PRODUCTS LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2004 (RS.)	AS AT 31.03.2003 (RS.)
SCHEDULE NO. 10 :		
<u>OTHER INCOME & RECEIPTS</u>		
Income Tax Refund	---	365,463
Other Income	---	82,781
Interest On Income Tax Refund	69,244	223,552
Discount & Rebate	---	96,667
Interest (Others)	---	63,229
Sundry Credits / Debits Bal. W/off	---	80,400
Provisions no longer required	1,209,823	1,828,003
Dividend	375	
	1,279,442	2,740,095
SCHEDULE NO. 11		
A. RAW MATERIAL		
Opening Stock	35,625,582	4,573,629
Add : Purchase during the year	341,993,673	289,641,000
	377,619,255	294,214,629
Less : Closing stock	50,139,495	35,625,582
Consumption	327,479,760	258,589,047
B. Purchase of Traded Goods	5,037,126	4,348,340
C. (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & SEMI FINISHED GOODS		
Closing stock of finished goods	11,955,847	8,777,598
Closing stock of semi finished goods	6,679,977	6,680,369
	18,635,824	15,457,967
Opening Stock :		
Finished goods	8,777,598	14,043,372
Semi Finished goods	6,680,369	487,652
	15,457,967	14,531,024
(Increase) / Decrease	(3,177,857)	(926,943)
D. STORES & SPARES		
Opening Stock	129,810	74,429
Add : Purchase During the year	11,653,421	9,471,607
	11,783,231	9,546,036
Less : Closing Stock	582,973	129,810
Consumption	11,200,258	9,416,226
TOTAL MATERIALS (A+B-C+D)	340,539,287	271,426,670

ORIENTAL VENEER PRODUCTS LTD.

SCHEDULE FORMING PART OF THE PROFIT & LOSS A/C

	AS AT 31.03.2004 (RS.)	AS AT 31.03.2003 (RS.)
SCHEDULE NO. 12 :		
<u>MANUFACTURING & OTHER EXPENDITURE</u>		
Advertisement	86,296	73,528
Audit Fees	86,400	84,000
Books & Periodicals	9,572	13,896
Business & Promotion	10,433	---
Conveyance & Expenses	222,745	246,774
Coolie & Cartage	116,709	60,959
Computer Expenses	232,390	226,327
Commission & Sales	86,353	95,013
Donation	16,600	15,000
Directors Remuneration	840,000	516,000
Diwali Expenses	62,899	74,640
Electricity Office	196,368	223,837
Excise Duty	24,236	---
Excise Duty on Finished Goods	1,949,891	1,209,823
Factory General Expenses	692,596	662,967
Foreign Traveling Expenses	---	78,941
Factory License Fees	---	82,278
Freight Outward	12,544,562	8,180,236
General Office Expenses	554,221	453,308
Insurance	1,392,169	1,919,349
Interest on Excise Duty	151,033	37,019
Inspection Charges	11,600	---
Labour Welfare Expenses	697,391	698,513
Legal Charges	---	21,687
Listing Fees	23,750	23,750
Membership Fees & Subscription	67,923	21,169
Net Labour Charges	1,765,147	2,872,568
Octroi Charges	205,640	206,699
Packing and Forwarding Charges	131,419	163,432
Power, Fuel, Water & Electricity	34,253,080	27,706,999
Postage, Telegram & Courier Charges	44,910	52,090
Professional Charges	392,035	202,240
Printing & Stationery Charges	664,786	598,025
Preliminary Expenses W/Off	16,163	16,168
Public Issue Expenses W/Off	232,109	232,109
Profession Tax	2,500	9,200
Provident Fund	491,752	311,790
Repairs & Maintenance	1,482,761	3,060,032
Rent, Rate & Taxes	435,769	273,703
Security Charges	733,268	564,226
Salary & Bonus	1,472,616	2,334,017
Staff Welfare Expenses	646,239	958,691
Sales Tax	25,629	1,486,604
Traveling Expenses	1,208,040	1,042,199
Telephone Expenses	1,155,649	1,135,141
Testing Charges	---	92,816
Vehicle Expenses	2,558,444	2,486,039
Works Contract	9,969	---
Wages	927,052	883,636
	68,931,114	61,707,438

SCHEDULE NO. 13

NOTES FORMING PART OF THE ACCOUNTS

1. Significant Accounting Policies :

I] Accounting Convention :

The Financial statements are prepared under the historical cost convention, on a going concern basis in accordance with the generally accepted accounting principles and the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted by the Company.

The Company follows mercantile system of accounting and recognizes items of Income & Expenditure on accrual Basis Except in case of Gratuity & leave encashment on payment basis.

II] Valuation of Inventories.

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

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

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

III] Accounting of Cenvat Credit.

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

IV] Fixed Assets :

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

V] Depreciation :

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

VI] Investments : Investments has been stated at cost.

VII] Foreign Exchange Transaction :

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

VIII] Provision for Taxation :

a) Provision for current income tax is made on the basis of the assessable income under the Income Tax Act, 1961.

b) Deferred tax is recognized on timing differences between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

IX] Retirement benefits :

a) Gratuity & Leave encashment : Gratuity & leave encashment benefits are provided on the payment basis.

b) Provident Fund : Contribution to the provident fund which is a defined contribution scheme are charged to the profit & loss Account.

X] Preliminary and Public issue expenses.

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

2. Contingent Liabilities not provided for .:

I] The value of letter of credit (Foreign) opened by the Bank on behalf of the company for Import of Timber and Outstanding as on 31st March, 2004. Was Rs. 11,09,62,330/- (Previous Year Rs. 10,73,56,730/-)

II] Guarantees given by Company's Banker Rs. 90,447 (Previous Year Rs. 9,35,000/-)

ORIENTAL VENEER PRODUCTS LTD.

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

4. Payment against supplies by small scale industrial undertaking are made in accordance with the Agreed Credit terms and to the extent ascertained from available information, there were no amount due to small scale industrial undertakings as on 31st March, 2004.

5. Payment to Auditors :

A)	For Audit Fees	Rs. 70,000/- (Previous Year Rs. 70,000/-)
B)	For Tax Audit Fees	Rs. 10,000/- (Previous Year Rs. 10,000/-)
C)	Service Tax	Rs. 6,400/- (Previous Year Rs. 4,000/-)

6. In accordance with Accounting Standard 22, the deferred Tax Credit of Rs. 8,39,611/- Recognised in the Profit & Loss Account. The deferred tax liability arising due to timing difference comprise of Depreciation Rs. 1,17,11,976/- (previous Year Rs. 1,25,51,587/-)

7. Related Party Information :

I) Relationship :

A) Where Control Exists : Nil

B) Key Management Personnel :

Mr. Vali N. Mithiborwala (Chairman cum Managing Director)
 Mr. Saleh N. Mithiborwala (Director)
 Mr. Karim N. Mithiborwala (Director)

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

- (i) Mrs. Wazeera S. Mithiborwala
- (ii) Mrs. Husena V. Mithiborwala
- (iii) Mrs. Nafisa K. Mithiborwala
- (iv) Mrs. Hameeda N. Mithiborwala

II) Transactions with related parties :

Particulars	Related Parties	
	Referred in I (b) Above	Referred in I (c) Above
Expenses :		
Director Remuneration	8,40,000	---
Salary	---	9,02,000
Outstanding :		
Receivable	---	1,59,351

8. Segment Information :

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

9. Previous year figures have been regrouped where necessary.

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

ORIENTAL VENEER PRODUCTS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2004

Particulars	Year ended 31st March, 2004 (Rs. in Lacs)		Year ended 31st March, 2003 (Rs. in Lacs)	
<u>A. CASH FLOW FROM OPERATING ACTIVITIES</u>				
Net profit Before Tax & Extraordinary Items		85.92		86.21
Adjustment For :				
Add : Depreciation	46.89		44.93	
Interest Payable on Loan	17.98		13.84	
Interest / Dividend Income	-		(0.63)	
Misc. Exp. W/off	2.48	67.35	2.48	60.62
Operating profit before working capital changes		153.27		146.83
Adjustment For :				
Debtors & Other Receivable	316.85		(296.69)	
Inventories	181.45		320.34	
Trade Payable & Other liabilities	(483.42)	14.88	(37.19)	(13.54)
Cash generated from operation		138.39		160.37
Interest paid		17.98		13.83
Income Tax		26.23		16.17
Net Cash from operating activities		94.18		130.37
<u>B. CASH FLOW FROM INVESTING ACTIVITIES</u>				
Investment		(0.50)		(0.25)
Purchase of Fixed Assets		(26.63)		(41.08)
Investment in Fixed Deposit		190.06		(357.67)
Interest Received		-		0.63
Net Cash Flow from Investing Activities		(91.93)		(398.37)
<u>C. CASH FLOW FROM FINANCING ACTIVITIES</u>				
Proceeds from Share Capital		-		-
Proceeds from Long Term Borrowings		-		-
Repayment of Long Term Borrowings		(3.40)		2.43
Proceeds from Short Term Borrowings		-		-
Proceeds/Repayment from/to Bank Borrowings		(169.21)		220.97
Net Cash in Financing Activities		(172.61)		223.40
<u>D. NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS</u>		13.50		(44.60)
Cash & Cash Equivalents at the Beginning of the Year		8.27		52.87
Cash & Cash Equivalents at the End of the Year		21.77		8.27

Mr. V. N. Mithiborwala
(Chairman & Managing Director)

Mr. S. N. Mithiborwala
(Director)

Mr. K. N. Mithiborwala
(Director)

Place : Mumbai
Date : 30/08/2004

ORIENTAL VENEER PRODUCTS LTD.

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

	FOR THE YEAR ENDED 31/03/2004		FOR THE YEAR ENDED 31/03/2003	
	Veneer	Compreg Board	Veneer	Compreg Board
1. Licensed Capacity	155000 CFT	63000 CFT	155000 CFT	63000 CFT
2. Installed Capacity (As per Certified by Management)	200000 CFT	80000 CFT	200000 SFT	80000 CFT
3. Production	Qty	Amount	Qty	Amount
Veneer	21999414 Sqm		13488474 Sqm	
Compreg Boards	761290 Nos		876325 Nos	
Resin	2061318 Kgs		1671823 Kgs	
Phenolic Resin	165850 Kgs		36405 Kgs	
4. Turnover of Mfg. Goods				
Veneer	22142030 Sqm	107940608	13435431 Sqm	36892461
Captive Veneers	4403105 Nos	0	4172705 Nos	0
Compreg Boards	764960 Nos.	294248914	884527 Nos	302909206
Captive Resin	2227043 Kgs	0	1671823 Kgs	0
Phenolic Resin	165725 Kgs	2651600	36946 Kgs	591136
5. Turnover of Traded Goods				
Timber	320.590 H. Ton	55,00,000	223,9600 H. Ton	45,00,000
6. Stock				
Opening Stock				
Veneer	209876 Sqm	973821	156833 Sqm	627330
Compreg Board	40454 Nos	7797393	48656 Nos	13404216
Phenolic Resin	304 Kgs	6384	845 Kgs	11826
Closing Stock				
Veneer	67259 Sqm	312083	209876 Sqm	973821
Compreg Board	36784 Nos	11288357	40454 Nos	7797393
Phenolic Resin	429 Kgs	5577	304 Kgs	6384
7. Material Consumed				
Timber	618784 Cft	252405950	527784 Cft	185148777
Veneer	3668419 Sqm	18751539	3353949 Sqm	19304445
Phenol	842004 Kgs	35932520	744010 Kgs	30314088
Formaldehyde	1179020 Kgs	12312462	922900 Kgs	8033618
Caustic Soda	30385 Kgs	426438	28779 Kgs	344885
Paper	79448 Kgs	4023560	140963 Kgs	6330782
Melamine Powder	90500 Kgs	5529430	13200 Kgs	872141
Liquid Ammonia	13 Kgs	172	6727 Kgs	96262
Others		19575720		8144049
8. Purchase of Traded Goods	320.590 H. Ton	5037126	223.960 H. Ton	4348340
9. CIF Value of Import		244188988		202129556
10. Expenditure in Foreign Currency				
Purchase of Timber Logs		237245661		194473540
Purchase of Capital Goods		0		Nil
Purchase of Stores & Spares		615680		1341187
Traveling		Nil		Nil

ORIENTAL VENEER PRODUCTS LTD.

	Qty	Amount	Qty	Amount
Earning in Foreign Exchange		933900		457023
12. Raw Material, Stores & Spares Consumed	Rs.	% to Total	Rs.	% to Total
Imported	250623213	74	186489964	70
Indigenous	88056805	26	81515309	30
Total	338680018	100	268005273	100

As per our report of even date

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

ANIL BANSAL
PROPRIETOR

Place : Mumbai
Date : 30/08/2004

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

P. J. SHETTY
PARTNER

MR. V. N. MITHIBORWALA
(Managing Director)

MR. S. N. MITHIBORWALA
(Director)

Place : Mumbai
Date : 30/08/2004

AUDITORS CERTIFICATE

We have checked the above Cash Flow Statement of M/s. Oriental Veneer Products Limited, derived from the Audited Annual Financial Statement for the year Ended 31st March 2004 and with the Books and Records Maintained by the Company and found the same to be in accordance therewith.

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

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

ANIL BANSAL
PROPRIETOR

P. J. SHETTY
PARTNER

PLACE : MUMBAI
DATE : 30/08/2004

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

REGISTRATION DETAILS

I.	Registration No. 60686	State Code - 11	Balance Sheet-31/03/2004	
II.	Capital Raised during the year (Amount in Rs. Thousand)			
	Public Issue	NIL	Right Issue	NIL
	Bonus Issue	NIL	Issued to Promoters	NIL
III.	Position of Mobilisation and Development of Fund (Amount in Rs. Thousand)			
	Total Liabilities	222141	Total Assets	222141
IV.	Source of Funds			
	Paid up Capital	53884	Reserves & Surplus	77158
	Secured Loans	36272	Unsecured Loans	43115
V.	Application of Funds			
	Net Fixed Assets	72937	Investments	75
	Net Currents Assets	148665	Miscellaneous Expenditure	464
	Accumulated Losses	NIL		
VI.	Performance of Company (Amount in Rs. Thousand)			
	Turnover including Other Income	424548	Total Expenditure	415956
	Profit/Loss before Tax	8591	Profit/Loss	6808
	Earning per Share	Rs. 1.25	Dividend Rate	NIL
VII.	Generic names of Three Principle Services			
	1. Veneer			
	2. Compreg Board			

ORIENTAL VENEER PRODUCTS LTD.

Post : Aghai, Via : Kalyan Rly. Stn. Dist. : Thane, Pin-421 301.

PROXY FROM

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

as my/our proxy to vote for me/us my/our behalf at the 13th Annual General Meeting of the Company to be held at 10.00 a.m. on Thursday, 30th September 2004 at Post : Aghai, Via : Kalyan Rly. Stn. Dist : Thane, Pin - 421 301. and at any adjournment thereof.

Regd. Folio No. _____

Signed _____

Date _____

Please
affix 1 Rupee
revenue stamp

NOTES :

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

ATTENDANCE SLIP

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

13th Annual General Meeting - 30th September, 2004

I, hereby record my presence at the 13th Annual General Meeting of the Company held at Post : Aghai, Via : Kalyan Rly. Stn. Dist. : Thane, Pin - 421 301, on Thursday, 30th September 2004 at 10.00 a.m.

Full Name of Member (IN BLOCK LETTERS) _____

Regd. Folio No. _____

No. of Shares held _____

Full Name of Proxy (IN BLOCK LETTERS) _____

Member's/Proxy's Signature _____

NOTE :

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

BOOK - POST

To,

Annual Report 2003/2004

If Undelivered, please return to :



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