



**NOTICE**

**TO THE MEMBERS**

The Twenty Sixth Annual General Meeting of the Company will be held at the Registered Office of the Company at Kusumi, Dist. Nabarangpur, Orissa on Friday, the 3rd September, 2010 at 10.00 A.M. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri N G Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

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

**AS SPECIAL RESOLUTION**

4. "RESOLVED That pursuant to the provisions of Section 197A, 198, 269, 387 and other applicable provisions if any, of the Companies Act, 1956 including Schedule XIII of the Act as amended upto date the Company hereby accords its approval to the appointment of Shri Sujoy Sen as Manager of the Company and the remuneration payable for the period of three years, effective from 18th January, 2010 on the terms and conditions set out in the Explanatory Statement annexed hereto the Notice convening the Annual General Meeting."

Registered Office:  
Kusumi  
Nabarangpur - 764059  
Orissa

By Order of the Board

Dated: 1st May, 2010  
Place : Kolkata

CHARULATA KABRA  
COMPANY SECRETARY

**NOTES**

- I) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE MEMBER OF THE COMPANY.**
- II) A proxy, to be valid, should reach the Registered Office of the Company at least 48 hours before the hour of commencement of the meeting.
- III) Members are requested to notify immediately any change in their address to the Company.
- IV) The Register of Members and Transfer Book of the Company will remain closed from 24th August, 2010 to 3rd September, 2010 (both days inclusive).
- V) Shareholders are requested to quote Registered Folio Number/ DP ID – Client ID Number in all the correspondence with the Company.
- VI) Pursuant to the provision of Section 109A and 109B of the Companies Act, 1956 members are informed that every holder of shares at any time may nominate, in the prescribed manner, a person to whom his shares in the Company shall vest in the event of his death.
- VII) Members are informed that the scrips of the Company have been activated both in CDSL and NSDL and may be dematerialised under the ISIN: INE805B01012.
- VIII) Members, who have not so far encashed dividend warrants for the financial year ended 31st March, 2008 and 31st March, 2009 are requested to seek issue of duplicate warrants by writing to the company's Registrars and Transfer Agents, M/S C B Management Services (P) Ltd. Members may note that pursuant to Sec.205A (5) any money, which remains unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the Company, should be transferred by the company to the Investor Education and Protection Fund and no claim should lie against the IEPF or the company thereafter.



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

**Item No.4**

Shri Sujoy Sen (63) is M. Tech in Chemical Engineering from the Indian Institute of Technology, Kharagpur. He has around 38 years of Industrial experience in different chemical Industries in various areas viz, Production Management, Project Management & Technical Services, Materials Management and have attended various training Programs, Conferences, Seminars and Workshops.

Shri Sujoy Sen, subject to the superintendence, control and direction of the Board of Directors, shall have the management of substantially the whole of the affairs of the Company.

Shri Sujoy Sen will continue to act as Senior Vice President of the Company.

The remuneration proposed to be paid to Shri Sujoy Sen is within the limits provided under section 197A, 198, 269, and 387 read with Schedule XIII of the Companies Act, 1956:

**I) Salary & Perquisites**

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

**II) Minimum Remuneration**

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

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

**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors are happy to present the 26th Annual Report with the Audited Statement of Accounts for the year ended March 31, 2010.

**FINANCIAL RESULTS**

(Rs. in lacs)

	<b>2009-10</b>	<b>2008-09</b>
Turnover	7199.60	7568.67
PBDIT	427.01	820.46
Interest	454.78	416.19
Depreciation	113.44	110.27
PBT	(141.21)	294.00
Less : Provision for Tax		
- Deferred Tax	18.08	99.57
- Current Tax	-	34.00
- Wealth Tax	-	0.20
- Fringe Benefit Tax	-	11.00
Net Profit	(123.13)	149.23
Add : Balance B/F	280.50	274.92
Appropriations:		
Profit available for appropriation	<b>157.37</b>	<b>424.15</b>
Less : Proposed Equity Dividend	0.00	109.96
Tax on proposed Equity Dividend	0.00	18.69
General Reserve	0.00	15.00
Surplus carried to Balance Sheet	<b>157.37</b>	<b>280.50</b>

**GENERAL REVIEW**

During the year under review, your Company incurred a Net Loss after Tax of Rs. 123.13 Lacs as against a Profit after tax of Rs.149.23 Lacs last year. The turnover of the Company also came down from Rs.7568.67 Lacs previous year to Rs.7199.60 Lacs this year. The production was also lower at 29,386 Mt as compared to 32,679 Mt last year. The reasons for loss are stated as below:

The old German Sander machine was frequently under breakdown as it was unable to meet the total sanding load. This seriously affected surface smoothness of the MDF Board and also became a serious bottleneck in processing of raw boards.

The new Chinese Sander machine was commissioned in August'2009 in series with the old Sander machine. This helped in overcoming the sanding problem and surface smoothness also improved substantially thereby regaining our product acceptability in the market.

In June-July'2009 the old boiler had a series of breakdowns. Since the repair would have meant a very long production stoppage, the boiler was kept running although at a much lower efficiency.

The new boiler from Thermax was commissioned during November-December'2009. With its commissioning the problem of steam shortage/non-availability was overcome. Also the new boiler being of higher efficiency, the fuel consumption has come down appreciably.

Timber, the main raw material, is a seasonal item and needs to be stocked for the off-season months. However, during 2009-10, because of the financial crunch, the Company could not procure cheaper timber from Orissa during season and had to purchase costly timber from Andhra Pradesh during off-season.

The Company incurred heavy loss in trading of Imported Boards. It has since been discontinued.

Eucalyptus is the main species of wood used by the Company for manufacture of MDF. However, eucalyptus plantations across entire south-east Asia were very severely affected by gall disease. Millions of eucalyptus saplings and trees died due to the disease so much so that even Indian banks decided to stop financing of eucalyptus plantations. As a result, the Company's operations of raising and selling eucalyptus seedlings to farmers had to be discontinued.

Further there was a serious fire incident in the Hydraulic Room of the factory in the beginning of new financial year, in which all the equipments therein were severely burnt and damaged. Fortunately, there was no human injury or loss of life. All these equipments were originally imported from Germany. Actions for both, repairing these equipments as well as replacing them have been initiated. As the Hydraulic Room is the nerve centre of the MDF Plant, MDF production cannot be started till the Hydraulic System is put back into operation.



There used to be large scale dumping of MDF Boards from China, Malaysia, New Zealand, Thailand and Sri Lanka. This affected the domestic market prices. Our Government imposed anti-dumping duty on MDF Boards of thickness 6 mm and above with effect from February'2009 vide notification no. CUS NTF NO. 21/2009 dated 27.02.2009. This imposition has adversely affected import of MDF Boards of thickness higher than 6 mm and has given relief to the domestic manufacturers including your Company which manufactures MDF Boards from thickness of 8 mm upto 35 mm. However, this kind of protection is temporary in nature and Indian manufacturers of MDF have to upgrade their facilities to achieve economy of scale alongwith updated technologies for better efficiency, lower wastage etc.

The Indian economy is on the positive growth-path now which is expected to continue during the coming years. As a result constructions, projects etc. have picked up. Even the IT sector is also showing signs of healthy revival. All these augurs well for the MDF industry and the demand is expected to remain robust in the coming years. Further, there is gradual shift in usage from Plywood to MDF which is also adding to the rising demand for MDF.

In spite of the various plant breakdowns and technical problems faced during the year under review your Directors are hopeful that your Company will perform much better in the coming year in view of the good market demand but it will take time to normalise the operations because of the incident of fire in the factory.

### **DIVIDEND**

In view of losses, the Board has not recommended dividend for the year 2009-2010.

### **CAPACITY UTILISATION**

Your Directors feel that the Company will be able to achieve better capacity utilisation after the plant resumes Production during the current financial year.

### **FINANCE**

Your Company thanks its consortium bankers for their continued support.

### **RAW MATERIALS**

As reported earlier, the gall infection has seriously affected eucalyptus plantations across south and south-east Asia. The Banks have stopped financing eucalyptus plantations. As a result no new plantation under the Farm Forestry Scheme and/or Public Private Partnership (PPP) Scheme was possible during the year under review. A study was undertaken for alternatives and as a result it was decided to go in for clonal Subabul plantation. The initial cloning activities have started and clones will be ready for plantation in 2011.

During the year a new higher efficiency boiler has been commissioned. This has resulted in lower consumption of coal as well as usage of poorer quality of coal. Both these factors have resulted in saving in cost of coal.

Price and availability of other major raw materials like Methanol, TG Urea, Melamine etc. remained fairly stable.

### **LISTING WITH THE STOCK EXCHANGES**

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

### **DEPOSITS**

The Company does not have any Fixed Deposit Scheme and has not accepted any Deposits.

### **CORPORATE GOVERNANCE**

In terms of clause 49 of the Listing Agreement, the Company has implemented the Code of Corporate Governance and a separate section has been included in this report. The report on Corporate Governance and the declaration by the Manager in respect of Code of Conduct for all Board Members and Senior Management personnel and the certificate issued by M/s. S M Daga & Co., statutory auditors of the company in confirmation of the compliance as per requirement of clause 49 of the Listing Agreement with the stock exchanges have been set out in Annexure I.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 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.



**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

During the year under review, power consumption was marginally higher at 447 units/MT compared to 438 units/MT in the previous year. This was due to lower production and higher downtime.

Energy conservation measures, to the extent feasible, received top priority from the Management of your Company. No specific investment proposals are envisaged.

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

The company did not import any technology during the year under review. However the company continues to utilize R&D facilities available with it.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

There has been foreign exchange earnings of Rs 7.67 Lacs during the year under review from export sales. However the total outgo of foreign exchange during the year under review is equivalent to Rs 405.76 Lacs. It consists of import of raw materials, stores & spares during the year.

**DIRECTORS**

Shri N G Khaitan retires by rotation in the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

Shri Anand Daga has been appointed as Additional Director and holds office upto the date of the ensuing Annual General Meeting.

**AUDITORS**

M/S. S M Daga & Co., Chartered Accountants, Kolkata, retires at the ensuing Annual General Meeting and are eligible for re-appointment.

**MANAGEMENT DISCUSSION & ANALYSIS**

Management discussion and analysis have been appended to this report in terms of the Listing Agreement and marked Annexure II.

**DEMATERIALIZATION OF THE SHARES OF THE COMPANY**

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

**PERSONNEL**

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

**ACKNOWLEDGEMENT**

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

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

Dated: 1st May, 2010  
Place : Kolkata

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

Directors



**ANNEXURE TO THE DIRECTORS' REPORT**

**ANNEXURE 'I'**

**CORPORATE GOVERNANCE REPORT**

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

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

**I. BOARD OF DIRECTORS**

**(A) COMPOSITION OF BOARD**

As on 31st March, 2010, the Board comprised of Five Directors, out of which four are non-executive independent Directors. The non-executive Directors are eminent professionals with experience in finance, law and public enterprises. The composition of the Board during the year ended 31st March, 2010 is given hereunder:-

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

\* Shri Prabir Chakravarti was appointed Director on 15th May, 2009.

\*\* Shri V P Dixit ceased to be the Director w.e.f 14th October, 2009 due to his sad demise.

\*\*\* Shri Anand Daga was appointed Additional Director via Resolution by Circulation on 30th March, 2010.

\*\*\*\* Shri Sarvadaman Ray resigned as Managing Director w.e.f 18th January, 2010.

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

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

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

**DETAILS OF OTHER DIRECTORSHIPS ETC.**

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

Name of Directors	No. of other Directorship excluding M.T.P.L.	No. of Chairmanship of the Board excluding M.T.P.L.	No. of Board Committee of which he/she is a member including M.T.P.L.	No. of Board Committee of which he/she is a Chairman including M.T.P.L.
Shri N. G. Khaitan	9	Nil	8	1
Shri S K Parik	4	-	2	1
Shri Prabir Chakravarti *	9	Nil	6	Nil
Shri V. P. Dixit **	-	-	-	-
Smt Vidula Jalan	2	Nil	1	Nil
Shri Anand Daga ***	Nil	Nil	Nil	Nil
Shri Sarvadaman Ray ****	-	-	-	-



- \* Shri Prabir Chakravarti was appointed Director on 15th May, 2009.  
 \*\* Shri V P Dixit ceased to be the Director w.e.f 14th October, 2009 due to his sad demise.  
 \*\*\* Shri Anand Daga was appointed Additional Director via Resolution by Circulation on 30th March, 2010.  
 \*\*\*\* Shri Sarvadaman Ray resigned as Managing Director w.e.f 18th January, 2010.

#### BOARD MEETINGS AND ATTENDANCE

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

Sl. No.	Date of Board Meeting	Board's Strength	No. of Directors present	Remarks
1	29.04.2009	5	4	80%
2	15.05.2009	6	5	83%
3	21.07.2009	6	5	83%
4	30.10.2009	5	5	100%
5	18.01.2010	5	4	80%

#### BOARD'S PROCESSES

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

#### (D) CODE OF CONDUCT

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

#### II. COMMITTEES OF THE BOARD

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

##### A. AUDIT COMMITTEE

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

The Company has an Audit Committee of the Board comprising of four Non-Executive Directors, namely Shri N G Khaitan, Shri S K Parik, Shri V P Dixit (upto 14th October, 2009) and Shri Prabir Chakravarti (w.e.f. 15th May, 2009). Shri N G Khaitan has been acting as the Chairman of the Audit Committee. The Audit Committee of the Company ensures an effective internal control system.

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

The details of Audit Committee Meeting held during the year 2009-10 are as under:

##### AUDIT COMMITTEE MEETINGS

Sl. No.	Date of Meeting	Committee Strength	No. of Members present
1	29.04.09	3	2
2	21.07.09	4	3
3	30.10.09	3	3
4	18.01.10	3	3

##### AUDIT COMMITTEE ATTENDANCE

Directors	No. of Meetings attended
Shri N. G. Khaitan	4
Shri Prabir Chakravarti *	3
Shri S. K. Parik	4
Shri V P Dixit **	-

\* Shri Prabir Chakravarti was inducted as Member of the Committee w.e.f 15th May 2009.

\*\* Shri V P Dixit ceased to be the Director w.e.f 14th October, 2009 due to his sad demise.

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

##### iii) Powers of Audit Committee

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

##### iv) Role of Audit Committee

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

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

The Audit Committee regularly reviews various information and in particular :



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

**(B) REMUNERATION COMMITTEE**

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

**Remuneration Committee Meeting**

Sl. No.	Date of Meeting	Committee Strength	No. of Members present
1	18.01.10	3	3

**Remuneration Committee Attendance**

Directors	No. of Meetings attended
Shri S. K. Parik	1
Shri Prabir Chakravarti *	1
Shri V. P. Dixit **	-
Shri N G Khaitan ***	1

\* /\*\*\* Shri Prabir Chakravarti and Shri N G Khaitan was inducted as Member of the Committee w.e.f 30th October,2009.

\*\* Shri V P Dixit ceased to be the Director w.e.f 14th October, 2009 due to his sad demise.

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

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

**Grievance Committee Meeting**

Sl. No.	Date of Meeting	Committee Strength	No. of Members present
1.	15.02.10	2	2

**Grievance Committee Attendance**

Directors	No. of Meetings attended	E-mail Address
Shri S. K. Parik	1	admin@mangalamtimber.com
Shri Prabir Chakravarti *	1	
Shri V P Dixit **	-	
Shri Sarvadaman Ray ***	-	

\* Shri Prabir Chakravarti was inducted as Member of the Committee w.e.f 30th October 2009.

\*\* Shri V P Dixit ceased to be the Director w.e.f 14th October, 2009 due to his sad demise.

\*\*\* Shri Sarvadaman Ray resigned as Managing Director w.e.f 18th January, 2010.

Number of grievances received during the year – 21

Number of grievances not resolved – Nil

As on 31st March, 2010 there is no complaints pending.

**(D) TRANSFER COMMITTEE**

The Company has a Share Transfer Committee to look into various matters pertaining to Share Transfers, Transmission, Transposition and related matters. The Committee presently comprises of Shri N G Khaitan, Shri S K Parik, Smt Vidula Jalan, Shri Prabir Chakravarti (w.e.f.18.01.2010) and Shri Sarvadaman Ray (upto 18.01.2010).

During the year 2009-2010 twenty three meetings of the Transfer Committee were held.

**E) SECRETARY**

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

**III. DISCLOSURES**

**(A) Details of Related party transactions**

- Disclosures of Directors' interests are made to the Board as per law. The details of the related party transactions are given in **Note 7 of Schedule 14(B)** to the Accounts.

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

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

**(B) Disclosure of Accounting Treatment**

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



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

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

**(D) Remuneration of Directors**

DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2010

Sl. No.	Name of Directors	Salary Rs.	Perquisites and other benefits Rs.	Performance Bonus / Commission Rs.	Sitting Fee Rs.	Total Rs.
1.	Shri N. G. Khaitan	Nil	Nil	Nil	1,12,500/-	1,12,500/-
2.	Shri V. P. Dixit *	Nil	Nil	Nil	Nil	Nil
3.	Shri S. K. Parik	Nil	Nil	Nil	1,32,500/-	1,32,500/-
4.	Smt Vidula Jalan	Nil	Nil	Nil	87,500/-	87,500/-
5.	Shri Prabir Chakravarti	Nil	Nil	Nil	65,000/-	65,000/-
6.	Shri Sarvadaman Ray **	10,53,871/-	8,33,108/-	Nil	Nil	18,86,979/-

\* Shri V P Dixit ceased to be the Director w.e.f 14th October, 2009 due to his sad demise.

\*\* Shri Sarvadaman Ray resigned as Managing Director w.e.f 18th January, 2010.

**(E) Management Disclosure**

Report on management discussion and analysis is given in Annexure II to the Directors' Report.

**(F) Risk Management**

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

**(G) Shareholders :**

i) Appointment of Director :

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

Shri N G Khaitan was first appointed as the Director of the Company on 29th January, 1985.

Shri N G Khaitan is a solicitor and partner in M/s Khaitan & Co., a well known firm of Solicitors and Advocates. He has extensive experience in legal and other related matters. Apart from MANGALAM TIMBER PRODUCTS LTD., Shri N G Khaitan is Director/Members of the committee in the following Companies:

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1	Chase Bright Steel Limited	8	Naga Dhunseri Group Limited
2	Gobind Sugar Mills Limited	9	Reliance Chemotex Industries Limited
3	HSIL Limited (formerly Hindustan Sanitaryware & Industries Limited)	10	Xenix Services Pvt. Limited
4	Mangalam Cement Limited	11	Rowdan Business Pvt. Limited
5	J K Lakshmi Cement Limited	12	CD Equifinance (Pvt) Limited
6	DPSC Limited	13	Ushodaya Marketing Pvt. Limited
7	Rasoi Limited	14	Srijan Overseas Pvt. Limited



Name of the Company	Particulars of the Committee	Member of the Committee
J K Lakshmi Cement Limited.	Audit	Member
	Shareholders' / Investors' Grievance	Member
HSIL Limited. (formerly Hindustan Sanitaryware & Industries Limited)	Audit	Member
	Shareholders' / Investors' Grievance	Member
	Remuneration	Member
Gobind Sugar Mills Limited	Investors' Grievance	Member
Reliance Chemotex Industries Limited	Audit	Member
Mangalam Cement Limited	Audit	Member

ii) Means of Communication

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

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

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

**DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS :**

Financial Year	Location	Date	Time	If Special Resolution put through postal ballot	Details of voting pattern
2008-09	Nabarangpur, Orissa	03.09.09	10 AM	N. A.	N. A.
2007-08	Nabarangpur, Orissa	03.09.08	10 AM	N. A.	N. A.
2006-07	Nabarangpur, Orissa	27.08.07	10 AM	N. A.	N. A.

**SHAREHOLDER INFORMATION**

a) Annual General Meeting :-

- Date : 3rd September, 2010
- Time : 10.00 A.M.
- Venue : Village-Kusumi, Dist.-Nabarangpur 764 059, Orissa
- Book Closure Date : 24th August, 2010 to 3rd September, 2010
- Financial Year : 1st April to 31st March

**b) Financial Calendar 2010-11 (Tentative)**

Adoption of Quarterly Results	Tentative Dates
1 <sup>st</sup> Quarter (April'10 to June'10)	31 <sup>st</sup> July, 2010
2 <sup>nd</sup> Quarter (July'10 to September'10)	31 <sup>st</sup> October, 2010
3 <sup>rd</sup> Quarter (Oct.'10 to December'10)	31 <sup>st</sup> January, 2011
4 <sup>th</sup> Quarter (Jan.'11 to March'11)	30 <sup>th</sup> April, 2011

**c) Present Registrars and Share Transfer Agent :**

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

**d) Investors Correspondence**

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

**e) Listing on Stock Exchanges :-**

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

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

**f) Distribution of Shareholding as on 31st March, 2010****i) According to Category of Holders :**

CATEGORY	NO. OF SHARE HOLDERS	% OF SHARE HOLDERS	NO. OF SHARES	% OF SHARES
<b>Promoters</b>	14	0.05	6389459	34.86
<b>Non-Promoters :</b>				
UTI	1	0.00	11300	0.06
Mutual Fund	4	0.02	11700	0.06
FI(s)	1	0.01	200	0.00
Banks	3	0.01	700	0.00
FII(s)	1	0.01	2100	0.01
Corporate	617	2.36	3080051	16.82
Individuals	23772	91.28	8354012	45.58
NRI / OCB	1631	6.26	477878	2.61
Directors other than promoters	0	0.00	0	0.00
	26044	100.00	18327400	100.00



ii) According to number of Equity Shares held :

Range		Shareholders		Shares	
No. of Shares		Number	% to total holders	Numbers	% to total capital
1	500	23258	89.30	3888670	21.22
501	1,000	1569	6.02	1333799	7.28
1,001	2,000	617	2.37	972684	5.31
2,001	3,000	206	0.79	540128	2.95
3,001	4,000	96	0.37	346563	1.89
4,001	5,000	89	0.34	428013	2.33
5,001	10,000	107	0.41	804666	4.39
10,001	ABOVE	102	0.40	10012877	54.63
<b>TOTAL</b>		<b>26044</b>	<b>100.00</b>	<b>18327400</b>	<b>100.00</b>

g) Share Transfer System

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

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

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

h) Dematerialisation of shares

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

Share Dematerialisation records : The following data indicates the extent of dematerialisation of Company's shares as on 31st March, 2010.

No. of Shares dematerialised	:	12479293
No. of Shareholders in D'mat form	:	13099

i) **Market Price Data (Rs.)**

MONTH	BOMBAY STOCK EXCHANGE		NATIONAL STOCK EXCHANGE	
	HIGH	LOW	HIGH	LOW
APRIL, 2009	18.90	15.05	19.70	15.05
MAY, 2009	24.00	12.90	21.90	15.00
JUNE, 2009	24.00	16.00	23.95	16.15
JULY, 2009	26.90	15.80	26.40	15.55
AUGUST, 2009	24.60	21.00	24.90	21.65
SEPTEMBER, 2009	29.10	21.15	29.30	21.20
OCTOBER, 2009	29.05	22.50	29.80	22.30
NOVEMBER, 2009	29.75	22.95	29.35	22.75
DECEMBER, 2009	34.30	25.50	34.25	25.75
JANUARY, 2010	44.80	26.90	44.35	26.50
FEBRUARY, 2010	29.85	24.25	29.50	24.50
MARCH, 2010	27.75	24.10	27.90	24.05

j) **The Company has at present 10 branches all over India**k) **Depository Services**

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

National Securities Depository Ltd.

4<sup>th</sup> Floor, A Wing, Trade World, Kamala Mills Compound

Senapati Bapat Marg, Lower Parel, Mumbai 400 013

Telephone : (022) 2499 4200

Fax : (022) 2497 2993

E-mail : info@nsdl.co.in, Website : www.nsdl.co.in

Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers

17<sup>th</sup> Floor, Dalal Street, Mumbai 400 023

Telephone : (022) 2272 3333/3224

Fax : (022) 2272 3199

Website : www.cdslindia.com

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

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

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

Dated: 1st May, 2010

Place: Kolkata

Sri N G Khaitan

Sri S K Parik

Sri Prabir Chakravarti

Smt Vidula Jalan

Sri Anand Daga

Directors

**DECLARATION BY THE CEO PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT CONTAINING CORPORATE GOVERNANCE**

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

Dated: 1st May, 2010

Place: Kolkata

Sujoy Sen  
Manager



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

To

The Members of Mangalam Timber Products Ltd

We have reviewed the compliance of conditions of corporate governance by Mangalam Timber Products Limited (the company) for the year ended on 31st March, 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 was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

On the basis of records maintained by the company, we state that as on 31st March, 2010 there was no investor grievance remaining pending for a period exceeding one month against the company.

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

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

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated, The 1st May, 2010



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ANNEXURE 'II'

**a) Industry Structure and Development**

Demand of Medium Density Fibre Board, during the year under review, was far in excess of Indian production. As the MDF market in India is recording robust growth during the past few years, and since the Indian production is not enough to meet the demand, large imports of MDF and HDF material have taken place from countries like Sri Lanka, Thailand, China, Malaysia, New Zealand, Australia and some European countries.

Wood Panel industry in India is a large consumer of Plywood as well as MDF. Whereas Plywood presently constitutes 80% of the consumption, the balance 20% requirement is being met through MDF. However, globally the reverse holds true. China alone consumes about 100 – 110 lac m<sup>3</sup>/yr of MDF as compared to less than 10 lac m<sup>3</sup>/yr in India. Therefore, there is a huge growth opportunity for MDF in India.

Going forward, with the assumption that there will be strict control on issue of new plywood licenses and 5-7% CAGR in panel demand which will be met from MDF, the growth rate for MDF translates into 25-30% CAGR.

Moreover, even out of present consumption 80% is being met through imports, balance 20% being supplied by Indian manufacturers of MDF. Therefore, the Indian manufacturers have ample scope for growth and expansion.

**b) Opportunities and Threats**

Growth in the Indian economy is expected to result in increase in demand of Medium Density Fibre Board.

India at present produces about 3.5 lac m<sup>3</sup>/year of MDF. One new plant of 1.80 lac m<sup>3</sup>/year will be commissioned during 2010-11 taking the total production upto 5.3 lac m<sup>3</sup>/year. Against this, the total current MDF consumption including imports is estimated below 10 lac m<sup>3</sup>/yr. So there is a great opportunity for Indian manufacturers of MDF to expand capacity now and cash in on the positive market scenario.

It is to be noted that consumers are slowly switching over from other panel boards like plywood and particle boards mainly for easy availability, affordable prices and superior product quality. The extended product range of your Company's products, especially in value added segments, provides an excellent opportunity to your Company.

However, it is to be noted with concern that the main threats to your Company are :

- Low capacity : MTPL's capacity is only 0.50 Lac m<sup>3</sup>/year against 1.80 Lac m<sup>3</sup>/yr and 1.60 Lac m<sup>3</sup>/yr for the two latest plants in India.
- The two new plants are with the latest world-class technologies, thereby giving much better quality and machine efficiencies.

In order to remain competitive both in terms of quality and price, the factory needs to upgrade technologically and also expand its capacity substantially.

**c) Outlook**

The Company looks forward to increased demand of MDF & HDF products in the market in future and the demand for the company's products is likely to improve further.

**d) Internal Control Systems and their adequacy**

The Company has adequate Internal Control Systems in all its areas of operation, which is commensurate with its size. A reputed outside Firm of Chartered Accountants has been appointed as the Internal Auditors to carry out thorough audit of the Company's functions. The adequacy of the system has also been examined by the Statutory Auditors of the Company and no adverse remark on the adequacy of internal control system has been made.

**e) Discussion on Financial Performance and Operational Performance**

During the year under review, your Company incurred a Net Loss after Tax of Rs. 123.13 Lacs as against a Profit after tax of Rs.149.23 Lacs last year.

Your directors are continuously putting in efforts for realizing higher value for products sold under the DURATUFF brand name and there is good demand for its value-added products like Exterior grades and Laminated grades.



**f) Developments in Human Resources and Industrial Relations**

The agreements with the Permanent Workers' Union and the Casual Workers' Union have expired on 30.09.2009 and on 21.01.2010 respectively. Negotiations for Fresh agreements are expected to begin soon.

The Management recognizes the positive role played by the Unions in improving quality and increasing productivity of the factory and is hopeful that fresh agreements will be negotiated amicably.

**g) Cautionary Statement of the Company**

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include global and domestic demand-supply conditions, finished goods prices, raw material costs and availability, changes in Government regulations and tax structure and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

Dated: 1st May, 2010  
Place : Kolkata

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





## AUDITORS' REPORT

### TO THE MEMBERS OF MANGALAM TIMBER PRODUCTS LIMITED

We have audited the attached Balance Sheet of **MANGALAM TIMBER PRODUCTS LIMITED** as at 31st March, 2010 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 ("the order") (As amended) issued by the Central Government in exercise of the power conferred by section 227(4A) of the Companies Act, 1956 (the Act) on the matters specified in paragraph 4 and 5 of the said Order.
  - i)
    - a) The company has maintained proper records showing full particular including quantitative details and situation of fixed assets.
    - b) The Fixed Assets of the company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which considering the size and nature of operations of the company appears to be reasonable. Pursuant to such program, a portion of fixed assets have been physically verified by the management during the year and no material discrepancies between book records and physical inventory have been noticed.
    - c) There was no substantial disposal of fixed assets during the year.
  - ii)
    - a) The management has conducted physical verification of inventory, except stock lying with third parties and stock in transit at reasonable intervals.
    - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
    - c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventory and discrepancies between the physical stock and book records which were material in respect of certain items of inventories, have been properly dealt in books of account.
  - iii)
    - a) The company has not granted any loan, secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
    - b) Clause 4(iii) (b), (c) and (d) of the aforesaid order are not applicable.
    - c) The company has taken unsecured loan from one party covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount outstanding during the year was Rs.621.80 Lacs.
    - d) The rate of interest and other terms and conditions of such loan taken by the company are prima-facie not prejudicial to the interest of the company.
    - e) According to information and explanations given to us, the payment of principal amount of loan taken and interest thereon is regular as per stipulated terms.
  - iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not come across any continuing failure to correct major weakness in internal control system.
  - v)
    - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
    - b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding Rupees five lacs in value in respect of any party during the year have been made at prices which are reasonable having regard to prevalent market prices at the relevant time other than the transactions of special nature for which competitive quotations are not available.
  - vi) The company has not accepted any deposit from public within the meaning of section 58A of the Companies Act, 1956.
  - vii) The company has an internal audit system, which in our opinion, is commensurate with the size of the Company and nature of its business.
  - viii) We have been informed that the Central Government has prescribed for the maintenance of the cost record under section 209(1) (d) of the Companies Act, 1956 in respect of Formaldehyde. In our opinion, the prescribed accounts and records have been made and maintained by the Company. However, we have not carried out any detailed examination of aforesaid records whether they are accurate and correct.
  - ix)
    - a) According to the records of the company examined by us and according to information and explanations given to us, in our opinion the company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it with appropriate authorities.
    - b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess which have not been deposited on account of any dispute except as detailed hereunder:



Name of the Statute	Nature of the Dues	Year	Rs. in Lacs	Forum where dispute is Pending
Central Excise Act, 1944	Excise	1993-94	3.49	Assistant Commissioner Central Excise
	Excise	1997-98	3.37	Assistant Commissioner Central Excise
	Excise	2000-01	126.57	Central Excise Service Tax Appellate Tribunal
	Excise	2006-07	2.88	Custom, Excise and Service Tax Appellate Tribunal
Orissa & Bihar Excise Act, 1915	Excise	2002-03	21.39	High Court of Orissa
	Excise	2003-04	135.75	High Court of Orissa
	Excise	2004-05	170.90	High Court of Orissa
	Excise	2005-06	251.58	High Court of Orissa
	Excise	2006-07	267.53	High Court of Orissa
West Bengal Sales Tax Act, 1941	Sales Tax	1986-87	0.16	Assistant Commissioner Commercial Taxes
	Sales Tax	1987-88	0.06	Assistant Commissioner Commercial Taxes
	Sales Tax	1993-94	0.33	Assistant Commissioner Commercial Taxes
Central Sales Tax Act, 1956	Sales Tax	1993-94	0.30	Additional Deputy Commissioner
	Sales Tax	1995-96	3.07	Additional Deputy Commissioner
	Sales Tax	2001-02	110.00	Sales Tax Tribunal
	Sales Tax	2001-02	0.03	Joint Commissioner (Appeal) Trade Tax
	Sales Tax	1987-88	0.05	Assistant Commissioner Commercial Taxes
	Sales Tax	2002-03	70.12	Sales Tax Tribunal
	Sales Tax	2003-04	135.66	Sales Tax Tribunal
	Sales Tax	2000-01	93.56	Sales Tax Tribunal
	Sales Tax	1994-95	0.72	Sales Tax Tribunal
	Sales Tax	2004-05	30.22	Sales Tax Tribunal
	Sales Tax	1997-98	0.47	Additional Commissioner Commercial Tax
	Sales Tax	1999-00	2.02	Additional Commissioner Commercial Tax
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	1993-94	8.91	Additional Deputy Commissioner
	Sales Tax	1994-95	6.34	Additional Deputy Commissioner
	Sales Tax	1995-96	17.61	Sales Tax Appellate Tribunal
	Sales Tax	1996-97	19.99	Sales Tax Appellate Tribunal
	Sales Tax	1990-91	2.31	High Court, Andhra Pradesh
	Sales Tax	1991-92	1.27	High Court, Andhra Pradesh
	Sales Tax	1992-93	1.11	High Court, Andhra Pradesh



Name of the Statute	Nature of the Dues	Year	Rs. in Lacs	Forum where dispute is Pending
Orissa Entry Tax Act, 1999	Entry Tax	2000-01	8.11	Sales Tax Tribunal
	Entry Tax	2002-03	28.35	Sales Tax Tribunal
	Entry Tax	2003-04	4.24	Sales Tax Tribunal
	Entry Tax	2004-05	0.59	Assistant Commissioner
Orissa Sales Tax Act, 1947	Sales Tax	2002-03	1.85	Sales Tax Tribunal
Orissa VAT Act, 2004	VAT	2005-06	17.20	Sales Tax Tribunal

- x) The company does not have any accumulated losses at the end of the financial year. It has incurred cash losses in the current financial year. However it has not incurred any cash losses in the immediately preceding financial year.
- xi) As per books and records maintained by the company and according to the information and explanations made available to us, the company has not defaulted in repayment of any dues to financial institutions, banks and debenture holders.
- xii) According to information and explanations given to us and based on the documents and records produced, the company has not granted any loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi/mutual fund/society. Accordingly, the provisions of clause 4(xiii) of the order are not applicable to the Company.
- xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the Company.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by its associates or subsidiaries or others from bank or financial institutions during the year.
- xvi) In our opinion and on the basis of information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) On the basis of information received from the management and based on our overall analysis of the Balance Sheet of the Company, the company has not used any funds raised on short-term basis for long term purposes.
- xviii) The company has not made any preferential allotment of shares during the year to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The company does not have any outstanding debentures during the year.
- xx) The company has not raised any money through public issue during the year.
- xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India for the purpose of reporting the true and fair view of the financial statements, we have neither come across any incidence of fraud on or by the company nor have we been informed of any such case by the Management.

2. Further to our other comments:

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

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

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated, The 1st May, 2010



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

(Rs. in lacs)

	SCHEDULES	31ST MARCH, 2010	31ST MARCH, 2009
<b>I. SOURCES OF FUNDS</b>			
<b>A. Shareholders' Fund</b>			
Share Capital	1	1,832.95	1,832.95
Reserves & Surplus	2	237.37	360.50
<b>B. Loan Funds</b>			
Secured Loans	3	3,137.55	3,572.16
Unsecured Loans	4	932.22	587.33
	TOTAL	<u>6,140.09</u>	<u>6,352.94</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>A. Fixed Assets</b>			
Gross Block	5	8,459.59	7,699.42
Less : Depreciation		<u>6,210.10</u>	<u>6,096.66</u>
Net Block		2,249.49	1,602.76
Capital Work-In-Progress		236.49	566.34
<b>B. Investments</b>			
	6	5.00	5.00
<b>C. Deferred Tax Asset</b>			
(Refer Note B (8) of Schedule-14)		384.83	366.75
<b>D. Current Assets, Loans &amp; Advances</b>			
Inventories		2,889.27	2,709.42
Plantation Work-In-Progress		43.40	34.91
Sundry Debtors		999.00	1,510.88
Cash and Bank Balances		89.34	197.20
Loans & Advances		<u>1,672.64</u>	<u>1,909.18</u>
		5,693.65	6,361.59
Less : Current Liabilities & Provisions	8	<u>2,429.37</u>	<u>2,549.50</u>
Net Current Assets		<u>3,264.28</u>	<u>3,812.09</u>
	Total	<u>6,140.09</u>	<u>6,352.94</u>
Accounting policies and notes to Accounts	14		
Schedules referred to above form an integral part of the Balance Sheet			

As per our report of even date

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

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated : 1st May, 2010

Ms Charulata Kabra  
Company Secretary

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

Directors

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

(Rs. in lacs)

	SCHEDULES	31ST MARCH, 2010		31ST MARCH, 2009	
<b>INCOME</b>					
Sales		7,199.60		7,568.67	
Less : Excise Duty		<u>442.78</u>		<u>471.87</u>	
		6,756.82		7,096.80	
Other Income	9	64.80		63.19	
Increase/(Decrease) In Stock	10	<u>159.09</u>	6,980.71	<u>364.39</u>	7,524.38
<b>EXPENDITURE</b>					
Payments & Benefits to Personnel	11	849.92		834.06	
Manufacturing, Administrative, Selling & Other Expenses	12	<u>5,703.78</u>		<u>5,869.86</u>	
			6,553.70		6,703.92
<b>Profit before Interest &amp; Depreciation</b>			<u>427.01</u>		<u>820.46</u>
Interest	13		454.78		416.19
Depreciation			113.44		110.27
<b>Profit before Taxation</b>			(141.21)		294.00
Current Tax			-		(34.00)
Deferred Tax			18.08		(99.57)
Wealth Tax			-		(0.20)
Fringe Benefit Tax			-		(11.00)
<b>Net Profit / (Loss)</b>			<u>(123.13)</u>		<u>149.23</u>
Balance Brought Forward			280.50		274.92
Profit Available for Appropriation			<u>157.37</u>		<u>424.15</u>
<b>Appropriations</b>					
Proposed Equity Dividend		0.00		109.96	
Tax on Proposed Equity Dividend		<u>0.00</u>	0.00	<u>18.69</u>	128.65
General Reserve			0.00		15.00
Balance Carried to Balance Sheet			157.37		280.50
			<u>157.37</u>		<u>424.15</u>
Number of Equity Shares			18,327,400		18,327,400
Basic and Diluted Earning per Share (in Rs.) (Face Value Rs. 10/- each)			(0.67)		0.81

Accounting Policies and Notes to Accounts 14

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

As per our report of even date

For S M DAGA & CO.  
Firm Registration No. : 303119E  
Chartered AccountantsS M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated : 1st May, 2010Ms Charulata Kabra  
Company SecretarySri N G Khaitan  
Sri S K Parik  
Sri Prabir Chakravarti  
Smt Vidula Jalan  
Sri Anand Daga

Directors



**SCHEDULES TO THE BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2010**

(Rs. in lacs)

31ST MARCH, 2010

31ST MARCH, 2009

**SCHEDULE - 1**

**SHARE CAPITAL**

AUTHORISED

2,00,00,000 Equity Shares of Rs.10/- each 2,000.00 2,000.00

ISSUED, SUBSCRIBED & PAID-UP

1,83,27,400 Equity Shares of Rs.10/- each 1,832.74 1,832.74

Add : Shares forfeited Account 0.21 0.21

1,832.95 1,832.95

**SCHEDULE - 2**

**RESERVES & SURPLUS**

Capital Reserve

(Central Investment Subsidy) As per last account 15.00 15.00

General Reserve As per last account 65.00 50.00

Transferred from Profit & Loss Account 0.00 65.00 15.00 65.00

Profit and Loss Account 157.37 280.50

237.37 360.50

**SCHEDULE - 3**

**SECURED LOANS**

(Including interest accrued & due)

**From Banks**

Cash Credit 2,510.49 2,743.31

Term Loan 590.90 787.60

(Amt repayable within one year Rs 238.60 Lacs

Previous year Rs 232.60 Lacs)

Other Term Loan 36.16 41.25

(Amt. repayable within one year Rs. 19.54 Lacs 828.85

Previous year Rs 15.59 Lacs) 627.06

3,137.55 3,572.16

**Note:-**

Cash Credit, bill discounting, outstanding Bank Guarantees and Letters of Credit amounting to Rs. 235.40 Lacs. (Previous year Rs.432.28 lacs) are secured by prior charge by way of hypothecation of stocks, debts and other current assets and second charge to be created over entire fixed assets both present and future. Term loan are secured by hypothecation of assets acquired out of term loan

**SCHEDULE - 4**

**UNSECURED LOANS**

(Including Interest accrued and due)

From Bodies Corporate 932.22 587.33

932.22 587.33



## SCHEDULES TO THE BALANCE SHEET (Contd.)

## SCHEDULE - 5

## FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31ST		AS AT 31ST		UPTO 31ST	FOR THE	SALES/	UPTO 31ST	AS AT 31ST	AS AT 31ST
	MARCH'09	ADDITIONS	DEDUCTIONS	MARCH'10	MARCH'09	YEAR	ADJUSTMENTS	MARCH'10	MARCH'10	MARCH'09
Land	12.60	0.00	0.00	<b>12.60</b>	0.00	0.00	0.00	<b>0.00</b>	<b>12.60</b>	12.60
Roads & Buildings	557.80	7.62	0.00	<b>565.42</b>	246.87	14.31	0.00	<b>261.18</b>	<b>304.24</b>	310.93
Plant & Machinery	6,820.55	590.83	0.00	<b>7,411.38</b>	5,679.74	70.14	0.00	<b>5,749.88</b>	<b>1,661.50</b>	1,140.81
Electrical Installations & Fittings	39.32	0.00	0.00	<b>39.32</b>	21.40	1.31	0.00	<b>22.71</b>	<b>16.61</b>	17.92
Furniture & Fittings	56.78	1.10	0.00	<b>57.88</b>	43.07	1.69	0.00	<b>44.76</b>	<b>13.12</b>	13.71
Office Equipments	137.27	38.42	0.00	<b>175.69</b>	79.00	13.42	0.00	<b>92.42</b>	<b>83.27</b>	58.27
Vehicles	75.10	13.24	0.00	<b>88.34</b>	26.58	6.71	0.00	<b>33.29</b>	<b>55.05</b>	48.52
Capitalised Software	0.00	108.96	0.00	<b>108.96</b>	0.00	5.86	0.00	<b>5.86</b>	<b>103.10</b>	0.00
Total	7,699.42	760.17	0.00	<b>8,459.59</b>	6,096.66	113.44	0.00	<b>6,210.10</b>	<b>2,249.49</b>	1,602.76
Previous Year	7,613.63	91.11	5.32	<b>7,699.42</b>	5,988.46	110.27	2.07	<b>6,096.66</b>	<b>1,602.76</b>	1,625.16

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

(Rs. in lacs)

31ST MARCH, 2010

31ST MARCH, 2009

## SCHEDULE - 6

## INVESTMENTS

At cost :

Unquoted : Long term-other than trade

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

Kesoram Insurance Broking Services Limited

(Formerly Kesoram Insurance Management Limited)

5.005.00



**SCHEDULES TO THE BALANCE SHEET (Contd.)**

(Rs. in lacs)

31ST MARCH, 2010

31ST MARCH, 2009

**SCHEDULE - 7**

**CURRENT ASSETS, LOANS & ADVANCES**

**CURRENT ASSETS**

INVENTORIES (AS VALUED AND CERTIFIED BY MANAGEMENT)

At lower of cost or Net Realisable Value :

Finished Goods	1,731.73	1,572.64
Raw Materials	665.03	551.35
Raw Materials in process	1.12	3.08
Stores & Spares	331.85	303.34
Stock in Trade	159.54	279.01
	<u>2,889.27</u>	<u>2,709.42</u>
Plantation Work-in-progress (Net) (At cost)	43.40	34.91

SUNDRY DEBTORS (UNSECURED-CONSIDERED GOOD

UNLESS OTHERWISE STATED)

Debts over six months

- Considered Good	138.01	139.83
- Considered Doubtful	70.76	71.54

208.77 211.37

Less : Provision for Doubtful Debts

70.76 71.54

138.01 139.83

Other Debts

860.99 1,371.05

999.00 1,510.88

CASH & BANK BALANCES

Cash Balance in Hand	0.22	2.11
Balances with scheduled Banks in Current Account	37.52	137.25
In Short Term Deposit	35.99	50.33
Unpaid Divident A/C	15.61	7.51

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

89.34 197.20

CURRENT ASSETS, LOANS & ADVANCES

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

Advances Recoverable in Cash or in kind or for value to be received	1,082.20	1,356.53
Advance payment of Income Tax & Fringe Benefit Tax including	224.06	210.21
Tax deducted at source		
Deposit with Excise & other Government Authorities	181.36	115.94
Other Deposits	185.02	226.50
	<u>1,672.64</u>	<u>1,909.18</u>



**SCHEDULES TO THE BALANCE SHEET (Contd.)**

(Rs. in lacs)

**31ST MARCH, 2010****31ST MARCH, 2009****SCHEDULE- 8****CURRENT LIABILITIES & PROVISIONS****LIABILITIES**

Sundry Creditors

-Total outstanding dues of Micro Enterprises &amp; Small Enterprises

-Other Creditors

-Security Deposits

-Other Liabilities

Unclaimed Dividend

**PROVISIONS**

-Income Tax

-Wealth Tax

-Fringe Benefit Tax

-Contingencies

-Gratuity

-Leave Encashment

-Proposed Equity Dividend

-Tax on Proposed Equity Dividend

-

1,706.40

222.65

179.02

2,108.07

15.61

160.72

0.07

35.75

27.29

46.92

34.94

-

-

2,429.37

-

1,904.54

40.46

175.20

2,120.20

7.51

160.72

0.20

35.75

29.29

39.70

27.48

109.96

18.69

2,549.50



**SCHEDULES TO THE PROFIT & LOSS A/C FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

(Rs. in lacs)

31ST MARCH, 2010

31ST MARCH, 2009

**SCHEDULE -9**

**OTHER INCOME**

Interest (Gross)	10.55	10.15
(Tax deducted at source Rs. 1.23 lacs, previous year - Rs. 3.32 lacs)		
Dividend on Investment (Long Term Other than trade)	5.00	2.50
Insurance Claims	13.46	17.28
Liabilities no longer required written back	19.13	14.91
Profit on Sale of Fixed Assets	0.00	0.05
Profit on Sale of Seedling	0.00	13.76
Provision for Doubtful Debts written back	0.79	0.41
Gain on Exchange Fluctuation	10.79	0.00
Sales Tax Refund	0.00	0.17
Miscellaneous Income	5.08	3.96
	<b>64.80</b>	<b>63.19</b>

**SCHEDULE -10**

**INCREASE/(DECREASE) IN STOCK**

Finished Goods :

Opening Stock	1,572.64	1,208.25
Less : Closing Stock	1,731.73	1,572.64
Increase/(Decrease)	<b>159.09</b>	<b>364.39</b>

**SCHEDULE-11**

**PAYMENTS AND BENEFITS TO PERSONNEL**

Salaries, Wages, Bonus, etc.	717.68	713.08
Contribution to Provident & Other Funds	59.66	55.77
Workmen and Staff Welfare	72.58	65.21
	<b>849.92</b>	<b>834.06</b>

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

(Rs. in lacs)

**31ST MARCH,2010****31ST MARCH,2009****SCHEDULE -12****MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES**

Cost of Goods sold of Traded Goods	487.34	331.16
Raw Materials consumed	2,509.99	3067.19
Stores and Spare Parts consumed	192.81	187.69
Power and Fuel	1,028.59	926.09
Travelling and Conveyance	62.19	57.31
Insurance	19.98	21.30
Rent	110.41	80.48
Rates and Taxes	5.19	6.95
Repairs to :		
Machinery	7.74	5.73
Buildings	0.93	5.25
Others	1.75	0.66
Postage, Telephone and Telex	32.58	36.15
Auditors' remuneration :		
Audit Fees	2.30	2.30
Tax Audit Fees	0.50	0.50
Certification, etc.	1.24	0.88
Directors' Fees	3.98	3.23
Cash discount on sales	5.81	1.33
Freight, Forwarding and Octroi	949.98	861.50
Advertisement and Sales promotion	27.54	23.28
Sundry Balance Written off	20.68	6.10
Provision for Doubtful Debts	0.00	8.58
Prior period adjustments	8.57	2.42
Commission on Sales	59.59	31.12
Loss on Exchange Fluctuation	0.00	33.89
Miscellaneous Expenses	164.09	167.02
Loss on Sale of Fixed Assets	0.00	1.75
	<u>5,703.78</u>	<u>5,869.86</u>

**SCHEDULE -13****INTEREST**

On Fixed Loan	22.58	5.43
Others	<u>432.20</u>	<u>410.76</u>
	<u>454.78</u>	<u>416.19</u>
	<u>454.78</u>	<u>416.19</u>



**ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE - 14**

**A) SIGNIFICANT ACCOUNTING POLICIES**

**1. GENERAL**

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

**2. FIXED ASSETS**

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

**3. INTANGIBLES**

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

**4. DEPRECIATION**

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

**5. INVESTMENTS**

- Investments are stated at cost.

**6. INVENTORIES**

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

**7. PLANTATION WORK-IN-PROGRESS**

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

**8. CDM PROJECT**

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

**9. EXCHANGE FLUCTUATION**

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

**10. EMPLOYEE BENEFITS**

**a) Short term Employee Benefits**

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

**b) Long-term Employees Benefits**

Leave encashment is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Account for the year in which they occur. Other long-term benefits which are not encashable are recognised on actual basis at each Balance Sheet date.



**c) Post Employment Benefit Plans**

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

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

**11. SALES**

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

**12. INCOME AND EXPENDITURE**

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

**13. BORROWING COST**

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

**14. INCOME TAX**

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

**15. IMPAIRMENT OF ASSETS**

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

**16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**B) NOTES TO ACCOUNTS**

(Rs. in lacs)

	31ST MARCH, 2010	31ST MARCH, 2009
1. Contingent liabilities not provided for in respect of :		
a) Sales Tax matters pending in appeal	564.10	564.05
b) Excise matters as under :		
i) Excise matters pending in appeal	132.93	130.05
ii) Other show cause notices	29.47	6.25
c) State Excise matters pending in appeal	847.15	847.15
d) Claims not acknowledged as debts (to the extent ascertainable)	Nil	0.11
e) Bank guarantees given in favour of District magistrate and Collector Nabarangpur and remaining outstanding	5.00	5.00
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advance paid Rs. Nil, Previous Year - Nil)	Nil	37.00
3. Royalty on wood had been increased by the Government of Orissa with retrospective effect from 1st April, 1988 vide its letter dated 2nd September, 1993 against which the Company had filed a writ petition before the Orissa High Court. The Orissa High Court vide its order dated 16th May, 1995 had upheld the writ petition of the Company. Government of Orissa had filed a Special Leave Petition before the Supreme Court. The Hon'ble Supreme Court vide its order dated 11th November, 2003 has dismissed the special leave petition filed by the Government of Orissa and upheld the decision of the Hon'ble High Court of Orissa passed in favour of the Company. The Hon'ble Supreme Court had also directed the Govt. of Orissa to implement the judgement of the Hon'ble High Court of Orissa expeditiously and in any case within a period of four months from the date of the order of the Supreme Court. Subsequently, Government of Orissa has lodged a claim for RS.303.49 lacs (net of excess amount of royalty paid by the Company in earlier years) on the Company on account of alleged failure in taking up replantation in the area harvested by the Company.		



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

4. Government of Orissa has issued Demand Notice for Rs.847.15 lacs towards licence fees, import fees, Excise Duty, Pass fees, application fees on import of Methanol into Orissa without obtaining licence from competent authority from the year 2002-03 to 2006-07. The company, after obtaining licence from relevant authorities, has challenged above demand on the ground that as methanol is imported from other countries, provision of Orissa Excise (Methanol Alcohol) Rules 1976 are not applicable for use of Methanol as raw material. The Company has obtained interim stay on above matter from the Hon'ble High Court of Orissa at Cuttack on 20.11.08.

Pass fees paid for import of Methanol into Orissa amounting to Rs. 180.36 lacs for the year 2007-08, 2008-09, & 2009-10 has been shown as advance which is considered as good for recovery, since the management is of the view that no liability is likely to arise on this account in future.

5. Demand for Rs. 30.29 Lacs (Previous year Rs.29.29 Lacs) against maximum demand charges from Orissa State Electricity Board has not been accepted by the Company and the matter is under dispute. However, as a matter of abundant caution an equivalent amount has been set aside and kept as a contingency provision to take care of the liability, if any, in this respect.

## 6. SEGMENT INFORMATION

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

7. Related party information as identified by the management as per Accounting Standard-18 on Related Party Disclosure issued by Central Government.

### a) List of related parties:

- i) Key Management Personnel – Sri Sarvadaman Ray - Managing Director (up to 18th Jan, 2010)  
– Sri Sujoy Sen - Manager (from 18th Jan, 2010)
- ii) Enterprises over which significant influence exercised by Director - Smt. Vidula Jalan - Vidula Consultancy Services Ltd.

### b) Disclosure required for related party transactions

Transactions	Key management personnel	Enterprises over which significant influence exercised by Directors
Remuneration	24.33 (22.26)	- (-)
Consultancy Charges	- (-)	2.91 (7.30)

Note : Figures for previous years have been given in brackets

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

The components of Deferred Tax Assets are as under :

(Rs. In Lacs)

Deferred Tax Assets	As on 31 <sup>st</sup> March, 2010	As on 31 <sup>st</sup> March, 2009
Unabsorbed Depreciation and Carried Forward Losses as per Income Tax laws	412.85	327.16
Difference between written down value of block of assets as per Income Tax Act and written down value of the fixed assets as per books	(127.84)	(63.34)
Expenditure disallowable u/s 43B of the Income Tax Act	76.31	81.39
Provision for doubtful debts	23.50	21.54
<b>Total</b>	<b>384.83</b>	<b>366.75</b>



9. Tax credit shall be allowed to the extent of amount of MAT paid in earlier years depending upon the profits earned by the Company in future years, in accordance with the provisions of Section 115JAA of the Income Tax Act, 1961.
10. a) Salaries and Wages aggregating to Rs. Nil (Previous year Rs.11.53 Lacs) identifiable with forest operation have been allocated directly to respective functional account heads instead of debiting to primary heads of account.  
 b) Rent amounting to Rs Nil (Previous year Rs.0.75 Lacs ) identifiable with forest operation have been allocated directly to respective functional account heads instead of debiting to primary heads of account.  
 c) Advances in the nature of loans, interest free to employees outstanding as on 31st March, 2010 Rs. 8.25 lacs (previous year Rs. 4.76 Lacs) maximum amount outstanding during the year Rs. 16.79 lacs ( previous year Rs. 10.83Lacs) are as per general rules of the Company.  
 d) Borrowing cost capitalized during the year Rs. 65.43 lacs (previous Year Rs. 87.14 Lacs )
11. In accordance with the licence granted by the Government of Orissa in the year 1986, the Company had undertaken plantation in certain Government land which is ready for harvesting. Despite consistent follow up, the Government did not allow the Company to harvest the plantation on the pretext that the Special Leave Petition filed by the Government of Orissa was pending before the Hon'ble Supreme Court. The Hon'ble Supreme Court had dismissed the Special Leave Petition filed by the Government of Orissa in the royalty matter, as referred to in Note No.2 above. Since the Government of Orissa had not allowed the Company to harvest the plantation done by the Company even after the dismissal of Special Leave Petition filed by the Government of Orissa, the Company had no alternative but to file a Writ Petition in the High Court of Orissa seeking direction to allow the Company to harvest the plantation done by the Company on its own cost on Government land and also other stipulations relating to rate of royalty and weighment norms. The Hon'ble High Court of Orissa had vide its order dated 8th July, 2004, had without expressing any opinion with regard to merits of the contentions raised by the company, disposed of the petition with a direction to the Government of Orissa and its various officers to dispose of the representations made to them strictly in accordance with law as expeditiously as possible preferably within a period of six months. In compliance with the directions from the Hon'ble High Court of Orissa, the Government has reiterated its claim for recovering cost of plantation on 244.825 hectares. The Company has denied its liability to any such claim.
12. The Company has undertaken Plantation under Farm Forestry Scheme, inter-alia, in the State of Chhattisgarh in association with the forest department of Chhattisgarh Government. As per the agreement part sale consideration of supply of seedlings is to be paid to the Company at the time of harvesting of the plantation. Accordingly, part sale consideration of Rs. 73.38 (Previous year Rs. 73.98) relating to previous years along with interest will be received by the company at the time of harvesting. Based on the legal opinion obtained by the company, the same will be accounted for in the year in which the plantation is harvested.
13. Pursuant to Rehabilitation scheme Sanctioned by Board of Industrial & Financial Reconstruction (BIFR), the Company is exempted from payment of electricity duty on power consumed for a period of 10years from the date of sanction of the scheme. BIFR has discharged the company from the purview of Sick Industrial Companies (Special Provision) Act,1985.  
 Accordingly Rs. 157.76 Lacs being amount paid for the period from 1st April 2000 to 31st March 2007 and considered as income in earlier years have been shown as Advance recoverable.  
 Based on legal opinion obtained by the company, all terms and conditions so far not implemented by respective agencies as stated in the Rehabilitation Scheme sanctioned by BIFR are still in force.
14. The Company's CDM Project has received the host country approval on 3rd September, 2008 vide letter No.4/7/2007-CCC of Government of India, Ministry of Environment & Forest. Thereafter, the project as on Balance Sheet date is under validation with the authorized validators.
15. There was a serious fire incident in the Hydraulic Room of the Factory recently in which all the equipments therein were severely burnt and damaged. Fortunately there was no human injury or loss of life. All these equipments were originally imported from Germany. Actions for both repairing these equipments, if possible, otherwise replacing them has been initiated. As the Hydraulic Room is the nerve centre of the MDF Plant, MDF production cannot be started till the Hydraulic system is put back into operation.
- 16 (i) Sundry Debtors outstanding for more than six months includes Rs 138.01 Lacs (previous year 139.83 Lacs) which have become overdue. Legal and other persuasive steps have been taken for recovery of such debtors. Such debtors have been considered good and eventually recoverable. Accordingly, no provision against the same has been considered necessary.  
 (ii) Sundry Debtors amounting to Rs. Nil (previous year Rs.5.86 Lacs), considered as doubtful of recovery in the earlier years, have been written off during the year, which has been adjusted against provision for bad and doubtful debts.

**17. REMUNERATION PAID TO THE MANAGING DIRECTOR :**

**(Rs. In Lacs)**

	<b>As on 31<sup>st</sup> March, 2010</b>	<b>As on 31<sup>st</sup> March, 2009</b>
Salary and allowances	<b>14.75</b>	18.48
Contribution to Provident and Superannuation Fund	<b>1.26</b>	1.58
Other Perquisites	<b>2.85</b>	2.20
	<b>18.86</b>	22.26

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



**18. REMUNERATION PAID TO THE MANAGER :**

(Rs. In Lacs)

	As on 31 <sup>st</sup> March, 2010	As on 31 <sup>st</sup> March, 2009
Salary and allowances	3.60	-
Contribution to Provident and Superannuation Fund	1.87	-
Other Perquisites	-	-
	<b>5.47</b>	-

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

**19. CIF VALUE OF IMPORTS :**

(Rs. In Lacs)

	As on 31 <sup>st</sup> March, 2010	As on 31 <sup>st</sup> March, 2009
Raw Materials	113.16	252.78
Stores & Spares	38.62	30.08
Capital Goods	10.74	0.74
Traded Goods	243.24	270.93

**20. EARNING IN FOREIGN EXCHANGE**

(Rs. In Lacs)

	As on 31 <sup>st</sup> March, 2010	As on 31 <sup>st</sup> March, 2009
FOB value of exports	7.67	9.24

**21. EXPENDITURE IN FOREIGN CURRENCY (ON CASH BASIS)**

(Rs. In Lacs)

	As on 31 <sup>st</sup> March, 2010	As on 31 <sup>st</sup> March, 2009
Travelling	-	16.70

**22. PARTICULARS OF CAPACITY :**

Description	Unit	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
		MDF Board	Formaldehyde	MDF Board	Formaldehyde
Licensed Capacity	MT	26400	N.A.	26400	N.A.
Installed Capacity	MT	30000	13200	30000	13200

**23. Particulars of Production, Sales and Stocks in respect of Manufactured Goods :**

	Description	Unit	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
			Qty.	(Rs. in Lacs)	Qty.	(Rs. In Lacs)
Production	MDF	MT	29386	-	32679	-
Sales	MDF	MT	28829 *	6,864.77	31593	7,196.71
Opening Stock	MDF	MT	7266	1,572.64	6287	1,207.43
	Formaldehyde	MT			8 ***	0.82
				<b>1,572.64</b>		<b>1,208.25</b>
Closing Stock	MDF	MT	7843 **	1,731.73	7266	1,572.64

\* 1.14MT includes in home consumption

\*\* Net of excess on physical verification of 20 MT (Previous year shortage 107 MT)

\*\*\* Utilized Internal consumption.





**24. Particulars of Purchase, Sales, Stocks in respect of Traded Goods :**

	Description	Unit	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
			Qty.	(Rs. in Lacs)	Qty.	(Rs. In Lacs)
Purchase	MDF	MT	1263	366.83	1707	495.24
	Others	MT	-	1.04	-	4.37
				<b>367.87</b>		<b>499.61</b>
Sales	MDF	MT	1430	333.06	1924	367.12
	Others	MT	-	1.77	-	4.84
				<b>334.83</b>		<b>371.96</b>
Opening Stock	MDF	MT	909	279.01	932	176.90
	Others					0.19
				<b>279.01</b>		<b>177.09</b>
Closing Stock	MDF	MT	685 *	159.54	909	279.01

\* Net of shortage on physical verification 57 MT (previous year Excess 194 MT)

**25. Raw materials consumed :**

	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Qty. In M.T.	(Rs.in Lacs)	Qty. In M.T.	(Rs.in Lacs)
Wood *	61126	1,018.18	69194	1,087.86
T.G. Urea	2576	364.33	2764	643.17
Methanol	2498	403.16	2369	470.71
Melamine	285	206.09	252	203.49
Paper	157	286.04	194	355.42
Imported Boards	-	-	440	83.55
Others		232.19		222.99
		<b>2,509.99</b>		<b>3,067.19</b>

\*Includes wood procured from own plantation

184

2.25

494

2.97

**26. Consumption of Imported and indigenous Raw materials, Stores and Spares :**

	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	% of total Consumption	Value (Rs. In Lacs)	% of total Consumption	Value (Rs. In Lacs)
<b>A Raw materials consumed</b>				
Imported	6.17	154.77	8.05	246.99
Indigenous	93.83	2,355.22	91.45	2,820.20
<b>B Stores and Spare Parts</b>				
Imported	3.47	6.70	10.41	18.82
Indigenous	96.53	186.11	89.59	161.91



**27. EMPLOYEES BENEFIT**

**(I) Defined Benefit Plans**

**Gratuity :**

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

**Leave encashment:**

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

**(II) Defined Contribution Plans**

**Provident Fund:**

The employees of the company receive defined contribution for Provident Fund benefit. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the company make monthly contributions at specified percentage of the employee's salary to the Provident Fund Trusts and/or the concerned Provident Fund Authorities. The company has no liability to Fund the shortfall in the interest over the statutory rate declared by the Government.

**Superannuation Fund:**

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

**Other Defined contribution for Employee Benefits**

The defined contribution for Employees State insurance, Leave travel Allowance and Medical reimbursements are recognized on actual basis in the Profit & Loss Account in the year when the eligible employee actually renders the service.

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

	Year Ended 31st March, 2010 (Rs. in Lacs)	Year ended 31st March, 2009 (Rs. in Lacs)
<b>(A) Defined Contributions Plans</b>		
The company has recognised the following amounts in the Profit and Loss Account for the year :		
(i) Contribution to Provident Fund	23.61	21.52
(ii) Contribution to Superannuation Fund	Nil	Nil
(iii) Contribution to Employees' Pension Scheme	17.11	14.88
(iv) Contribution to Employees' State Insurance Scheme	0.88	1.46
<b>(B) Defined Benefit Plans</b>		
Valuations in respect of Gratuity & Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date		
(i) Discount Rate (per annum)	8.20%	7.6%
(ii) Rate of Increase in Compensation Levels	5%	5%
(iii) Rate of Return on Plan Assets	8.00%	8.00%
(iv) Mortality Rate	LIC (1994-96) ultimate	LIC (1994-96) ultimate

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



	Gratuity		Leave Encashment & Compensated Absences	
	(funded) Rs. In Lacs		(unfunded) Rs. In Lacs	
	31.03.10	31.03.09	31.03.10	31.03.09
<b>(i) Changes in the Present Value of Obligation</b>				
(a) Opening Present Value of Obligation	109.61	109.61	58.46	46.82
(b) Interest Cost	8.23	12.03	4.14	-
(c) Past Service Cost	-	-	-	-
(d) Current Service Cost	10.57	44.57	9.52	-
(e) Curtailment Cost / (Credit)	-	-	-	-
(f) Settlement Cost / (Credit)	-	-	-	-
(g) Benefits Paid	(2.72)	(10.61)	(8.05)	(6.04)
(h) Actuarial Loss / (Gain)	(16.18)	3.79	(4.03)	13.27
(i) Closing Present Value of Obligation	109.51	109.61	60.04	58.46
<b>(ii) Changes in the Fair value of Plan Assets.</b>				
(a) Opening Fair Value of Plan Assets	66.37	63.30	26.10	-
(b) Expected Return on Plan Assets	4.92	5.03	2.16	-
(c) Actuarial Gain / (Loss)	1.28	-	0.51	-
(d) Employers' Contributions	0.04	-	0.86	-
(e) Benefits Paid	2.72	10.61	8.05	-
(f) Closing Fair Value of Plan Assets	66.37	63.30	26.10	-
<b>(iii) Category of Plan Assets</b>				
Administered by Life Insurance Corporation of India	100%	100%	100%	-
<b>(iv) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>				
(a) Present Value of Funded Obligation	109.51	109.61	-	-
(b) Fair Value of Plan Assets	66.37	63.30	26.10	-
(c) Funded (Asset) Liability recognised in the Balance Sheet (Net)	43.14	46.76	33.94	-
(d) Present Value of Unfunded Obligation	-	-	60.04	58.46
(e) Unrecognised Past Service Cost	-	-	-	-
(f) Unrecognised Actuarial (Gains) / Losses	-	-	-	-
(g) Unfunded Net Liability recognised in the Balance Sheet	-	-	33.94	58.46
<b>(v) Amount recognised in the Balance Sheet</b>				
(a) Present Value of Obligation	109.51	100.61	60.04	-
(b) Fair Value of Plan Assets	66.37	63.30	26.10	-
(c) (Asset) / Liability recognised in the Balance Sheet (Net)	43.14	46.76	33.94	27.84
<b>(vi) Expenses recognised in the Profit and Loss Account</b>				
(a) Current Service Cost	10.57	44.57	9.52	18.54
(b) Past Service Cost	-	-	-	-
(c) Interest Cost	8.23	-	4.14	-
(d) Expected Return on Plan Assets	(4.92)	5.03	2.16	-
(e) Curtailment Cost / (Credit)	-	-	-	-
(f) Settlement Cost / (Credit)	-	-	-	-
(g) Net actuarial (Gain) / Loss	(17.46)	(5.03)	(4.54)	-
(h) Total Expenses recognised in the Profit & Loss Account	(3.58)	44.57	6.96	31.26



**28. DERIVATIVE INSTRUMENTS**

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

**29. MICRO ENTERPRISES AND SMALL ENTERPRISES**

There are no Micro and Small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have identified on the basis of information available with the Company. This has been relied upon by the auditors

Sl. No.	Particulars	31st March, 2010 (Rs. in Lacs)	31st March, 2009 (Rs. in Lacs)
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier	-	-
	- Principal amount	-	-
	- Interest thereon	-	-
(ii)	The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this act.	-	-
(iv)	The amount of interest accrued and remaining unpaid	-	-
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

30. Figures are expressed in Rupees in Lacs.

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

Signature to Schedules 1 to 14

As per our report of even date

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

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated : 1st May, 2010

Ms Charulata Kabra  
Company Secretary

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



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

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

**I. REGISTRATION DETAILS**

Registration No.	1101
State Code	15
Balance Sheet Date	31 <sup>st</sup> March, 2010

**II. CAPITAL RAISED DURING THE YEAR  
(Amount in Rs. Lacs)**

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

**III. POSITION OF MOBILISATION AND  
DEPLOYMENT OF FUNDS (Amount in Rs. Lacs)**

Total Liabilities	8,569
Total Assets	8,569

**SOURCES OF FUNDS :**

Paid-up Capital	1,833
Reserves & Surplus	237
Secured Loans	3,138
Unsecured Loans	932

**APPLICATION OF FUNDS :**

Net Fixed Assets	2,486
Investments	5
Net Current Assets	3,264
Deferred Tax Asset	385
Misc. Expenditure	NIL
Accumulated Losses	0

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

Turnover (including Other Income)	6,822
Total Expenditure (including adjustment on account of Stock changes)	6,963
Profit Before Tax	-141
Profit After Tax	-123
Earning Per Share (Rs.)	-0.67
Dividend Rate (%)	0

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

Item Code No.	44112190
Product Description	MEDIUM DENSITY FIBRE BOARD
Item Code No.	29121100
Product Description	FORMALDEHYDE



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

(Rs. in lacs)

	31ST MARCH, 2010	31ST MARCH, 2009	
<b>A. Cash Flow from Operating Activities</b>			
Net Profit Before Taxes & Extraordinary Items	(141.21)	294.01	
Add: Depreciation	113.44	110.27	
Add: Interest	454.78	416.19	
	<u>427.01</u>	<u>820.47</u>	
Less : Profit/(Loss) on Exchange Fluctuation	10.79	(33.89)	
Profit/(Loss) on Sale of Fixed Assets	-	(1.70)	
Dividend Received	5.00	2.50	
Interest Received	10.55	10.15	
Operating Profit Before Working Capital Changes	400.67		843.41
Adjustment for -			
Inventories	(188.34)	(602.35)	
Trade and Other Receivables	511.88	3.69	
Loans & Advances	301.29	(53.60)	
Trade Payables	2.05	131.57	
	626.88		(520.69)
Cash Generated from Operations	1,027.55		322.72
Less:Income Tax including Fringe Benefit Tax	13.85		51.54
Add: Profit/(Loss) on Exchange Fluctuation	10.79		(33.89)
Net Cash Flow from Operating Activities (A)	<u>1024.49</u>		<u>237.29</u>
<b>B. Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets	(430.32)	(466.90)	
Sale of Fixed Assets	-	1.55	
Dividend Received	5.00	2.50	
Interest Received	10.29	9.29	
Net Cash Flow from Investing Activities (B)	(415.03)		(453.56)
<b>C. Cash Flow from Financing Activities</b>			
Secured Borrowings	(426.32)	936.34	
Unsecured Borrowings	344.89	(139.33)	
Payment of Divident including Tax	(128.65)	(128.65)	
Payment of Interest	(456.91)	(390.48)	
Net Cash Flow from Financing Activities (C)	<u>666.99</u>		<u>277.88</u>
Net Increase in Cash & Cash Equivalents (A+B+C)	(57.53)		61.61
Cash & Cash Equivalents at the beginning of the year	146.87		135.59
Cash & Cash Equivalents at the end of the year	89.34		197.20
Less : Fixed Deposit not considered as cash equivalents	35.99		50.33
Cash & Cash Equivalents in Cash Flow Statement	<u>53.35</u>		<u>146.87</u>

As per our report of even date

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

S M Daga  
Partner  
Membership No. 4951  
11, Clive Row, Kolkata - 700 001  
Dated : 1st May, 2010

Ms Charulata Kabra  
Company Secretary

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



**MANGALAM TIMBER PRODUCTS LIMITED**

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

**PROXY FORM**

I/We .....of.....

being a member(s) of MANGALAM TIMBER PRODUCTS LIMITED hereby appoint

.....of.....

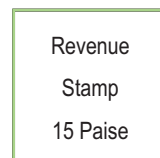
or failing him ..... of.....



or failing him .....of.....

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Twenty Sixth Annual General Meeting of the Company to be held on Friday, the 3rd day of September, 2010 at 10.00 A.M. and at any adjournment thereof.

Signed this.....day of.....2010.



Signature(s) of the Shareholder(s)

D.P. ID No.....

Client ID No.....

Folio No.....

(To be filled in by the Shareholder)

Note :

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