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## Notice

NOTICE is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** of **ARCHIDPLY INDUSTRIES LIMITED** will be held on Wednesday, 2nd September, 2009 at 11.00 a.m. at Ramanashree California Resort, Ananthpura Gate, Doddabalapur Road, Yelahanka, Bangalore- 560 064 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a final dividend for the financial year ended 31<sup>st</sup> March, 2009. The Board has recommended final dividend of Re. 1/- per equity share (10% on the par value of Rs 10 per equity share) of the Company for the year ended 31<sup>st</sup> March'2009.
3. To appoint a Director in place of Mr. Bharath Kumar Hukumchand Rathi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration and for the purpose, to pass the following resolution, which will be proposed as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions if any, of the Companies Act, 1956 Messrs GRV & PK Chartered Accountants, Bangalore, the retiring auditors, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties.”

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (the Act) including any statutory modification(s) or re-enactment thereof, for the time being in force, and all other applicable guidelines for managerial remuneration issued by the Central Government from time to time or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) and as

are agreed to by the Board of Directors (hereinafter referred to as the Board, which term shall be deemed to include any committee thereof and any person, authorized by the Board in this behalf), consent of the Members be and is hereby accorded to the appointment of Mr. Deen Dayal Daga as the Executive Chairman of the Company, on the terms and conditions as set out below :

### Period of Appointment:

3 (Three) years with effect from 30<sup>th</sup> May, 2009 to 29<sup>th</sup> May, 2012 with liberty to either party to terminate the appointment by three months' notice in writing to the other.

### Remuneration:

a) Salary: Rs. 90,000/- (Rupees Ninety Thousand only) per month with such annual increment(s) as the Board may decide from time to time, subject however, to a ceiling of Rs. 1,80,000/- (Rupees One Lakhs Eighty Thousand only) per month.

b) Perquisites:

#### **i) Housing :**

- A) Residential accommodation or house rent allowance @ 60% of the salary.
- B) Expenses pertaining to electricity, water charges, telephone bills and all other expenses for the upkeep and maintenance thereof and the expenditure incurred thereon will be borne / reimbursed by the Company.
- C) Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors (which includes any committee thereof) of the Company from time to time.

ii) **Leave / Holiday Travel Expenses :** Reimbursement of leave/ holiday travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated up to next two years.

iii) **Medical Expenses:** Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) for self and family, which shall include spouse, children and dependent parents, at actual.

iv) **Club Fees:** Reimbursement of membership fees for one club in India including admission and life membership fees.

v) **Leave and encashment of leave:** Leave with full pay or encashment thereof as per the rules of the Company.

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- vi) **Personal Accident Policy:** Personal Accident Insurance Policy of such amount as may be decided by the Board of Directors (which includes any committee thereof ) the premium of which shall not exceed Rs. 10000/- per annum.
- vii) **Contribution to Provident Fund, Superannuation or Annuity Fund:** The company's contribution to Provident Fund and Superannuation and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, Act, 1961.
- viii) **Gratuity and /or contribution to Gratuity Fund of the Company:** Gratuity at the rate of half month's salary for each completed year of service.
- ix) **Cars:** Company maintained one car, as per the Rules of the Company.
- x) **Reimbursement** of entertainment, traveling and all other expenses incurred for the business of the Company as per the rules applicable to the Company. Traveling expenses of spouse accompanying the Chairman on any official overseas or inland trip will be governed as per the Rules applicable to the Company.
- xi) **Other Allowance/benefits/perquisites:** Any other allowances, benefits and perquisites as per the Rules applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.
- xii) **Sitting Fees:** The Chairman shall not be entitled to any sitting fees for attending meetings of the Board or any committee thereof.

### Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309, 310 and all other applicable provisions of the Act read with Schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being in force, or otherwise as may be permissible at law. So long as Mr. Deen Dayal Daga functions as the Executive Chairman of the Company, he shall not be subject to retirement by rotation.

For the purposes of Gratuity, provident fund, Superannuation and other like benefits, if any, the service of Mr. Deen Dayal Daga, Executive Chairman will be considered as continuous service with the Company from the date of his joining as Chairman and Managing Director i.e. 1<sup>st</sup> July, 2007.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise the remuneration and perquisites from time to time so as to be in conformity with the Law, for the time being in force.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the forgoing amount of remuneration and perquisites shall be paid to Mr. Deen Dayal Daga subject to the applicable provisions of Schedule XIII of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (the Act) including any statutory modification(s) or re-enactment thereof, for the time being in force, and all other applicable guidelines for managerial remuneration issued by the Central Government from time to time or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) and as are agreed to by the Board of Directors (hereinafter referred to as the Board, which term shall be deemed to include any committee thereof and any person, authorized by the Board in this behalf), consent of the Members be and is hereby accorded to the appointment of Mr. Shyam Daga as the Managing Director of the Company, on the terms and conditions as set out below :

#### Period of Appointment:

3 (Three) years with effect from 30<sup>th</sup> May, 2009 to 29<sup>th</sup> May, 2012 with liberty to either party to terminate the appointment by three months' notice in writing to the other.

#### Remuneration:

- a) Salary: Rs. 75,000/- (Rupees Seventy Five Thousand only) per month with such annual increment(s) as the Board may decide from time to time, subject however, to a ceiling of Rs. 1,50,000/- (Rupees One Lakh Fifty thousand only) per month.
- b) Perquisites:
  - i) **Housing:**
    - A) Residential accommodation or house rent allowance @60% of the salary.
    - B) Expenses pertaining to electricity, water charges, telephone bills and all other expenses for the upkeep and maintenance thereof and the expenditure incurred thereon will be borne / reimbursed by the Company.
    - C) Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors (which includes any committee thereof) of the Company from time to time.

## **Notice (Contd.)**

- ii) **Leave / Holiday Travel Expenses** :Reimbursement of leave/ holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated up to next two years.
- iii) **Medical Expenses**: Reimbursement of medical expenses (including insurance premium for medical and hospitalisation policy, if any) for self and family, which shall include spouse, children and dependent parents, at actual.
- iv) **Club Fees**: Reimbursement of membership fees for one club in India including admission and life membership fees.
- v) **Leave and encashment of leave**: Leave with full pay or encashment thereof as per the rules of the Company.
- vi) **Personal Accident Policy**: Personal Accident Insurance Policy of such amount as may be decided by the Board of Directors (which includes any committee thereof ) the premium of which shall not exceed Rs. 10000/- per annum.
- vii) **Contribution to Provident Fund, Superannuation or Annuity Fund**: The company's contribution to Provident Fund and Superannuation and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, Act, 1961.
- viii) **Gratuity and /or contribution to Gratuity Fund of the Company**: Gratuity at the rate of half month's salary for each completed year of service.
- ix) **Cars**: Company maintained one car, as per the Rules of the Company.
- x) **Reimbursement** of entertainment, traveling and all other expenses incurred for the business of the Company as per the rules applicable to the Company. Traveling expenses of spouse accompanying the Managing Director on any official overseas or inland trip will be governed as per the Rules applicable to the Company.
- xi) **Other Allowance/benefits/perquisites**: Any other allowances, benefits and perquisites as per the Rules applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.

- xii) **Sitting Fees**: The Managing Director shall not be entitled to any sitting fees for attending meetings of the Board or any committee thereof.

### **Explanation:**

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309, 310 and all other applicable provisions of the Act read with Schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being in force, or otherwise as may be permissible at law. So long as Mr. Shyam Daga functions as the Managing Director of the Company, he shall not be subject to retirement by rotation.

For the purposes of Gratuity, provident fund, Superannuation and other like benefits, if any, the service of Mr. Shyam Daga, Managing Director will be considered as continuous service with the Company from the date of his joining as Joint Managing Director the 18<sup>th</sup> January, 2007.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise the remuneration and perquisites from time to time so as to be in conformity with the Law, for the time being in force.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the forgoing amount of remuneration and perquisites shall be paid to Mr. Shyam Daga as minimum remuneration subject to the applicable provisions of Schedule XIII of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (the Act) including any statutory modification(s) or re-enactment thereof, for the time being in force, and all other applicable guidelines for managerial remuneration issued by the Central Government from time to time or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) and as are agreed to by the Board of Directors (hereinafter referred

## Notice (Contd.)

to as the Board, which term shall be deemed to include any committee thereof and any person, authorized by the Board in this behalf), consent of the Members be and is hereby accorded to the appointment of Mr. Rajiv Daga as the Joint Managing Director of the Company, on the terms and conditions as set out below :

### **Period of Appointment:**

3 (Three) years with effect from 30<sup>th</sup> May, 2009 to 29<sup>th</sup> May, 2012 with liberty to either party to terminate the appointment by three months' notice in writing to the other.

### **Remuneration:**

a) Salary: Rs. 60,000/- (Rupees Sixty Thousand only) per month with such annual increment (s) as the Board may decide from time to time, subject however, to a ceiling of Rs. 1,20,000/- (Rupees One Lac Twenty Thousand only) per month.

b) Perquisites:

#### **i) Housing:**

- A) Residential accommodation or house rent allowance @ 60% of the salary.
- B) Expenses pertaining to electricity, water charges, telephone bills and all other expenses for the upkeep and maintenance thereof and the expenditure incurred thereon will be borne / reimbursed by the Company.
- C) Company shall provide such furniture, fixtures and furnishings as approved by the Board of Directors (which includes any committee thereof) of the Company from time to time.

**ii) Leave / Holiday Travel Expenses :** Reimbursement of leave/ holiday Travel expenses (like travel fare, lodging ,boarding , conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated up to next two years.

**iii) Medical Expenses:** Reimbursement of medical expenses (including insurance premium for medical and hospitalisation policy, if any) for self and family, which shall include spouse, children and dependent parents, at actual.

**iv) Club Fees:** Reimbursement of membership fees for one club in India including admission and life membership fees.

**v) Leave and encashment of leave:** Leave with full pay or encashment thereof as per the rules of the Company.

**vi) Personal Accident Policy:** Personal Accident Insurance Policy of such amount as may be decided by the Board of Directors (which includes any committee thereof ) the premium of which shall not exceed Rs. 10000/- per annum.

**vii) Contribution to Provident Fund, Superannuation or Annuity Fund:** The company's contribution to Provident Fund and Superannuation and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, Act, 1961.

**viii) Gratuity and /or contribution to Gratuity Fund of the Company:** Gratuity at the rate of half month's salary for each completed year of service.

**ix) Cars:** Company maintained one car, as per the Rules of the Company.

**x) Reimbursement** of entertainment, traveling and all other expenses incurred for the business of the Company as per the rules applicable to the Company. Traveling expenses of spouse accompanying the Joint Managing Director on any official overseas or inland trip will be governed as per the Rules applicable to the Company.

**xi) Other Allowance/benefits/perquisites:** Any other allowances, benefits and perquisites as per the Rules applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.

**xii) Sitting Fees:** The Joint Managing Director shall not be entitled to any sitting fees for attending meetings of the Board or any committee thereof.

### **Explanation:**

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309, 310 and all other applicable provisions of the Act read with Schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being in force, or otherwise as may be permissible at law. So long as Mr. Rajiv Daga functions as the Joint Managing Director of the Company, he shall not be subject to retirement by rotation.

## **Notice (Contd.)**

For the purposes of Gratuity, provident fund, Superannuation and other like benefits, if any, the service of Mr. Rajiv Daga, Joint Managing Director will be considered as continuous service with the Company from the date of his joining as Executive Director i.e. 18<sup>th</sup> January, 2007.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise the remuneration and perquisites from time to time so as to be in conformity with the Law, for the time being in force.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the forgoing amount of remuneration and perquisites shall be paid to Mr. Rajiv Daga subject to the applicable provisions of Schedule XIII of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution.”

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

“RESOLVED THAT Mr. Krishna Kant Somani, who was appointed as an Additional Director with effect from 06<sup>th</sup> March, 2009 by the Board of Directors of the Company in their meeting held on 09<sup>th</sup> March, 2009 pursuant to Article 126 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting by reason of Section 260 of the Companies Act, 1956 and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing along with a deposit of Rs. 500/- from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director (Technical) of the Company, whose period of appointment shall not be liable to retirement by rotation.”

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

“RESOLVED THAT subject to the approval of the shareholders of the Company and pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (the Act) including any statutory modification(s) or re-enactment thereof, for the time being in force, and all other applicable guidelines for managerial remuneration issued by the Central Government from time to time or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), approval(s) and permission(s) and as are agreed to by the Board of Directors (hereinafter referred to as the Board, which term shall be deemed to include any committee thereof and any person, authorized by the Board in this behalf), consent of the Members be and is hereby accorded

to the appointment of Mr. Krishnakant Somani as the Director (Technical) of the Company, on the terms and conditions as set out below :

#### **Period of Appointment:**

3 (Three) years with effect from 06<sup>th</sup> March, 2009 to 05<sup>th</sup> March, 2012 with liberty to either party to terminate the appointment by three months' notice in writing to the other.

#### **Remuneration:**

Mr. Krishna Kant Somani will be in charge of the Mysore Unit and will be drawing the remuneration as follows:

- a) Basic Salary: Rs. 31,000/- (Rupees Thirty One Thousand) per month
- b) Perquisites:
  - i) **Housing:** House rent allowance of Rs. 8,400/- per month.
  - ii) **Conveyance Allowance :** Rs.2,000/- per month, and
  - iii) Other benefits as per Company rule.

However, w.e.f. 01.07.2009, Mr. Krishna Kant Somani will also be incharge of Chintamani Unit, in addition to Mysore Unit and shall be drawing the following consolidated remuneration w.e.f. 01.07.2009:

- a) Basic Salary: Rs. 63,000/- (Rupees Sixty Three Thousand) per month with such annual increment(s) as the Board may decide from time to time, subject however, to a ceiling of Rs. 90,000/- (Rupees Ninety Thousand Only) per month.
- b) Perquisites:
  - i) **Housing:** A) house rent allowance of Rs. 9,000/- per month.
  - ii) **Conveyance Allowance :** Rs.3,000/- per month.
  - iii) **Leave / Holiday Travel Expenses :** Reimbursement of leave/ holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that reimbursement shall not exceed Rs 5250 per month.
  - iv) **Medical Expenses:** Reimbursement of medical expenses (including insurance premium for medical and hospitalisation policy, if any) for self and family, which shall include spouse, children and dependent parents, shall not exceed Rs 5250 per month
  - v) **Leave and encashment of leave:** Leave with full pay as per company rules or encashment thereof shall not exceed Rs 6,048/- per month.
  - vi) **Contribution to Provident Fund, Superannuation or Annuity Fund:** The company's contribution to

## Notice (Contd.)

Provident Fund and Superannuation and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, Act, 1961.

- vii) **Gratuity and /or contribution to Gratuity Fund of the Company:** Gratuity at the rate of half month's salary for each completed year of service.
- viii) **Cars:** Company maintained one car, as per the Rules of the Company.
- ix) **Other Allowance/benefits/perquisites:** Any other allowances, benefits and perquisites as per the Rules applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.
- x) **Sitting Fees:** The Director shall not be entitled to any sitting fees for attending meetings of the Board or any committee thereof.

### Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309, 310 and all other applicable provisions of the Act read with Schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being in force, or otherwise as may be permissible at law. So long as Mr. Krishna Kant Somani functions as the Director – Technical of the Company, he shall not be subject to retirement by rotation.

For the purposes of Gratuity, provident fund, Superannuation and other like benefits, if any, the service of Mr. Krishna Kant Somani, Director (Technical), will be considered as continuous service with the Company from the date of his joining as Director the 18<sup>th</sup> January, 2007.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise the remuneration and perquisites from time to time so as to be in conformity with the Law, for the time being in force.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the forgoing amount of remuneration and perquisites shall be paid to Mr. Krishna Kant Somani as minimum remuneration subject to the applicable provisions of Schedule XIII of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution."

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

"RESOLVED THAT in accordance with the applicable provision of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the SEBI (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, including any amendment thereof, for the time being in force (herein after referred to as ESOP Guidelines) approval of the member be and is hereby accorded for modification of existing scheme of "Archidply Employee Stock Option Scheme, 2009" as per the terms and conditions as set out in the explanatory statement annexed to this notice of meeting with retrospective effect from 01.04.2009 and be treated as these modifications of the scheme as an addendum to the earlier resolutions passed through Postal Ballot on 21<sup>st</sup> March, 2009 and read together for the purpose of Compliance with sufficient disclosure under the ESOP, Guidelines.

"RESOLVED FURTHER THAT the Compensation Committee/ Remuneration Committee be and is hereby authorized to do all things necessary and to take such action as may be appropriate or expedient to amend or redefine from time to time the existing Employee Stock Options Scheme approved earlier by the shareholders, so as to confirm the ESOP guidelines including any amendment thereof and take such other steps as may be necessary to ensure that such ESOP scheme remain effective and in accordance with such ESOP Guidelines.

"RESOLVED FURTHER THAT the employee stock options grant letter issued to the employees with effect from 01.04.2009 by the Compensation Committee/Remuneration Committee at the exercise price of Rs. 10/- per option be and is hereby approved"

"RESOLVED FURTHER THAT the Compensation Committee/ Remuneration Committee is authorized to issue Employee Stock Options to employee of the Company as per the new modified "Archidply Employee Stock Option Scheme, 2009 and SEBI ESOP Guidelines.

By Order of the Board of Directors  
For Archidply Industries Limited

Bangalore  
30<sup>th</sup> May, 2009

**Rajneesh Sharma**  
Company Secretary

### Registered Office:

29/2 G.K. Manor,  
1st Floor, Nehru Circle,  
Sheshadripuram,  
Bangalore 560 020.

## **Notice (Contd.)**

### **NOTES:**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 27th August, 2009 to 2nd September, 2009 (both days inclusive) in connection with the Annual General Meeting and declaration of Final Dividend.
3. Members may please bring the Admission Slip duly filed in and may hand over the same at the entrance to the Meeting Hall.
4. Members/Proxy holders are requested to bring their copies of the Annual Report to the meeting as no further copies would be made available as a measure of austerity.
5. Member's attention is being drawn that pursuant to the provisions of Section 205A of the Companies Act, 1956, Dividend & Refund Orders which remain unpaid or unclaimed for a period of seven years will be transferred to the Investors Education & Protection Fund(IEPF) of the Central Government.
6. Members who have not encashed their interim dividend/Share Application Refund Orders for the year 2008-09 are requested to write to the Company Share Department at its Registered Office or to the Registrar or share Transfer Agent of the Company at M/s Karvy Computer share Private Limited, Plot no 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad-500 086, India; email [einward.ris@karvy.com](mailto:einward.ris@karvy.com). It may be kindly noted that once the amount in the unpaid dividend accounts are transferred to the Investors Education & Protection Fund(IEPF) of the Central Government, no claim shall lie against the fund of the Company in respect thereof and members would lose their right to claim such dividend
7. The shareholders seeking information on accounts published herein are requested to furnish their queries to the Company at least ten days before the date of the meeting to facilitate satisfactory replies.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The relevant documents referred to in the Notice are open for inspection at the Registered Office of the company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the meeting.
10. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 2nd September, 2009 to those members whose names appear on the Register of Members as on 26th August, 2009.
11. Members are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited Unit: Archidply Industries Limited, Plot no. 17 to 24, Vittalrao Nagar, Madhavpur, Hyderabad – 500 086.
12. As per the requirement of clause 49 of the listing agreement on Corporate Governance for appointment of the Directors/re-appointment of the retiring Directors, a statement containing details of the concerned Directors is given below:



**Notice (Contd.)**

<b>Name of Director</b>	<b>Mr. Deen Dayal Daga</b>	<b>Mr. Shyam Daga</b>	<b>Mr. Rajiv Daga</b>	<b>Mr. Krishna Kant Somani</b>	<b>Mr. Bharath Kumar Hukumchand Rathii</b>
<b>Date of Birth</b>	06.12.1942	13.02.1975	26.04.1978	11.03.1948	15.08.1947
<b>Date of Appointment</b>	24.12.2004	18.01.2007	22.12.2004	06.03.2009	03.09.2007
<b>Qualification</b>	BA, LL.B	B.Com.	B.E. (Industrial)	Diploma in Mechanical Engineering (1965)  Specialised Course in "Plywood & Laminated Technology" conducted by IPIRITI, Bangalore (1970)	B.Arch, A.I.I.A
<b>Expertise in specified functional area</b>	Industrialist having over 37 years of expertise in establishing and successfully running the plywood & tea industry.	Having over 13 years of experience in managing the overall administration, operations Finance & Accounts in the plywood industry	Having over 10 years experience in the marketing, advertisement and production in the plywood industry	Having over 30 years of experience in plywood, particle board, MDF boards manufacturing Industry as a Techno Commercial & Administrative Head including 7 years of experience of Project Implementation	Having over 35 years experience in the field of Architecture and interior designing
<b>Shareholding in Archidply Industries Limited</b>	1303320	1244260	812500	NIL	NIL
<b>List of outside Directorship held excluding Alternate Directorship and Private Companies.</b>	The Mysore Chipboards Limited	The Mysore Chipboards Limited	NIL	The Mysore Chipboards Limited	NIL
<b>Chairman/ Member of the Committee of the Board of Directors of the Company</b>	NIL	<b>Member</b>  Audit Committee	<b>Member</b>  Investors Grievances Committee	NIL	<b>Member</b>  Audit Committee  Investors Grievances Committee  Remuneration/ Compensation Committee
<b>Chairman/ Member of the Committee of the Board of Directors of other Companies in which he or she is a Director</b>	NIL	NIL	NIL	NIL	NIL
<b>a. Audit Committee</b>	NIL	NIL	NIL	NIL	NIL
<b>b. Investor Grievance committee</b>	NIL	NIL	NIL	NIL	NIL
<b>c. Remuneration Committee</b>	NIL	NIL	NIL	NIL	NIL

## **Notice (Contd.)**

### **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:**

#### **ITEM NO. 5**

Due to health concern and growing age, Mr. Deen Dayal Daga, Chairman & Managing Director of the Company has stepped down from the position of Managing Director which actively requires the day to day managing the affairs of the Company. However, he shall continue to be associated with the Company in the capacity as an Executive Chairman.

The Board of Directors & Remuneration Committee at its meeting held on 30<sup>th</sup> May, 2009, subject to approval of members, appointed Mr. Deen Dayal Daga as an Executive Chairman of the Company for a period of three (3) years. The remuneration and other terms and conditions of his appointment as Executive Chairman are set out in the resolution and subject to your approval.

Members' approval is sought for the appointment of Mr Deen Dayal Daga as a Executive Chairman of the Company for a period of three years with effect from 30<sup>th</sup> May, 2009 and for the payment of salary and other perquisites.

Considering his rich and varied experience spanning a period of over three decades and the rich contribution he has been making to the growth of the Archidply group, it would be in the best interest of the Company to appoint Mr Deen Dayal Daga as an Executive Chairman.

The remuneration of the Executive Chairman will be so fixed by the Board of Directors from time to time that the Salary and the aggregate value of all the perquisites and allowances shall not exceed the overall ceiling on remuneration approved by the Members in the General Meeting.

The copy of Agreement executed with the Executive Chairman is available for inspection on all working days except Saturday between 11.00 a.m. to 1.00 p.m. at the registered office of the Company, up to the date of meeting.

The notice along with the explanatory statement is to be regarded as an abstract of the terms and conditions of the appointment of Mr. Deen Dayal Daga as Executive Chairman , under section 302 of the Companies Act, 1956.

Mr. Deen Dayal Daga is concerned or interested in this resolution. Mr. Shyam Daga, Managing Director and Mr. Rajiv Daga, Joint Managing Director of the company are related to Mr. Deen Dayal Daga and accordingly may be deemed, concerned or interested in the Resolution.

Save, as aforesaid, none of the other Directors is, in any way, concerned or interested in the said resolution.

The Board of Directors recommend passing of resolutions at Item No.5.

#### **ITEM NO. 6**

Mr. Shyam Daga is associated with the group for more than 13 years. Mr. Shyam Daga possesses rich experience in managing

plywood, veneer plain and pre laminated particle board, timber and its relatable industries. He was involved in turning around the sick company i.e. the Mysore Chipboards Limited into a profit making company. Further he is also involved in setting up the Uttaranchal unit in record time.

Mr. Shyam Daga was appointed as an Managing Director of the Company with effect from 30<sup>th</sup> May, 2009 for a period of three years i.e. upto 29<sup>th</sup> May, 2012

The Board of Directors & Remuneration Committee at its meeting held on 30<sup>th</sup> May 2009 subject to approval of members, appointed Mr. Shyam Daga as Managing Director of the Company for a period of three (3) years from 30.05.2009 to 29.05.2012.

The remuneration and other terms and conditions of his appointment as Managing Director are set out in the resolution and subject to your approval.

Considering his experience spanning a period of over one decade and the rich contribution he has been making to the growth of the Company, it would be in the best interest of the Company to appoint Mr. Shyam Daga as Managing Director.

The remuneration of the Managing Director will be so fixed by the Board of Directors from time to time that the Salary and the aggregate value of all the perquisites and allowances shall not exceed the overall ceiling on remuneration approved by the Members in the General Meeting.

The copy of Agreement executed with the Managing Director available for inspection on all working days except Saturday between 11.00 a.m. to 1.00 p.m. at the registered office of the Company, up to the date of meeting.

The notice along with the explanatory statement is to be regarded as an abstract of the terms and conditions of the appointment of Mr. Shyam Daga as Managing Director , under section 302 of the Companies Act, 1956.

The proposed business at item no. 6 of the Notice of this meeting are intended to seek your approval.

Mr. Shyam Daga is concerned or interested in this resolution. Mr. Deen Dayal Daga, Executive Chairman and Mr. Rajiv Daga, Joint Managing Director of the company are related to Mr. Shyam Daga and accordingly may be deemed, concerned or interested in the Resolution.

The Board of Directors recommend passing of resolutions at Item No. 6.

#### **ITEM NO. 7**

Mr. Rajiv Daga joined the Board of Directors of Archidply Industries Limited in 2004. He completed his Bachelors in Industrial Engineering from Purdue University, USA. He is presently a committee member of South India Plywood Manufacturers Association. He was a software consultant with Manhattan Associates, Atlanta, USA from 2001 to 2003. He is involved in running the day to day manufacturing operations of all the Units of Archidply Industries Limited.

## **Notice (Contd.)**

The Board of Directors & Remuneration Committee at its meeting held on 30<sup>th</sup> May 2009 subject to approval of members, appointed Mr. Rajiv Daga as Joint Managing Director of the Company for a period of three (3) years who was earlier holding the office in the capacity of Executive Director. Considering his varied experience in marketing and production and the contribution he has been making to the Company, it would be in the best interest of the Company to appoint Mr. Rajiv Daga as Joint Managing Director.

Members' approval is sought for the appointment of Mr. Rajiv Daga as a Joint Managing Director of the Company for a period of three years with effect from 30<sup>th</sup> May, 2009 and for the payment of salary and other perquisites.

The remuneration and other terms and conditions of his appointment as Joint Managing Director are set out in the resolution and subject to your approval.

The remuneration of the Joint Manager Director will be so fixed by the Board of Directors from time to time that the Salary and the aggregate value of all the perquisites and allowances shall not exceed the overall ceiling on remuneration approved by the Members in the General Meeting.

The copy of Agreement executed with the Joint Managing Director is available for inspection on all working days except Saturday between 11.00 a.m. to 1.00 p.m. at the registered office of the Company, up to the date of meeting.

The notice along with the explanatory statement is to be regarded as an abstract of the terms and conditions of the appointment of Mr. Rajiv Daga as Joint Managing Director, under section 302 of the Companies Act, 1956.

The proposed business at item no. 7 of the Notice of this meeting are intended to seek your approval.

Mr. Rajiv Daga is concerned or interested in this resolution. Mr. Deen Dayal Daga, Executive Chairman and Mr. Shyam Daga, Managing Director of the company are related to Mr. Rajiv Daga and accordingly may be deemed, concerned or interested in the Resolution.

The Board of Directors recommend passing of resolutions at Item No. 7.

### **ITEM NO. 8 & 9**

Mr. Krishna Kant Somani was appointed as an Additional Director of the Company with effect from 06.03.2009 by the Board at its meeting held on 9<sup>th</sup> March 2009 holding office of a Director only unto the date of the ensuing Annual General Meeting of the Company by virtue of the provisions of section 260 of the Companies Act, 1956 read with Articles of Association of the Company.

The Board of Directors & Remuneration Committee at its meeting held on 30<sup>th</sup> May 2009, subject to approval of members, has recommended the remuneration and other terms and conditions of his appointment as Director – Technical are set out in the resolution and subject to your approval.

The remuneration of the Director – Technical will be so fixed by the Board of Directors from time to time that the Salary and the

aggregate value of all the perquisites and allowances shall not exceed the overall ceiling on remuneration approved by the Members in the General Meeting.

The copy of Agreement executed with the Director – Technical is available for inspection on all working days except Saturday between 11.00 a.m. to 1.00 p.m. at the registered office of the Company, up to the date of meeting.

The notice along with the explanatory statement is to be regarded as an abstract of the terms and conditions of the appointment of Mr. Krishna Kant Somani as Director – Technical, under section 302 of the Companies Act, 1956.

The proposed business at item no. 8 & 9 of the Notice of this meeting is intended to seek your approval. Your Directors recommend the approval of the Resolution in the interest of the Company.

Except Mr. Krishna Kant Somani, none of the other Directors is, in any way, concerned or interested in the said resolution.

The Board of Directors recommend passing of resolutions at Item No. 8 & 9.

### **ITEM NO. 10**

The Company appreciates the critical role of human resource in the organizational growth. It strongly feels that the value created by its the people should be shared with them. In order to attract and retain qualified, talented and competent personnel your Company has instituted an Employee Stock Option Scheme in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines 1999 (including any modification therein from time to time) herein after referred to as Guidelines, and reserved an 2,00,000 number of shares there under to allot Equity shares to the employee of the Company under the "Archidply Employee Stock Option Scheme, 2009. The said scheme was approved by the Shareholders through postal ballot resolution passed on 21<sup>st</sup> March, 2009.

The Scheme has been modified with respect to following with effect from 01.04.2009:

#### **Exercise Price:**

The exercise price of the Option has been fixed at Rs. 10/- per Option which is the face value of the share.

Your Directors recommend the resolution for your approval.

By order of the Board of Directors  
For Archidply Industries Limited

Bangalore  
30<sup>th</sup> May 2009

**Rajneesh Sharma**  
Company Secretary

#### **Registered Office:**

29/2 G.K. Manor,  
1st Floor, Nehru Circle,  
Sheshadripuram,  
Bangalore 560 020.

## Directors' Report

### TO THE MEMBERS OF

### ARCHIDPLY INDUSTRIES LIMITED

Your Directors are pleased to present the Fourteenth Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2009.

### FINANCIAL RESULTS

The financial results of the Company during the year under review are summarized as under:

(Rs. in Lakhs)

Particulars	Year ended 31.03.09	Year ended 31.03.08
Net sales	15,040.95	13,402.09
Profit before interest & Depreciation	2778.09	2682.68
Depreciation	345.20	372.12
Interest & Finance charges	778.52	708.36
Profit before tax	<b>1,654.37</b>	1602.20
Taxation	228.63	179.00
Profit after tax	1425.74	1423.20

### PERFORMANCE REVIEW

During the year of operation, your Company has earned a profit after tax for current year of Rs.1425.74 lacs. Your Company's Net turnover during the year ended 31.03.2009 was Rs.15,040.95 lacs. The Company has achieved an increase of 12.23 % in net turnover for the current financial year as against the previous year net turnover of Rs. 13,402.09 lacs.

Your Company continued to target growth in its business areas while simultaneously investing in capacity building activities during the year to cater to the future.

### DIVIDEND

The Company has paid an interim dividend of Rs. 2/- per equity share (20% on par value of Rs. 10 per equity share) for the financial year 2008-09 to all categories of shareholders excluding Promoters & Promoters Group Shareholders of the Company. The Promoters and Promoters Group Shareholders have waived their right to receive interim dividend for the year ended 31<sup>st</sup> March, 2009.

The Board has recommended final dividend of Rs.1 per equity share (10% on the par value of Rs10 per equity share) of the Company for the year ended 31<sup>st</sup> March'2009.

The final dividend, if declared, will involve an outflow Rs 220 lacs plus a dividend tax of Rs. 37.39 lacs.

The Register of Members and Share Transfer Books of the Company will remain closed from 27<sup>th</sup> August, 2009 to 2<sup>nd</sup> September, 2009 (both days inclusive) in connection with the Annual General Meeting and declaration of Final Dividend.

### TRANSFER TO RESERVE

The Board of Directors proposes to Transfer Rs.1004.20 lacs to the General Reserve.

### NEW EXPANSION PROJECTS

The Company has inaugurated the first phase of the Chintamani Project for setting up the new manufacturing facility for Prelaminated Particle Board and Decorative Plywood on 09<sup>th</sup> October, 2008. The commercial production for the 1<sup>st</sup> phase of the project started from 01.01.2009.

The Board of Directors in their meeting held on 29<sup>th</sup> January, 2009 have decided to postpone the decision of putting up Second Phase of the project for setting up a Plain Particle Board (PPB) plant at Chintamani, Karnataka and setting up a new manufacturing capacity for Medium Density Fibreboard (MDF) at our existing plant at Rudrapur, Uttrakhand, in view of the economic slow down and import prices of the above products coming down by 30%, thus making investment in the project unviable. The expansion project is kept on hold and review the future status of the project in Sept'09 by the Board Members.

### PUBLIC ISSUE

During the year, the Company has completed its Initial Public Offering (IPO) for part funding its new project at Chintamani & expansion project at Rudrapur, and issued and allotted 66,15,720 equity shares of Rs 10 each at a premium of Rs.64. The Company's Shares got listed at the National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd from July 04, 2008.

The particulars of proceeds raised from the issue are given below:

Particulars	Amt. (Rs.)
Equity Share Capital	66157200
Share Premium	423406080
Total	489563280

The Board of Directors has decided that in lieu of the postponement of the Second Phase of the project for setting up a new plain particle board (PPB) plant at Chintamani and setting up a new manufacturing capacity for Medium Density Fibreboard (MDF) at our existing plant at Rudrapur, Uttrakhand, the utilization of IPO funds in the following manner:

1. Expansion of plywood capacity at its existing plant at Rudrapur to the licensed capacity as per the terms of the licence issued to Company for an amount of Rs.30 million.
2. Modification and addition of balancing equipments at its existing particle board plant at Mysore with an investment of Rs. 20 million
3. Acquisition of land in Assam at Guwahati for future expansion plans to increase its presence in Eastern part of India, keeping in mind market and timber availability for an amount of Rs 10 million.
4. Acquisition of land in Gujarat for future expansion plans to increase its presence in western India, keeping in mind market and timber availability for an amount of Rs 10 million.
5. Temporary infusion of working capital in existing units from IPO proceeds instead of increasing the bank borrowings to avail differential interest benefit to meet the working capital gap of Rs 200 million created due to economy slowdown & opening for four centralized company depots for better service to smaller customers at Mumbai, Bangalore, Kolkata and Delhi.

## Directors' Report (Contd.)

The Company has obtained the members approval through voting by postal ballot on 21.03.2009 in terms of provisions of Section 192A of the Companies Act, 1956 read with the provisions of Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, to grant authority to Board of Directors to delete, add, amend or in any way vary any or all items and conditions of the agreements/contracts specified in the Prospectus, dated June 23, 2008 issued by the Company.

The particulars of actual utilization of IPO Funds upto 31<sup>st</sup> March 2009, duly certified by Statutory Auditor is as under:

Particulars	Rs.in Lakhs
Chintamani Projects	1,405.25
IPO Expenses	492.76
Deposit with Stock Exchange	26.46
Capex - Rudrapur Projects	290.71
Capex - Mysore	118.43
Land in Assam	25.56
Land in Hasan	31.05
Fixed Deposit with Bank	325.00
Intercorporate Deposits (not with the Companies promoted by Promoters)	768.00
Paid to Existing units for working capital	1,412.41
<b>Total</b>	<b>4,895.63</b>

### INCREASE IN PAID -UP SHARE CAPITAL

During the year, the Company issued and allotted 66,15,720 equity shares of Rs 10 each at a premium of Rs.64/- through Initial Public offering. The Paid up Share Capital has been increased from Rs.15,38,42,800 divided into 15384280 equity shares of Rs. 10 each to Rs. 22,00,00,000 divided into 22000000 equity shares of Rs. 10 each. The authorized share capital of the Company remains same at Rs 25,00,00,000 divided into 25000000 equity shares of Rs. 10 each.

### SUBSIDIARIES OF THE COMPANY

The Company does not have any subsidiary Company.

### DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

Pursuant to Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed,

- (i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

- (iv) That the Directors have prepared the accounts for the financial year ended March 31, 2009 on a going concern basis.

### CORPORATE GOVERNANCE

The Corporate Governance & Management Discussion & Analysis (MDA) report forms an integral part of the report and is set out as separate annexure to this report. The certificate from the Statutory Auditor of the Company certifying compliance of the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement is annexed to the report on Corporate Governance.

### AUDIT COMMITTEE/INVESTOR GRIEVANCE COMMITTEES/ REMUNERATION / COMPENSATION COMMITTEE

The Board of Directors has constituted three committees i.e. Audit Committee, Investor Grievance committee and Remuneration/ Compensation Committee as per the requirement of Corporate Governance under the Listing Agreement. The majority of the members of these committees are independent & non executives. The details of members of these Committees are given in Corporate Governance Report.

### FIXED DEPOSITS

The Company has neither accepted nor renewed any Fixed Deposits from the public during the year under review.

### DIRECTORS

Due to health concern and growing age, Mr. Deen Dayal Daga, Chairman & Managing Director of the Company w.e.f. 30.05.2009 has stepped down from the position of Managing Director which actively requires the day to day managing the affairs of the Company. However, he shall continue to be associated with the Company in the capacity as an Executive Chairman. The Board of Directors has in their meeting held on 30.05.2009, subject to approval of the members in the general meeting, has appointed Mr. Shyam Daga as Managing Director and Mr. Rajiv Daga as Joint Managing Director for a period of three years who were earlier holding the position of Joint Managing Director and Executive Director respectively.

Mr. Krishna Kant Somani has resigned from the directorship on 06.02.2009 and has been again appointed as Additional Director as on 06.03.2009. Notice pursuant to section 257 of the Companies Act, 1956 has been received from member proposing the above appointment as Director of your Company. He is eligible for appointment and have offer themselves for re-appointment.

Mr. Bharath Kumar Hukumchand Rathi, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting. He is eligible for appointment and offers himself for re-appointment.

A brief resume of the Directors being appointed / re-appointed are attached to the Notice for the ensuing Annual General meeting.

None of the Directors of your Company is disqualified as per provisions of Section 274 (1) (g) of the Companies Act, 1956. The Directors of the Company have made necessary disclosures as required under various provisions of the Companies Act and clause 49 of the Listing Agreement.

## **Directors' Report (Contd.)**

### **EMPLOYEES STOCK OPTION SCHEME**

Your Company appreciates the significant role its employees play in its growth. Your Company strongly feels that the value created by its employees should be shared with them. To promote employees ownership in the Company, the Company has formulated Employee stock Option scheme – "Archidply Industries Limited ESOS- 2009" exercisable into not more than 2,00,000 options. The said Scheme was approved by the Shareholders through postal ballot as on 21.03.2009.

The ESOS is submitted to stock exchange for approval. The Compensation Committee/Remuneration Committee constituted in accordance with the SEBI Guidelines, administers and monitors the scheme.

### **LISTING WITH STOCK EXCHANGES**

The Equity shares of the Company got listed with Bombay Stock Exchange Ltd. (BSE) & National Stock exchange of India Limited (NSE) on 04.07.2008. The annual listing fee for the finance year 2009-10 was paid within the scheduled time to BSE & NSE.

### **AUDITORS**

M/s GRV & PK, Chartered Accountants, who are statutory auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

The Company has received letter from them to the effect that their appointment / reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment / reappointment within the meaning of Section 226 of the said Act.

For the observations made by the Auditors in their report are self explanatory and do not require any explanations.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The statement containing the necessary information as required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed hereto and forms an integral part of this report.

### **EMPLOYEE PARTICULARS**

The Statement of employees required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not annexed, as there are no employees

drawing salary exceeding the present limits as provided under the Act.

The relations between the management and employees remain normal and cordial during the year under review.

### **GREEN INITIATIVE**

#### **Eco Mark, IGBC & Toxin Check Technology**

Your Company wholly recognizes undying concern for eco friendly environment, continued efforts and worthy contribution to make this planet a safer place. The Company has achieved the distinction of receiving the prestigious BIS Eco mark. The very first plywood manufacturer in the Country to be certified so.

The Company's product plywood's and laminates owes to unique "Toxin Check Technology" set to Euro I standard, result in ultra low formaldehyde emissions.

#### **Indian Green Building council – IGBC**

The Company has applied for IGBC membership which shall give opportunity to play an active role in the advocacy of green buildings and use their logo in correspondence. The Company has also applied for specifying its products for the IGBC projects.

### **OPENING OF NEW MARKETING OFFICES & DEPOTS**

Your Company has increased its number of marketing offices to 25 offices as against the 16 offices last year.

Your Company has also opened new stock depots in Mumbai, Kolkata, Bhubaneswar and Bangalore so as to increase its stocking capacity and easing out inventory management. This will help in fulfilling the needs of small dealers in the area who are not able to Stock. Thus, the Company will be able to make its hold in the unrepresented area.

### **ACKNOWLEDGMENTS**

Your Directors wish to place on record their deep sense of appreciation for the dedication, commitment and contribution made by the employees at all levels during this year. Their unstinted support has been and continues to be integral part to your Company's ongoing growth.

Your Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Company's Bankers, Central and State Governments, Local Govt. agencies, Company Customers, Suppliers, Business Associates and also our esteemed Shareholders, for their continued co-operation and Support.

#### **FOR AND ON BEHALF OF THE BOARD OF ARCHIDPLY INDUSTRIES LIMITED**

Place : Bangalore  
Date : 30.05.2009

**Shyam Daga**  
(Managing Director)

**N.S Adkoli**  
(Director)

## Annexure to the Directors' Report

### Under The Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988

#### **A. Conservation of Energy**

The Company through continuously improving its manufacturing process and efficiency at its all plants and offices continues its endeavour to improve energy conservation and utilization.

Energy conservation programs adopted by the Company are:

- (i) Strict watch is kept on idle running of machine and to work the machine at full capacity
- (ii) Machineries are frequently overhauled to work smoothly;
- (iii) Monitoring of power factor is frequently done and we have installed automatic power control systems in the circuit.
- (iv) Energy consumption versus production is monitored at regular intervals to check over usage of energy.
- (v) Continuous monitoring of energy consumption.
- (vi) Voltage is controlled with the installation of automatic voltage controller on transformer.

#### **B. Research and Development (R & D)**

##### **1. Specific areas in which R & D carried out by the Company.**

R&D portfolio consist of product improvement and process optimization with a view to reduce cost and introduction of new environmental friendly products and processes.

##### **2. Benefit derived as a result of the above R & D:**

The new products and process cater the needs of variety of customer segments and aim to reduce cost. Development of eco-friendly processes result in less quantity of effluent and emission. Also designing of 'safe' i.e. non toxic products conform to Euro I Standards

##### **3. Future Plan of action:**

R&D will focus on projects leading to further cost reduction and reduced load on environment.

##### **4. Expenditure on R & D**

No capital expenditure is done towards the R&D. The Company continuously incur expenses for improving the

processes, product quality, etc they cannot be specifically identified as research & development expenses. Thus, the same has not been shown separately.

#### **Technology, absorption, adaptation and innovation.**

##### **1. Efforts in brief, made towards technology absorption, adaptation and innovation.**

The Company absorbs the knowledge of plywood technology from various sources, such as know-how from its associate Companies, their own data bank, published literature etc. and thereafter adopt the same to the Company infrastructure, effects improvement to the products and processes of the Company including containment of pollution and control of effluents. Quality assurance managers are placed for each factory and are made independent. With this the complaints have reduced and consumers are feeling satisfied with our products.

##### **2. Benefits derived as a result of the above efforts.**

Benefits derived from these efforts include process rationalisation, product quality improvement, and environmental friendly product. With this our Product has got eco mark from BIS and has been referred for Green Building due to low formaldehyde emission products.

##### **3. Imported technology**

The Company has imported the Wide Belt Sanding Machine in the year October' 2008 for amount of Rs.34,73,910. The technology received by the Company is being absorbed and adapted to the manufacturing process of the Company.

#### **C. Foreign Exchange Earning & Outgo**

Earnings : Rs.13491942

Outgo : Rs.133202341

**FOR AND ON BEHALF OF THE BOARD  
OF ARCHIDPLY INDUSTRIES LIMITED**

Place : Bangalore  
Date : 30.05.2009

**Shyam Daga**  
(Managing Director)

**N.S Adkoli**  
(Director)

## Report on Corporate Governance

### Company's philosophy on Code of Governance

The Company believes that good Corporate Governance is not a one time exercise but a journey which continuously requires up gradation in transparency, accountability and equity in all its dealings of the Company.

### Board Composition

#### I. Size and composition of the Board

The Board of Directors of the Company consists of an optimum combination of executive and non-executive directors. The Board of directors comprises 8 Directors out of which 4 Directors are Non-executive Directors. The Company has an Executive Chairman and not less than half of the total strength of the Board comprises of independent directors. The Company has four Independent Directors. None of the Directors on the Company's Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he is a Director. All the Directors have made necessary disclosures regarding committee positions occupied by them in other Companies.

There is no pecuniary relationship or transaction of the non-executive directors with the Company.

During the year under review, 12 Board Meetings were held during the financial year ended 31<sup>st</sup> March, 2009. The dates of the Board meeting were 6.05.2008, 23.05.2008, 18.06.2008, 23.06.2008, 25.06.2008, 23.07.2008, 08.09.2008, 03.10.2008, 20.10.2008, 29.01.2009, 09.03.2009 and 30.03.2009. There has not been a time gap in excess of four months between any two meetings of the Board of Directors. The requisite information as enumerated in Annexure I to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussion and consideration at Board Meetings. The composition of the Board, attendance at Board Meetings (BM) held during the financial year (FY) under review and at last Annual General Meeting (AGM) and number of directorships and Memberships/ Chairmanships in other Public Companies are given below:

Name of the Director (Designation)	Category	FY 2008-09 Attendance at		No. Of Other Director- ships held ^	No. of Committee Positions held	
		BM	Last AGM		This Company	Other Company
Mr.Deendayal Daga (Executive Chairman ) +	Promoter	11	YES	1	Nil	Nil
Mr.Shyam Daga (Managing Director) +	Promoter	11	YES	1	1	Nil
Mr.Rajiv Daga (Joint Managing Director) +	Promoter	12	YES	1	1	Nil
Mr.K.K.Somani* (Director Technical)	Executive & Non Independent	9	YES	1	Nil	Nil
Mr. K.K. Taparia (Director)	Independent	3	NO	1	1	2
Mr. B.H. Rathi (Director)	Independent	2	NO	NIL	3	Nil
Mr. M.S. Aftab (Director)	Independent	2	NO	1	3	Nil
Mr.N.S.Adkoli (Director)	Independent	3	YES	1	3	Nil

^ Excludes directorships held in Private Companies and Companies incorporated under Section 25 of the Companies Act, 1956.

+ Mr. Deen Dayal Daga, Chairman & Managing Director of the Company w.e.f. 30.05.2009 has stepped down from the position of Managing Director. However, he shall continue to be associated with the Company in the capacity as an Executive Chairman. The Board of Directors has in their meeting held on 30.05.2009 has appointed Mr. Shyam Daga as Managing Director and Mr. Rajiv Daga as Joint Managing Director for a period of three years w.e.f. 30.05.2009 who were earlier holding the position of Joint Managing Director and Executive Director respectively.

\* Resigned from Directorship w.e.f 06.02.2009 and subsequently reappointed as Additional Director w.e.f. 09.03.2009. Attended the Board meeting dated 06.03.2009 as special invitee.



## Report on Corporate Governance (Contd.)

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, one-third Directors of the Company, liable to retire by rotation retires at every Annual General Meeting. Accordingly, Mr. B.H.Rathi would retire by rotation at the ensuing Annual General Meeting of the company and being eligible they offer themselves for reappointment. Mr. K.K.Somani who were appointed as Additional Director on the Board of the Company under Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice from Member under Section 257 of the Companies Act, 1956 proposing him to be appointed as the Director (Technical) of the Company. The Board of Directors has in their meeting held on 30.05.2009, subject to approval of the members in the general meeting, has appointed Mr. Deen Dayal Daga as Executive Chairman, Mr. Shyam Daga as Managing Director and Mr. Rajiv Daga as Joint Managing Director for a period of three years w.e.f. 30.05.2009, who were earlier holding the position of Chairman & Managing Director, Joint Managing Director and Executive Director respectively.

Information as required under Clause 49(VI) of the Listing Agreement on director's appointed/reappointed at this Annual General Meeting is annexed to the Notice of the Annual General Meeting.

### **Audit Committee**

**(i) Brief description of terms of reference:**

The terms of reference of the Audit Committee, includes all matters as specified for Audit Committee under the Listing Agreement.

**(ii) Meeting, Composition, designation, Category and Attendance thereof:**

During the financial year 2008-09, 3 meeting of Audit Committee were held on 06.05.2008, 20.10.2008 and 29.01.2009. The Composition and other details of Audit Committee of the Company is as follows:

Sl. No.	Name of Director	Designation	Category	No. of meeting attended
1	Mr. N.S.Adkoli	Chairman	Non Executive, Independent	3
2	Mr. B.H. Rathi	Member	Non Executive, Independent	2
3	Mr. M.S.Aftab	Member	Non Executive, Independent	2
4	Mr. Shyam Daga	Member	Executive, Promoter	2

Mr. Rajneesh Sharma, Company Secretary is the Secretary to the Audit Committee

### **Remuneration Committee/Compensation Committee:**

**(i) Brief description of terms of reference:**

The Board has constituted a remuneration/Compensation Committee of the Company. The terms of reference of the Committee are to make recommendation to the Board for induction of any new Director on the Board and also help to ensure that the non Executive Director decides on appointment/re-appointment, remuneration, assessment and progression of Whole-time Directors. The Committee also reviews and administers the ESOP scheme as drawn form time to time.

**(ii) Meeting, Composition, designation, Category and Attendance thereof:**

During the financial year 2008-09, 2 meetings of Remuneration Committee were held on 06.05.2008 and 29.01.2009. The Composition and other details of Remuneration/Compensation Committee of the Company is as follows:

Sl. No.	Name of Director	Designation	Category	No. of meeting attended
1	Mr. N.S.Adkoli	Chairman	Non Executive, Independent	2
2	Mr. B.H. Rathi	Member	Non Executive, Independent	1
3	Mr. M.S.Aftab	Member	Non Executive, Independent	1
4	Mr. K.K.Taparia	Member	Non Executive, Independent	2

## Report on Corporate Governance (Contd.)

### Details of Remuneration paid to Directors

#### a) Executive Directors

All elements of remuneration package i.e. salary, benefits, bonuses, etc. paid to Executive Directors during the financial year 2009-09 are as under:

(in Rs.)

Name of Directors	Basic Salary	HRA	Conveyance	Medical allowance	Total
Mr. Deen Dayal Daga	1080000	648000			1728000
Mr. Shyam Daga	900000	540000		250000	1690000
Mr. Rajiv Daga	720000	432000		250000	1402000
Mr.K.K.Somani	328966	90919	20396		440281

- No commission is payable to the Executive Directors.
- No sitting fee is paid to Executive Directors for attending the meeting of Board of Directors of the Company or committees thereof.
- There is no separate provision for payment of severance fees.

#### b) Non-Executive Directors

Non-executive Directors are paid the sitting fees for attending the Board Meetings and Committee Meetings. The details are as under :

(in Rs.)

Name of Directors	Sitting fees for Board Meeting	Sitting fees for Committee Meeting
Mr. M.S.Aftab	30,000	50,000
Mr. B.H. Rathi	30,000	40,000
Mr. N.S.Adkoli	45,000	70,000
Mr. K.K. Taparia	45,000	20,000

### Shareholders/Investors Grievances Committee and Share transfer Committee:

#### (i) Brief description of terms of reference:

The Committee reviews, records and expedite transfer of shares, issue of duplicate share certificate, rematerialization etc. and helps to resolve/attend to any grievance of Shareholders/Investors and to minimise any delays in the transfer process. Any investor grievance is referred to the Committee in the first instance, for earliest resolution of any problem. During the year 2008-09, 86 complaints/requests were received from the shareholders/investors through SEBI/Stock Exchange and directly from shareholders/Investors, which pertained mainly to matters like non-allotment of shares, non-receipt of refund orders, in connection with the recently concluded Initial Public offer of the Company and payment of interim Dividend. All the complaints/request was resolved to the satisfaction of the shareholders/investors. As on 31.03.2009, there were no pending complaints.

#### (ii) Meeting, Composition, designation, Category and Attendance thereof:

During the year under review, the committee met on 06.05.2008 and 29.01.2009. The Composition and other details of the Shareholders/Investors Grievances Committee and Share transfer Committee of members of the Company was as follows:

Sl. No.	Name of Director	Designation	Category	No. of meeting attended
1	Mr. N.S.Adkoli	Chairman	Non Executive, Independent	2
2	Mr. B.H. Rathi	Member	Non Executive, Independent	1
3	Mr. M.S.Aftab	Member	Non Executive, Independent	2
4	Mr. Rajiv Daga	Member	Executive, Promoter	2

Mr. Rajneesh Sharma, Company Secretary acts as the Compliance Officer of the Company.

## Report on Corporate Governance (Contd.)

The shares of the Company are being compulsorily traded in dematerialized form. Shares in physical form, received for transfer/dematerialization, are transferred/dematerialized within a period of 21 days from the date of lodgment of valid share transfer deed along with share certificate. These request are processed through the Company's Registrar and Share Transfer Agent i.e. Karvy Computershare Private Limited.

During the year half-yearly certificate(s) confirming due Compliance of the share transfer formalities by the Company (clause 47(c) of the listing agreement); and Secretarial audit report (s) {Under SEBI (Depositories and participant) Regulation, 1996} for reconciliation of total admitted capital with both the depositories, were obtained from a Practicing Company Secretary/Statutory Auditor and the same were submitted with the stock Exchanges within the stipulated time.

### General Body Meetings

i. Details of the location and time of the last three AGM's held:

Year	Location	Date	Time
2008	No. 29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 56 0020	20.06.2008	11:00 A.M.
2007	No. 29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 56 0020	29.09.2007	11:00 A.M.
2006	No. 29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 56 0020	18.09.2006	11:00 A.M.

The following Special resolutions were taken up in the last three AGMs and passed with requisite majority.

#### June 20, 2008

- Increase in the remuneration of Mr. Krishna Kant Somani, Director (Technical)

#### September 29, 2007

- Adoption of new Articles of Association in line with the requirement of the Listing Agreement of the Stock Exchanges.
- Existing Shareholders approval under Section 81 of the Companies Act, 1956 to increase the subscribed capital of the Company by issue and further allotment of further shares through public issue, which shall rank in all respects pari passu with the existing equity shares of the Company
- Approval of Employee Stock Option Scheme -2007
- Appointment of Mr. Deen Dayal Daga as Chairman & Managing Director and approval of their terms and conditions of appointment and remuneration thereof
- Appointment of Mr. Shyam Daga as Joint Managing Director and approval of their terms and conditions of appointment and remuneration thereof
- Appointment of Mr. Rajiv Daga as Executive Director and approval of their terms and conditions of appointment and remuneration thereof
- Appointment of Mr. Krishna Kant as Director (Technical) and approval of their terms and conditions of appointment and remuneration thereof
- Alteration in memorandum of Association of the Company by way of inclusion of new sub clause 16(A) & (B) OF Clause III (C) of the Object Clause to set up wind mill or any other power project.

Details of the location and time of the Extraordinary General Meeting(EGM) held:

Year	Location / Purpose	Date	Time
2007	No. 29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 56 0020 (Change of Name)	20.03.2007	11:00 A.M.
2006	No. 29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 56 0020 (Increase in Authorised Share Capital to Rs 25 Crores )	17.11.2006	11:00 A.M.
2006	No. 29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 56 0020 (Increase in Authorised Share Capital to Rs 10 Crores )	20.07.2006	11:00 A.M.
2006	No. 27 Akshya Complex, 2nd Floor, Nagappa Street Bangalore - 560003 (Scheme of Arrangement between The Mysore Chipboards Limited and ATP Silvi Products Limited )	25.05.2006	11:00 A.M.

## **Report on Corporate Governance (Contd.)**

The following Special resolutions were taken up in the last three year EGMs and passed with requisite majority.

### **March 20, 2007**

- Change of name from from ATP Silvi Products Limited to Archidply Industries Limited

### **November 17, 2006**

- Authorized Share Capital of the Company increased to Rs.25,00,00,000 by creating 1,50,00,000 new Equity Share of Rs.10

### **July 20, 2006**

- Authorized Share Capital of the Company increased to Rs.10,00,00,000 by creating 5,00,00,000 new Equity Share of Rs.10

### **May 25, 2006**

- Scheme of Arrangement between The Mysore Chipboards Limited and ATP Silvi Products Limited

### **Postal Ballot:**

During the Year under review, in pursuance of Section 192A of the Companies Act, 1956 and Companies (Passing of the resolution by {Postal Ballot) Rules, 2001, the Company have conducted postal ballot on 16.02.2009 for seeking approval of Shareholders. Mr S.Anand. SS. Rao Company Secretary in Practice was appointed as Scrutinizer. The summary of the results is as follows:

Date of Declaration of Result: 21.03.2009

<b>Resolution No.</b>	<b>Description</b>	<b>% of Votes in favour of the resolution</b>	<b>% of votes against the resolution</b>
1	Ordinary resolution authorizing Board of Directors of the Company to delete, add, amend or in any way vary any or all items and condition of thwe document/agreements/Contracts as specified in the Prospectus dated 23.06.2008	96.94	3.06
2	Special resolution for further issue of shares in terms of Section 81 (IA) of the Companies Act, 1956	96.88	3.12

### **Disclosures**

- None of the transactions with any of the related party was in conflict with the interest of the Company at large. The details of related party transactions are given in the Notes to Accounts forming part of the Annual Accounts.
- No strictures / penalties have been imposed on the Company by the Stock Exchanges or the SEBI or any statutory authority on any matters related to capital markets during the last three years.
- The Company has complied with the requirements of the stock exchange or SEBI on matters related to Capital Market as applicable.
- The Company has complied with the mandatory requirements of clause 49 of the listing agreement.

### **Means of Communication**

In order to attain maximum shareholders – reach, the quarterly and half yearly financials results of the Company during the year 2008-09 were published in leading newspapers (English & Kannada language) The financial results are simultaneously posted on the website of the Company i.e. [www.archidply.com](http://www.archidply.com)

The “Limited Review” Reports of the Financial results for the quarter ended September 30, 2008 and December 31,2008 were obtained from statutory Auditors of the Company and filed with the stock exchange(s).

To facilitate prompt correspondence with investors/shareholders relating to their queries and grievances, the Company has a dedicated email-id viz, [rsharma@archidply.com](mailto:rsharma@archidply.com)

## Report on Corporate Governance (Contd.)

### General Shareholder Information

#### 1. Date, Time and Venue of 14<sup>th</sup> Annual General Meeting.

Year	Location	Date	Time
2009	Ramanashree California Resort, Ananthpura Gate, Doddabalapur Road, Yelahanka, Bangalore- 560 064	02.09.2009	11.00 A.M.

#### 2. Financial Year

The Company financial year was from April 1<sup>st</sup> 2008 to March 31<sup>st</sup> 2009

#### 3. Date of Book Closure

27th August, 2009 to 2nd September, 2009 (Both days inclusive).

#### 4. Dividend payment date

The Board has recommended the payment of Final Dividend @10% i.e. Re 1 Per Share for the financial year 2008-09 for consideration of the shareholders at the ensuing Annual General Meeting.

#### 5. Listing on stock exchanges

The Equity shares of the Company got listed on 4th July, 2008 at:

The Stock Exchange, Mumbai (BSE)

National Stock Exchange of India Limited (NSE)

The annual listing fees, for the equity shares of the Company, pertaining to the year 2009-10 has been paid to the concerned stock exchange on demand.

#### 6. Stock code

Stock Exchange	Stock Code	Type of security
BSE	532994	Equity Shares
NSE	ARCHIDPLY	Equity Shares

#### 7. Stock Market data & Performance in comparison to BSE Sensex and NSE Sensex

Monthly closing high and low quotation of shares traded on National and Bombay Stock Exchanges for the year 2008-09.

Year 2008-09 Months*	BSE				NSE			
	Share Price High (Rs)	Share Price Low (Rs)	Sensex High	Sensex Low	Share Price High (Rs)	Share Price Low (Rs)	S&P CNX Nifty High	S&P CNX Nifty Low
July'08	74.55	35.00	15130	12514	72.9	31.7	4539	3790
August'08	44.00	35.20	15579	14002	44.2	35.2	4649	4201
September '08	41.50	29.50	15107	12153	41.5	29.5	4558	3715
October'08	35.00	23.30	13203	7697	34.95	24.25	4000	2252
November'08	28.90	21.80	10945	8316	29.5	22	3240	2502
December'08	24.85	21.00	10188	8467	23.8	20.25	3110	2570
January'09	23.40	20.00	10469	8631	23.6	19.8	3147	2661
February'09	21.00	15.50	9724	8891	20.95	15.2	2969	2677
March'09	16.00	12.55	10127	8047	16.1	12.15	3123	2539

\* The Equity shares of the Company got listed on 4<sup>th</sup> July 2008.

Source : BSE & NSE website

## Report on Corporate Governance (Contd.)

### 9. Registrar & Transfer Agents.

The Registrar and share Transfer Agent of the Company is Karvy Computershare Private Limited who can be contacted at the following address:

Karvy Computershare Private Limited  
 Plot no. 17 to 24 , Vithalrao Nagar,  
 Madhapur,  
 Hyderabad – 500 086  
 Phone: 01-800-3454001  
 Email – [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
 Fax: 04023420814

### 10. Distribution of Shareholdings

The distribution of shareholding as on as on 31.03.2009 is given as under:

No. of Shares	No. of cases	% of Cases	Total Shares	Amount of Shares	% of Total Amount
Up to 5000	7933	75.70	1230697	12306970	5.59
5001 to 10000	1192	11.38	810076	8100760	3.69
10001 to 20000	1160	11.07	1418594	14185940	6.44
20001 to 30000	55	0.52	136345	1363450	.62
30001 to 40000	30	0.29	104780	1047800	.48
40001 to 50000	18	0.17	82088	820880	.37
50001 to 100000	39	0.37	269424	2694240	1.22
100001 & above	52	0.50	17947996	179479960	81.59
<b>Total</b>	<b>10479</b>	<b>100%</b>	<b>22000000</b>	<b>220000000</b>	<b>100.00</b>

The distribution of shareholding according to category as on 31.03.2009

No. of Shares	No. of shareholders	Total Shares	% of Total Shares
Promoter Companies	5	10883200	49.47
Promoters	6	4144480	18.84
Resident Individuals	9650	4888844	22.22
Bodies Corporate	231	1664285	7.56
HUF	499	343323	1.56
Non Resident Indians	67	52180	0.24
Clearing Members	20	23588	0.11
Directors (other than promoter Directors)	1	100	-
<b>Total</b>	<b>10479</b>	<b>22000000</b>	<b>100.00</b>

### 11. Dematerialization of Shares and liquidity.

As on 31.03.2009, of the shareholding were held in dematerialized form as per details mentioned below:

Particulars	Number of shares	% of Issued Capital
NSDL	4356661	18.80
CDSL	42484854	11.30
Physical form	<b>15158485</b>	<b>68.90</b>
<b>TOTAL</b>	<b>15384280</b>	<b>100.00</b>

The demat ISIN of the Company's equity shares is INE877101016.

## Report on Corporate Governance (Contd.)

### 12. Outstanding GDRs/ADRs/Warrants or any convertible instruments

There were no outstanding GDRs/ADRs/ Warrants or any other Convertible Instruments as on 31.03.2009.

### 13. Plant locations

Rudrapur	Plot No. 6A, Sector 9, Pant Nagar Industrial Area, Khasra No. 210, Pool Bagh, Kichha, Udham Singh Nagar, Rudrapur Uttarakhand - 263153.
Mysore	Mysore-Hunsur Road, Hinkal, Mysore, Karnataka – 570 017.
Chintamani	Survey No. 19, KSSIDC Industrial Area, Katamachanahalli, Chintamani, Chikkaballapur, Karnataka, 563125.

### 14. Address for correspondence

#### Registered Office:

#### ARCHIDPLY INDUSTRIES LTD.

# No.29/2, G.K.Manor, 1<sup>st</sup> Floor, Nehru Nagar Circle  
Sheshadripuram, Bangalore – 560 020  
Ph: 080-2344 5607 / 2344 0258 /23348461/43420000  
Fax: 080-2334 8463  
E-mail: [info@archidply.com](mailto:info@archidply.com)  
Website: [www.archidply.com](http://www.archidply.com)

#### Non- Mandatory Requirements

The company has not adopted any of the non-mandatory requirements as enumerated in Annexure 3 to Clause 49 of the Listing Agreement except the constitution of Remuneration Committee

### **Affirmation regarding Compliance with the Code of Conduct**

The Company has adopted Code of Conduct for all its employees, including the Senior Management Personnel and Board Members and these Codes are available on the Company's website ([www.archidply.com](http://www.archidply.com)).

I hereby confirm that all Board members and senior management personnel have affirmed compliance with the Code of Conduct applicable to them in respect of the year ended 31st March, 2009.

**FOR AND ON BEHALF OF THE BOARD  
Of ARCHIDPLY INDUSTRIES LIMITED**

Place : Bangalore  
Date : 30.05.2009

**Shyam Daga**  
(Managing Director)

**N.S Adkoli**  
(Director)

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### **CERTIFICATE ON CORPORATE GOVERNANCE**

#### **TO THE MEMBERS OF ARCHIDPLY INDUSTRIES LIMITED**

We have examined the compliance of conditions of corporate governance by **ARCHIDPLY INDUSTRIES LIMITED**, for the year ended on 31.03.2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

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

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 the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, as per the records maintained by the Shareholders / Investors Grievance Committee.

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

For and on behalf of

**GRV & PK**  
Chartered Accountants

Kamal Kishore  
Partner  
Memnership No: 205819

Date : 30.05.2009  
Place : Bangalore



## Management Discussion and Analysis Report

### 1. Industry Structure and Developments

The Industry is catered to by Organised and Unorganised Manufacturers. The Organised Manufacturers include players with government licenses who pay taxes and have a National presence & sell branded products. Generally these products have ISI mark. Unorganised Sector Includes a large number of small players who may or may not have Government licenses. They operate mainly on cash basis in a limited geography. There is no quality mark on these products

The approximate share of organized sector in plywood constitutes around 25%, Laminates 50% & Plain Particle Board & MDF is 80%.The Organised Sector share is continuously increasing in the Industry because of following reasons:

- Central Empowerment Committee's stringent licensing has prevented the plywood industry space from unorganized clutter;
- Organized player shifting the facilities to tax free zones resulting into cost competitiveness due to Exemption from Entry tax, Lower CST, Central Excise Duty Exemption and Income Tax Exemption;
- Change in consumers' preference, as consumers giving more and more importance to quality interiors and branded products; and
- Increase in disposable income and rise in consumer's aspirations, special finishes and exclusive designs are being preferred

The present Indian economy has been adversely impacted due to the impact of global meltdown, moderating consumption demand and depreciating currency. There is slow down in real estate and construction activity particularly in big cities which has impacted our sector & the earlier high growth being experienced by the industry has seen some moderation. We expect that the fiscal stimulus packages announced by the Government by of reduction in excise duty, home loan rate and infrastructure spending as well as monetary measures announced by RBI will help in stimulating the growth from second half of 2009.

### 2. Opportunities

The following are the growth drivers for the Company which will result in growing demand for Plywood, Laminates and Interior products:

- Government Initiative for reviving the infrastructure & Housing Industry by way of increasing the government spending in infrastructure products and reduction of housing loan interest.
- Renovations of Bank Branches and opening of new branches by banks are in full swing. Insurance and health care sector is also in growth mode indicating growing demand for Plywood, Laminates and Interior products.
- Due to the reduction in the cost of construction, new hospitals and star hotels are coming up with new projects in larger way.

Your company is well positioned to take advantage of the opportunities in the market and post an astonishing performance in the current year.

### 3. Financial Performance

The following are relevant financial performance details with respect to the operational performance of the Company.

Salient features relating to the Profit & Loss Account:

(Rs. In Lacs)

Particulars	2008-09
Net Sales	15040.95
Other Income	131.40
<b>Total Revenues</b>	<b>15172.35</b>
Cost of Sales	8239.51
Manufacturing Expenses	1094.86
Personnel exp	1078.35
Selling, Distribution and Administrative Overheads	1981.55
Interest & Financial charge	778.52
Depreciation	345.20
<b>Total Expenditure</b>	<b>13517.99</b>
<b>Profit Before Tax</b>	<b>1654.37</b>
Tax	229.62
<b>Profit after Tax</b>	<b>1424.74</b>

The Company has inaugurated the first phase of the Chintamani Project for setting up the manufacturing facility for Prelaminated Particle Board and Decorative Plywood on 09th October, 2008.

During the year the Company has achieved a net turnover of Rs 15040.95 lacs and earns profit before Depreciation, Interest and Tax [PBIDT] of Rs. 2778.09 lacs ( margin 18.47%) and profit after taxes of Rs. 1424.74 lacs ( margin 9.47%). The margins are comparable with the peers in the Industry. The Segment wise performance has been given elsewhere in the Report.

### 4. Outlook

The Company's outlook for the year ending 31<sup>st</sup> March, 2010 is to increase the capacity utilization of the existing installed capacity, across product category segment of plywoods, Laminates, veneers, & prelam particle boards.The Marketing infrastructure has also been ramped to achieve the higher turnover by opening up new branches in last year & establishing new regional depots and stock points, extending line of credit to the dealers by factoring facilities etc.,

Further, the Company's goal is to become a well-diversified Company in the long run by diversifying in other areas of power generation projects & forest farming.

## **Management Discussion and Analysis Report (Contd.)**

### **5. Risks and Concerns**

The company is exposed to the normal industry risk factors of interest rate volatility, economic cycle, and credit risk. The Company manages these risks by maintaining a conservative financial profile, and by following prudent business and risk management practices.

### **6. Internal Control Systems and their adequacy.**

The Company has in place adequate systems of internal control and document procedures covering all financial and operating functions. The Company has well defined roles, responsibilities and authorities for employees at all levels. The Company continuously improves various quality processes in line with customer expectations.

The Company has also constituted the audit committee comprising of Independent Directors of the Company which reviews regularly the adequacy of internal control system, audit plans, significant audit findings as well as compliance with Accounting Standards.

With these, ongoing initiatives, there are adequate internal control systems in the Company.

### **7. Human Resources**

Industrial Relations at all the levels remained cordial throughout the year. Your Company has created a friendly atmosphere that helps retaining talented professionals and nurturing their career growth along with the growth of the Organization. Your Company is confident of reaping the best from its human assets in the years to come.

### **8. Cautionary Note**

Certain statements in this section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

**FOR AND ON BEHALF OF THE BOARD  
OF ARCHIDPLY INDUSTRIES LIMITED**

Place : Bangalore  
Date : 30.05.2009

**Shyam Daga**  
(Managing Director)

**N.S Adkoli**  
(Director)

## Auditors' Report

### TO THE MEMBERS OF

### M/S. ARCHIDPLY INDUSTRIES LIMITED.

1. We have audited the attached Balance sheet of M/s ARCHIDPLY INDUSTRIES LIMITED as at 31<sup>st</sup> March 2009, the Profit & Loss Account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.
3. As required by the Companies (Auditors Report) Order 2003 issued by the Central Government of India in terms of section 227 (4 A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of such books;
  - c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3 C) of the Companies Act, 1956.
  - e) In our opinion & to the best of our information & according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:-
    - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009;
    - ii. In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date;
    - iii. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.
5. On the basis of written representations from the directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956;

For **G R V & P K**  
Chartered Accountants

**(KAMAL KISHORE)**

Partner

M. No. 205819

Place: Bangalore  
Date: 30.05.2009

## **Annexure to the Auditors' Report**

(Referred to in paragraph 3 of our report of even date)

### **2. In respect of its Fixed Assets :**

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) As explained to us, fixed assets have been physically verified by the management on regular intervals during the year and there is regular programme of verification which in our opinion is reasonable having regard to the size of the company and nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) The fixed Assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

### **3. In respect of its inventories :**

- a) As explained to us physical verification of the Inventory has been conducted by management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies noticed on physical verification.

3. The Company has given Loans and Advances to Two Companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.29682022/- and the year end balance of loans and advances granted to such company was Rs.2156445/. The Companies has not granted loans and advances to firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

- a) The Company has taken unsecured loan from Two Company covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum balance outstanding during the year was Rs. 2500000/- and the year end balance of loans received from such Company was Rs. 2500000/-.
- b) There is no interest received and paid on loans taken and given. Other terms and conditions on which loan given and loan taken from the company or to the company listed in the Register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- c) The above Loans and Advances granted and taken are repayable on demand.
- d) There is no overdue amount in respect of these Loans and Advances as these are repayable on demand.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in such internal controls.

### **5. In respect of transactions covered under Section 301 of the Companies Act, 1956:**

- a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the Register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.

6. In our opinion and according to the information and explanations given to us, the company has not accepted deposits in terms of Sections 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956.

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

8. The provisions of clause (d) of sub - section (1) of Section 209 of the Companies Act, 1956 for maintenance of cost records prescribed by the Central Government is not applicable to the company.

### **9. In respect of Statutory dues:**

- a) According to the information and explanations given to us, the company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales - Tax, Mandi Tax, VAT, Service Tax, Custom duty, Excise duty, cess and any other material statutory dues with the appropriate authorities during the year.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2009 for more than six months from the date they became payable.
- c) According to the information and explanations given to us, details of disputed Sales Tax, Income Tax, Customs Duty, Service Tax, Excise duty and Cess which have not been deposited as on 31<sup>st</sup> March, 2009 on account of any dispute are given below:

## Annexure to the Auditors' Report (Contd..)

Name of Statute	Nature of the dues	Disputed amount pending	Period to which the amount relates (Financial Years)	Forum where dispute is pending.
Forest department, Government of Karnataka	Additional Seigniorage	Rs. 16,04,022.77	1980-81 & 1981-82	Representation to Forest department at that point of time.
Entry tax Act & KST Act	Additional Entry tax & Additional KST	Rs.10,79,216/.	2001-2004	Deputy Commissioner of Commercial Taxes
Central Excise Act	Excise duty & Penalty	Excise duty Rs.81,01,637/ & Penalty Rs.81,01,637/	2000-2003	Custom, Excise & Service Tax Appellate Tribunal

10. The company does not have any accumulated losses at the end of this year and has not incurred cash losses in the year ending 31<sup>st</sup> March, 2009 and the immediately preceding financial Year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to the financial institutions and banks.
12. In our opinion and according to explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society.
14. In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. All investments of the company are held in its own name.
15. In our opinion and according to the information and explanations given to us, the company has not given guarantees for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us, in our opinion, the term loans availed by the Company were prima-facie applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
17. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investments.
18. During the year under considerations, the Company has not made preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us the company has not issued any secured debentures during the year covered by our audit.
20. The company has raised money by public issue in the month of June of this financial year. We have verified the end use of money raised by public issue as disclosed in the notes to the financial statements.
21. According to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **G R V & P K**  
Chartered Accountants

**(KAMAL KISHORE)**  
Partner  
M. No. 205819

Place: Bangalore  
Date : 30.05.2009

## Balance Sheet as at 31st March, 2009

(Amount in Rs.)

PARTICULARS	SCHEDULES	As at 31st March 2009	As at 31st March 2008
<b>SOURCES OF FUNDS :</b>			
<b>SHARE HOLDERS' FUND</b>			
Share Capital	1	220,000,000	153,842,800
Reserve And Surplus	2	745,279,293	270,728,734
		<b>965,279,293</b>	424,571,534
<b>LOAN FUNDS</b>			
Secured Loans	3	662,088,905	537,470,285
Unsecured Loans	4	4,000,000	3,800,000
		<b>666,088,905</b>	541,270,285
Deferred Tax liability		4,498,717	1,835,831
<b>TOTAL</b>		<b>1,635,866,915</b>	<b>967,677,650</b>
<b>APPLICATION OF FUNDS :</b>			
Fixed Assets			
Gross Block	5	714,065,555	539,912,653
Less Depreciation		181,453,637	146,991,869
Net Block		532,611,918	392,920,784
Capital Work In Progress		20,919,587	17,010,091
		<b>553,531,505</b>	409,930,875
<b>INVESTMENTS</b>			
	6	235,926	213,039
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	500,624,758	262,439,695
Sundry Debtors	8	609,921,481	398,094,033
Cash and Bank Balances	9	92,842,067	49,765,297
Loans and Advances	10	195,470,839	100,104,963
		<b>1,398,859,145</b>	810,403,988
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	304,631,243	233,252,863
Provision for Tax		20,300,000	21,100,000
NET CURRENT ASSETS		<b>1,073,927,902</b>	556,051,125
<b>MISCELLANEOUS EXPENDITURE</b>			
( to the extent not written off or adjusted)	12	8,171,582	1,482,611
<b>TOTAL</b>		<b>1,635,866,915</b>	<b>967,677,650</b>

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

19

As per our Report of even date attached here to

For **GRV & PK**  
Chartered Accountants

For and on Behalf of the Board

**Kamal Kishore**  
Partner  
Membership No. 205819

**Shyam Daga**  
Managing Director

**N.S. Adkoli**  
Director

Place : Bangalore  
Date : May 30th 2009

**Rajneesh Sharma**  
Company Secretary

## Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rs.)

PARTICULARS	SCHEDULES	For the year ended 31st March 2009	For the year ended 31st March 2008
<b>INCOME :</b>			
Gross Sales		1,615,691,071	1,470,753,047
Less : Excise Duty		35,837,579	36,690,847
Less : Sales Tax		75,758,370	93,853,304
Net Sales		1,504,095,122	1,340,208,896
Other Income	13	13,140,583	12,030,283
<b>TOTAL INCOME</b>		<b>1,517,235,705</b>	<b>1,352,239,179</b>
<b>EXPENDITURE :</b>			
Cost of Goods consumed / sold	14	823,950,855	785,049,046
Manufacturing Expenses	15	109,485,921	75,271,711
Payments to and Provision for Employees	16	107,835,364	80,235,926
Selling, Distribution, Administrative and Other Expenses	17	198,154,628	143,413,567
Interest & Finance Charges	18	77,852,171	70,835,789
Depreciation & Ammortisation of Goodwill	5	34,520,225	37,212,712
<b>TOTAL EXPENDITURE</b>		<b>1,351,799,164</b>	<b>1,192,018,751</b>
<b>PROFIT BEFORE TAXATION</b>		<b>165,436,541</b>	<b>160,220,428</b>
Provision for Current Tax		19,000,000	19,700,000
Deferred Tax		2,662,886	(3,200,000)
Fringe Benefit Tax		1,300,000	1,400,000
<b>PROFIT AFTER TAXATION</b>		<b>142,473,655</b>	<b>142,320,428</b>
<b>APPROPRIATIONS</b>			
Interim Dividend		13,944,690	-
Proposed Final Dividend		22,000,000	-
Tax on Interim & Proposed Dividend		6,108,792	-
<b>PROFIT AFTER DIVIDEND &amp; TAX</b>		<b>100,420,173</b>	<b>142,320,428</b>
Balance brought forward from last year		202,679,734	52,484,756
<b>Amount transferred to General Reserve</b>		<b>303,099,907</b>	<b>194,805,184</b>
Earning Per Share ( Rs.)			
Basic & diluted		6.96	9.27

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

19

As per our Report of even date attached here to

For **GRV & PK**  
Chartered Accountants

For and on Behalf of the Board

**Kamal Kishore**  
Partner  
Membership No.205819

**Shyam Daga**  
Managing Director

**N.S. Adkoli**  
Director

Place : Bangalore  
Date : May 30th 2009

**Rajneesh Sharma**  
Company Secretary

## Schedules to Balance Sheet

(Amount in Rs.)

PARTICULARS	As on 31st March, 2009	As on 31st March, 2008
<b>SCHEDULE :- I</b>		
<b>SHARE CAPITAL</b>		
Authorised 25000000 ( P.Y. 25000000) Equity Shares of Rs. 10/- each.	250,000,000	250,000,000
IssuedSubscribed and Paid Up 22000000 Equity shares of Rs. 10/- fully paid up.( prev year 15384280)	220,000,000	153,842,800
	<b>220,000,000</b>	<b>153,842,800</b>
<b>SCHEDULE :- 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Securities Premium	442,179,386	68,049,000
General Reserve	303,099,907	202,679,734
	<b>745,279,293</b>	<b>270,728,734</b>
<b>SCHEDULE :- 3</b>		
<b>SECURED LOANS</b>		
A) Term Loans ( Secured by way of first charge on all immoveable properties of the company both present and future and hypothecation on all assets both present and future of the company and personal guarantee of promoter directors.)	283,938,090	232,495,276
B ) Cash Credits / working Capital borrowings from Banks ( Secured by hypothecation of Stock and book debts of the company both present and future and second charge on fixed assets both present and future of the company and personal guarantee of promoter directors.)	374,808,057	301,669,029
C) Other Loans ( Secured by hypothecation of vehicles purchased under the Hire Purchase Scheme)	3,342,758	3,305,980
	<b>662,088,905</b>	<b>537,470,285</b>
<b>SCHEDULE :- 4</b>		
<b>UNSECURED LOANS</b>		
From Body Corporates	4,000,000	3,800,000
	<b>4,000,000</b>	<b>3,800,000</b>



**SCHEDULE - 5**  
**FIXED ASSETS ANNEXURE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

(Amount in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Original Cost as on 1/4/2008	Addition during 2008-2009	Sales during 2008-2009	Total Gross Block 31.03.2009	Up to 3/3/2008	For the yr 2008-2009	Depreciation Adjustment on sales	Total Depreciation 31.03.2009	As on 31.03.2009	As on 31.03.08
Goodwill	61839228	0	0	61,839,228	6183922	3091962	0	9275884	52563344	55655306
Land	46134840	14808120	0	60,942,960	0	0	0	0	60942960	46134840
Buildings	112399565	39609502	0	152,009,067	10645834	3956839	0	14602673	137406394	101753731
Office Building	2076869	0	0	2,076,869	303519	33851	0	337370	1739499	1773350
Plant & Machinery	291223108	114565297	0	405,788,405	123278910	25083959	0	148362869	257425536	167944198
Electrical Equipments	2819417	0	0	2,819,417	1657153	121898	0	1779051	1040366	1162264
Water Supply Installation	470163	0	0	470,163	241505	22333	0	263838	206325	228658
Laboratory Equipments	66552	0	0	66,552	33873	3161	0	37034	29518	32679
Furnitures And Fixtures	6028671	1375809	0	7,404,480	1120753	413697	0	1534450	5870030	4907918
Office Equipments	2935966	268603	46423	3,158,146	945647	193513	-46423	1092737	2065409	1990319
Computers	2694599	1415393	0	4,109,992	488088	552717	0	1040805	3069187	2206511
Vehicles	9558053	2144156	160000	11,542,209	1490678	993214	-12035	2471857	9070352	8067375
Crane	437050	0	0	437,050	411740	25310	0	437050	0	25310
Temple	1228572	0	0	1,228,572	190247	20026	0	210273	1018299	1038325
Video Camera	0	172445	0	172,445	0	7746	0	7746	164699	0
<b>TOTAL</b>	<b>539912653</b>	<b>174359324</b>	<b>206423</b>	<b>714065555</b>	<b>146991869</b>	<b>34520226</b>	<b>-58458</b>	<b>181453637</b>	<b>532611918</b>	<b>392920784</b>

## Schedules to Balance Sheet

(Amount in Rs.)

PARTICULARS	As on 31st March, 2009	As on 31st March, 2008
<b>SCHEDULE :- 6</b>		
<b>INVESTMENTS ( At cost- Unquoted )</b>		
a) In government Securities ( NSC )	210,926	188,039
b) Vijaya Bank - Bonds	25,000	25,000
	<b>235,926</b>	<b>213,039</b>
<b>SCHEDULE :- 7</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Stores and Spares	29,180,112	8,914,918
Raw Materials	264,579,824	142,177,386
Finished Goods	205,052,453	101,187,330
Goods In Transit	1,812,369	10,160,061
	<b>500,624,758</b>	<b>262,439,695</b>
<b>SCHEDULE :- 8</b>		
<b>SUNDRY DEBTORS ( Unsecured, considered Good unless otherwise stated)</b>		
Debts outstanding for a period exceeding six months	151,162,743	51,475,442
Other Debts (Includes Rs. Nil,(PY Rs.Nil) recievable from related parties)	458,758,738	346,618,591
	<b>609,921,481</b>	<b>398,094,033</b>
<b>SCHEDULE :- 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	7,155,868	15,272,250
Cheques / Drafts in Transit	11,666,008	4,728,970
<u>Bank Balances</u>		
With Scheduled Banks		
i) In current Accounts	15,976,815	14,120,749
ii) In fixed Deposits / Margin Money	57,587,903	14,050,611
iii) Interest accrued there on pending confirmation	259,290	310,728
With Unscheduled Banks		
i) In current Accounts	196,183	1,281,989
	<b>92,842,067</b>	<b>49,765,297</b>

## Schedules to Balance Sheet

(Amount in Rs.)

PARTICULARS	As on 31st March, 2009	As on 31st March, 2008
<b>SCHEDULE :- 10</b>		
<b>LOANS AND ADVANCES ( Unsecured considered good unless otherwise stated)</b>		
Loans & Advances recoverable in cash or in kind or for value to be received (Includes Rs.2156445(PY Rs.28065138) due from related parties with max amt involved during year of Rs.29682022(PY Rs.53775607)	27,402,540	84,159,697
Inter Corporate Deposits	83,158,110	-
Advance for Capital Expenditure	32,104,170	-
Advance Payment of Tax and T.D.S	12,459,164	8,335,089
Balance with Excise Department	25,543,324	1,461,730
Security Deposits	12,747,367	6,148,447
Prepaid Expenses	2,056,164	-
	<b>195,470,839</b>	<b>100,104,962</b>
<b>SCHEDULE :- 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors	232,453,288	191,467,800
Unclaimed Dividend	305,978	-
Unclaimed Share Application Money Refund	69,524	-
Other Liabilities & Provisions	71,802,453	41,785,063
Sub total ( A)	304,631,243	233,252,863
<b>B) PROVISIONS</b>		
Provisions for Taxation	20,300,000	21,100,000
Sub total ( B)	20,300,000	21,100,000
<b>TOTAL ( A) + (B)</b>	<b>324,931,243</b>	<b>254,352,863</b>
<b>SCHEDULE :- 12</b>		
<b>MISCELLANEOUS EXPENDITURE ( to the extent not written off or adjusted)</b>		
Preliminary & Demerger Expenses	1,482,611	1,976,818
Less: written off during the year	494,204	494,207
<b>Sub - Total (A)</b>	988,407	1,482,611
Pre Operative Expenses	8,978,969	-
Less: written off during the year	1,795,794	-
<b>Sub - Total (B)</b>	7,183,175	-
<b>TOTAL ( A) + (B)</b>	<b>8,171,582</b>	<b>1,482,611</b>

**Schedules to Profit & Loss Account**

(Amount in Rs.)

PARTICULARS	For the year ended 31st March, 2009	For the year ended 31st March, 2008
<b>SCHEDULE :- 13</b>		
<b>OTHER INCOME</b>		
Interest	5,713,349	6,019,820
Royalty	4,927,577	2,383,511
Miscellaneous Reciepts	2,499,657	3,727,777
Profit/(Loss) on sale of vehicle	-	(100,825)
<b>TOTAL:</b>	<b>13,140,583</b>	<b>12,030,283</b>
<b>SCHEDULE :- 14</b>		
<b>COST OF GOODS CONSUMED / SOLD</b>		
A) Raw Material Consumed		
Opening Stock	142,177,386	121,847,928
Add purchases	825,362,514	551,837,534
Less Closing Stock	264,579,824	142,177,386
Raw Material Consumed ( A)	702,960,076	531,508,076
B) Purcahse of Trading Goods ( B)	214,756,086	235,685,536
C) Increase / ( Decrease ) in Stock		
Closing Stock	205,052,453	111,347,391
Opening Stock	111,287,146	129,202,825
Increase / ( Decrease) in Stock ( C)	93,765,307	(17,855,434)
<b>Total ( A+B-C)</b>	<b>823,950,855</b>	<b>785,049,046</b>
<b>SCHEDULE :- 15</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores and Spares consumed	59,681,887	25,697,319
Insurance	1,566,478	4,161,513
Power and fuel consumed	36,957,440	39,011,911
Repairs to Plant and Machinery	10,213,084	5,701,894
Repairs to Others	1,067,032	699,074
	<b>109,485,921</b>	<b>75,271,711</b>
<b>SCHEDULE :- 16</b>		
<b>PAYMENT TO AND PROVISIONS FOR EMPLOYEEES</b>		
Salaries, wages and bonus	95,391,268	70,105,742
Director Remuneration	5,590,281	4,695,838
Contribution to and provisions for provident and other funds	5,679,920	4,297,305
Staff Welfare Expenses	1,173,895	1,137,041
	<b>107,835,364</b>	<b>80,235,926</b>

## Schedules to Profit & Loss Account

(Amount in Rs.)

PARTICULARS	For the year ended 31st March, 2009	For the year ended 31st March, 2008
<b>SCHEDULE :- 17</b>		
<b>SELLING, DISTRIBUTION, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent	6,081,617	3,850,130
Rates and Taxes	2,992,033	1,343,109
Printing and Stationery	1,648,850	1,434,586
Postage, Telephone and Telegram	5,330,901	5,239,434
Insurance	1,959,760	102,349
Legal, License and Professional Fees	1,959,071	1,932,391
Auditors Remuneration	402,706	184,119
Advertisement	41,130,725	54,507,743
Travelling and conveyance	12,106,109	6,984,258
Commission on sales and samples	2,483,123	587,683
Freight, forwarding and other expenses	52,199,792	39,508,550
Vehicle Running Expenses	1,128,769	1,155,352
Sales Promotion Expenses	18,569,297	8,800,744
Cash Discount & Rebates	29,882,325	7,955,392
Miscellaneous Expenses	1,181,456	6,571,637
Foreign Exchange Fluctuation loss	6,802,675	1,253,860
Claims and Bad debts written off	-	1,508,023
Misc Expenses Written off	2,289,998	494,207
Other Expenses	10,005,421	-
	<b>198,154,628</b>	<b>143,413,567</b>
<b>SCHEDULE :- 18</b>		
<b>INTEREST &amp; BANK CHARGES</b>		
Interest on Term Loans	24,170,253	28,954,600
Interest on Working Capital borrowings	35,509,472	33,181,536
Interest on Other Loans	6,138,193	2,537,291
Interest on Income Tax	1,233,168	-
Bank charges & L C Charges	10,801,085	6,162,362
	<b>77,852,171</b>	<b>70,835,789</b>

## **Significant Accounting Policies & Notes On Accounts**

### **SCHEDULE: 19**

#### **I. SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Basis of Accounting:**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principle (GAAP), and in compliance with the Accounting Standards referred to in Section 211 (3C) and other requirements of the Companies Act, 1956.

##### **2. Use of Estimates:**

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of financial statements are correct. Examples of such estimates include the useful lives of fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates.

##### **3. Fixed Assets: Tangible & Intangible**

- a) Tangible Fixed Assets are stated at cost less accumulated Depreciation and impairment loss if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working conditions for its intended use. Revenue expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production are treated as preoperative expenses and will be written off over five years.
- b) Intangible assets are stated at cost less accumulated amortization. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

##### **4. Depreciation & Amortizations:**

- a) Depreciation on fixed assets has been provided for on straight line method at the rates and manner prescribed under schedule XIV to the Companies Act, 1956, of India.
- b) Depreciation on additions/ deductions is calculated prorata from/to the month of additions/ deductions.
- c) Intangible assets are amortized over their estimated useful life on straight line basis over a period of 20 years.
- d) Preliminary and Demerger expenses are amortized over a period of five years.

##### **5. Impairment:**

The carrying amounts of the assets are reviewed at each balance sheet date if there is an indication of impairment based on the internal and external factors.

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. An impairment loss, if any, is charged to Profit & Loss account in the year in which the asset is identified as impaired. Reversal of impairment loss recognized in prior years is recorded when there is an indication that impairment losses recognized for the assets no longer exists or has decreased.

##### **6. Leases:**

Lease payments under an operating lease recognized as an expense in the statement of profit and loss as per terms of lease agreement.

##### **7. Investments:**

- a) Long term Investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.
- b) Current investments are stated at lower of cost and fair value.

##### **8. Inventories:**

- a) Inventories related to raw materials, packing materials, stores & spares are valued at cost on weighted average basis or net realisable value which ever is lower.
- b) Waste & scraps are valued at net realizable value.
- c) Materials in transit and Semi Finished goods are valued at cost or market value which ever is lower.
- d) Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

## Significant Accounting Policies & Notes On Accounts (Contd..)

- e) Finished goods are valued at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.
- f) Obsolete, defective and unserviceable stocks are duly provided for.

### 9. Foreign Currency Transactions:

Foreign currency transactions are accounted for at the rates prevailing on the dates of the transactions/ converted at contracted rate. Foreign currency assets and liabilities covered by forward contracts are stated at the forward contract rates while those not covered are restated at year end rate. Premium in respect of forward contract is recognized over the life of contracts. Exchange differences relating to fixed assets acquired from a country outside India are adjusted to the cost of the asset. Exchange differences in case of borrowed funds and liabilities in foreign currency for the acquisition of fixed assets from a country outside India are adjusted to the cost of fixed assets. Any other exchange difference is dealt with in the Profit and Loss Account.

### 10. Retirement Benefits:

Provisions for / contributions to retirement benefits schemes are made as follows:

- a) Fixed Contribution to Provident fund and other benefits are recognized in the accounts on actual cost to the Company.
- b) Liability for leave encashment & gratuity are provided based on the valuation done by the Company at the end of the year.

### 11. Revenue Recognition:

- a) Sales revenue is recognized on the transfer of significant risk and rewards of the ownership of goods to the buyer.
- b) Interest income and expenses and income incidental to it, are accounted for on an accrual basis.

### 12. Borrowing Cost:

Borrowing cost directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

### 13. Taxation:

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions as per the Income Tax Act, 1961. Deferred Tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty except for carried forward losses and unabsorbed depreciation which is recognized on virtual certainty that the assets will be realized in future. Fringe benefit tax (FBT) is accounted for on the estimated value of fringe benefits for the period as per the related provisions of the Income-Tax Act.

### 14. Provision, Contingent Liabilities and Contingent Assets:

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

### 15. Research and Development:

Expenditure incurred during research phase is charged to revenue when no intangible asset arises from such research. Assets procured on research and development activities are generally capitalized.

### 16. Government Grants:

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Profit and Loss Account. Capital grants relating to specific assets are reduced from gross value of the respective fixed assets. Other capital grants are credited to capital Reserve.

## Significant Accounting Policies & Notes On Accounts (Contd..)

### II. NOTES ON ACCOUNTS

1. During the year, the Company has completed its Initial Public Offering (IPO) for its new project at Chintamani & expansion project at Rudrapur, and issued and allotted 66,15,720 equity shares of Rs 10 each at a premium of Rs.64. The Company's Shares got listed at the National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd from July 04, 2008.

The particulars of proceeds raised from the issue are given below:

Particulars	Amt(Rs.)
Equity Share Capital	66157200
Share Premium	423406080
<b>Total</b>	<b>489563280</b>

The IPO Expenses of Rs. 49,275,694/- has been written off against securities premium received from IPO proceeds.

The Company has obtained the members approval through voting by postal ballot on 21.03.2009 in terms of provisions of Section 192A of the Companies Act, 1956 read with the provisions of Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, to grant authority to Board of Directors to delete, add, amend or in any way vary any or all items and conditions of the agreements/contracts specified in the Prospectus, dated June 23, 2008 issued by the Company.

The particulars of actual utilization of IPO Funds upto 31<sup>st</sup> March'2009 is as under:

Particulars	Amount (Rs.in Lakhs)
Chintamani Project	1,405.25
Public Issue Expenses	492.76
Capex - Rudrapur Unit	290.71
Capex - Mysore Unit	118.43
Land at Assam	25.56
Land in Hasan	31.05
Deposit with Stock Exchange	26.46
Fixed Deposit with SBI	325.00
Inter Corporate Deposits (not related to promoter Co)	768.00
Paid to Existing Units for Working Capital:	1412.41
<b>Total</b>	<b>4,895.63</b>

2. Pursuant to the members authorisation, through postal ballot on 21.03.2009, the Company has formulated Employee stock Option scheme - "Archidply Industries Limited ESOS- 2009" exercisable into not more than 2,00,000 options. The ESOS is submitted to stock exchange for approval, so no effect of the same is taken in the profit & loss account of the current financial year.

### 3. Contingent Liabilities not provided for in respect of:

- a) On account of Demerger of plywood & Block Board and Particle & laminated board (both divisions) of The Mysore Chip Boards Limited into the Company:
- The Government of Karnataka has demanded additional seigniorage and interest amounting to Rs. 16,04,022.77 (P.Y. Rs. 16,04,022.77) towards supply of timber to the factory of The Mysore Chip Boards Limited, with effect from 23/2/1981 to 28/6/1982. The Mysore Chip Boards Limited, being a sick company at that time, made request to the appropriate authority for waiver of this amount. However as a precautionary measure, The Mysore Chip Boards Limited has already paid an amount of Rs. 425741.95 (P.Y. Rs. 425741.95) against this demand.
  - Various parties had filed a civil suit for recovery of dues/ damages amounting to Rs. 12,28,606/- (P.Y. Rs. 12,28,606/-) against The Mysore Chip Boards Limited, which has been disputed by The Mysore Chip Boards Limited and had deposited an amount of Rs. 11,46,419/- (P.Y. Rs. 11,46,419) with Hon'ble High Court of Gujarat. The said amount of Rs. 11,46,419/- (P.Y. Rs. 11,46,419) had shown as an advance which is included in Schedule no. 10 - Loans and Advances (Advances recoverable in cash or kind or for value to be received) forming part of Balance Sheet.



## Significant Accounting Policies & Notes On Accounts (Contd..)

- iii) The Deputy Commissioner of commercial Taxes vide its order dated 6<sup>th</sup> June 2007 demanded dues towards sales tax and entry tax of Rs.101.7 lakhs (P.Y.Rs.101.7 lakhs) for the year 2001-2004, out of this still Rs. 10.79 lakhs (P.Y.Rs.25.65 lakhs) is still not paid as Company has made representation to reduce the liability.
- iv) The Company, for and on behalf of The Mysore Chip Boards Limited has given a guarantee towards a show cause notice issued by the Excise Department demanding a dues of Rs. 7,28,91,397/- (P.Y. Rs. 7,28,91,397/) from The Mysore Chip Boards Limited. However The Mysore Chip Boards Limited had deposited an amount of Rs. 16,00,000/- (P.Y. Rs. 16,00,000/) with Central Excise Department. The Mysore Chip Boards Limited had filed an appeal & disputed the said demand and the demand has been reduced to Rs.81,01,637/- (P.Y. Rs.81,01,637/) and the penalty of the same amount by Commissioner of Central Excise, Mysore on 05/10/2006. The Mysore Chip Board Ltd has filed an appeal to Custom, Excise & Service Tax Appellate Tribunal, Bangalore and obtained a stay order against that demand.
- v) District Registrar, Mysore has demanded additional stamp duty of Rs.32,21,555/ (P.Y. Rs.32,21,555/) for the stamp duty payable on account of Demerger of plywood & Block Board and Particle & laminated board (both divisions) of The Mysore Chip Boards Limited into the Company on 26/09/2007. The Company has filed an objection in the Hon'ble High Court of Karnataka for the same.
- b) The Company has imported plant and machinery & availed a duty benefit of Rs. 29304171.42/- (P.Y. Rs. 63,14,335/) under EPCG scheme for reduction in import duty against which export obligation is to be fulfilled.
- c) Letter of Credit established but material not received amounting to Rs.2,96,48,655/-(P.Y. Rs.1,30,34,952/)
- d) The Company has undertaken Domestic factoring facility for its trade debtors from Global trade financial services ltd, the contingent liability for the same as at 31<sup>st</sup> March 2009 is Rs.4,73,25,218.89/- (P.Y. Rs.4,77,18,522/)
- e) Guarantees given by the bank on behalf of the Company is Rs. 1,37,08,470/- (P.Y. Rs. 91,63,940/-)
4. Company's new unit at Chintamani has come in commercial operation from 1<sup>st</sup> of January 2009.
5. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances):Rs. 100 Lakhs (Previous year Rs.151 lakhs).
6. The Company, during the year has capitalized interest on loan (borrowing cost) amounting to Rs. 1095892/- (Previous year – Rs. NIL)
- 7. The Audit expenses includes:**

Particulars	Year ended march 31 <sup>st</sup> 2009(Rs.)	Year ended march 31 <sup>st</sup> 2008 (Rs.)
a) Statutory Audit Fee	224720	1,12,360
b) Tax Audit Fee	110300	33,590
c) For reimbursement of out of pocket expenses	19456	38,169
Total	354476	1,84,119

**8. Directors Remuneration, under Section 198 read along with Section 269 of the Companies Act, 1956 are as follows:**

Particulars	Year ended march 31 <sup>st</sup> 2009(Rs.)	Year ended march 31 <sup>st</sup> 2008 (Rs.)
Salary & Perks	52,60,281	45,95,838
Sitting Fees	3,30,000	1,00,000

The Company has not paid any commission to the Managerial Personnel. Hence the calculation under Section 349 & 350 read with Section 309 of the Companies Act, 1956 is not applicable.

9. Segment Reporting: The Company has identified three segments viz a) Wood based product b) Paper based product c) Others, which have been identified in line with Accounting Standard 17 on segment reporting taking into account organizational structure as were as differential risk and return of these segments.

Details of the Products included in each segment are as under:

- i) Wood based products: Plywood, Block Board, Veneers Prelaminated Boards
- ii) Paper based products: Laminated Sheets ( HPL)
- iii) Others.

## Significant Accounting Policies & Notes On Accounts (Contd..)

The segment information has been prepared in conformity with the Accounting Policies for preparing and presenting the financial statements of the Company.

Segment revenue and results includes manufacturing as well as trading activities for the same segment product. Segment current assets and liabilities are taken on the basis of the turnover of the segment.

The following table presents the information relating to profit, assets and liabilities of the business segment, (Primary Segment) of the Company.

(Amount in Rs.)

Particulars	Wood Based		Paper Based		Others		TOTAL	
	As at 31.03.2009	As at 31.03.2008	As at 31.03.2009	As at 31.03.2008	As at 31.03.2009	As at 31.03.2008	As at 31.03.2009	As at 31.03.2008
External Sales	1,314,209,017	1,204,570,833	3,01,482,054	222,340,117	0	43,842,097	1,615,691,071	1,470,753,047
Total Revenue	1,314,209,017	1,204,570,833	3,01,482,054	222,340,117	0	43,842,097	1,615,691,071	1,470,753,047
<b>RESULTS</b>								
Segment Results	342,025,972	141,030,420	133,497,055	110,083,446	0	2,044,076	475,523,027	253,157,942
Interest							77,852,172	70,835,789
Other Unallocable Income							13,140,583	12,030,283
Other Unallocable Expenditure							245,374,896	34,132,008
Provision for Taxation							22,962,886	17,900,000
Net Profit after tax							142,473,657	142,320,428
<b>OTHER INFORMATION</b>								
<b>Assets</b>								
Segment Assets	1,293,846,129	438,844,509	337,230,519	124,612,131	0	11,866,899	1,631,076,648	575,323,538
Unallocable Assets					0		329,721,510	646,706,974
<b>Total Assets :</b>					0		1,960,798,158	1,222,030,512
<b>Liabilities</b>								
Segment Liabilities	210,594,477	191,037,915	52,286,296	35,261,847	0	6,953,101	262,880,773	233,252,863
Unallocable Liabilities					0		1,697,917,385	988,777,649
<b>Total Liabilities :</b>					0		1,960,798,158	1,222,030,512
<b>Capital Expenditure during the year.</b>	<b>154,174,799</b>	<b>21,762,750</b>	<b>0</b>	<b>3,238,770</b>			<b>154,174,799</b>	<b>25,001,520</b>
<b>Capital Expenditure during the year Unallocable</b>							<b>20,184,525</b>	<b>6,569,718</b>
<b>Depreciation and Amortization</b>	<b>16,228,531</b>	<b>24,677,960</b>	<b>9,497,672</b>	<b>8,335,648</b>	-	-	<b>25,726,203</b>	<b>33,013,608</b>
<b>Depreciation and Amortization (Unallocable)</b>							<b>8,794,022</b>	<b>4,199,105</b>

B) Secondary Segment Reporting:

The Company has no reportable secondary segment.

### 10. Disclosure as per Accounting Standard 18 (AS-18) "Related Party Disclosures" Issued by the Institute of Chartered Accountants of India.

**Associate Companies:**

- i) The Mysore Chip Boards Ltd
- ii) Assam Timber Products Pvt Ltd
- iii) Shree Shyam Tea Pvt Ltd
- iv) Bordhumsa Tea Company Pvt Ltd
- v) Vanraj suppliers Pvt Ltd
- vi) Ravi Marketing Services Pvt Ltd

## Significant Accounting Policies & Notes On Accounts (Contd..)

### Key Management Personnel:

- i) Mr. Deendayal Daga – Executive Chairman
- ii) Mr. Shyam Daga – Managing Director
- iii) Mr. Rajiv Daga – Jt. Managing Director
- iv) Mr. K.K. Somani – Director (Technical)

The Company has entered into transactions with certain parties as listed below during the year under consideration. Full Disclosure has been made and the Board of Directors considers such transactions to be in normal course of business and at rates agreed between the parties. Details of transactions with related parties are as follows:

(Amount in Rs.)

Particulars	Year ended 31.03.09	Year ended 31.03.08
<b>Transactions with related parties:</b>		
<b>Associate Companies</b>		
a) Sale of goods	27,23,168	3,293,446
b) Purchase of goods	2,90,97,557	8,405,791
c) Interest Received	NIL	2,331,805
d) Receipts for facilities provided	NIL	1,200,000
e) Royalties Received	49,27,577	2,383,511
f) Sale of Fixed Assets	1,97,309	NIL
f) Issue of shares	NIL	7,940,000
<b>Key Management Personnel</b>		
a) Remuneration & Fees Paid	55,90,281	4,695,838
<b>Outstanding balances on date:</b>		
<b>i) Payable to Related Parties</b>		
a) Unsecured Loan	2,500,000	2,300,000
b) Current Liabilities	NIL	2,124,905
<b>ii) Receivable Related Parties</b>		
a) Advance for Fixed Assets	NIL	736,000
b) Loans & Advances	21,56,445	27,329,138

### 11. Disclosure under Clause 32 of Listing Agreement with Stock Exchange:

Loans and Advances (Schedule 10) includes :

(Amount in Rs.)

Particulars	Outstanding		Maximum amount outstanding	
	2009	2008	2009	2008
Inter Corporate Loan - Assam Timber Products Pvt Ltd	21,56,445	2,80,65,138	2,96,82,022	5,37,75,607

### 12. Earning Per Share:

As required by Accounting Standard-AS 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India", the Earning Per Share (EPS) is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year and is ascertained as follows.

Particulars	Year ended march 31 <sup>st</sup> 2009(Rs.)	Year ended march 31 <sup>st</sup> 2008(Rs.)
i) Net Profit After Tax (A) (Rs.)	142,473,655	14,23,20,428
ii) Weighted Average number of Equity Shares (B)	2,04,59,353	1,53,54,913
iii) Face Value Per Equity Share (Rs.)	10	10
iv) Earning Per Share (Rs.) – Basic & Diluted	6.96	9.27

## Significant Accounting Policies & Notes On Accounts (Contd..)

13. Consequent to the mandatory Accounting Standard (AS-22) issue by the Institute of Chartered Accountants of India (ICAI) on accounting for taxes on income, the Deferred Tax Adjustments for the year ended 31<sup>st</sup> March, 2009 amounting to Rs. 26.63 Lakhs have been recognized in the profit and loss account.

Particulars		Year ended march 31 <sup>st</sup> 2009 (Rs.)	Year ended march 31 <sup>st</sup> 2008 (Rs.)
<b>Deferred Tax liability brought forward</b>		1835831	5035831
Deferred tax asset/(Liability) arising in current year on account of timing difference			
1	Depreciation	(2486083)	3845186
2	Gratuity	(97394)	(202428)
3	Leave Encashment	(79409)	(442758)
<b>C/F Deferred Tax liability</b>		4498717	1835831

14. In the opinion of the Board, Current Assets, and Loans and Advances are approximately of the value stated if realized in the ordinary course of business. The provision for all known and determined liabilities is adequate and not in excess of the amounts reasonably required.
15. Balances of some of the Sundry Debtors, Creditors, Loans and Advances are subject to confirmation, reconciliation and consequent adjustment if any. However, in the opinion of the management such adjustments, if any, will not material.
16. Sundry Creditors in schedule I I may include due payable to Micro, Small and Medium Enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.  
 However the Company has not received any intimation/ claims from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure if any relating to the amount payable as at the year end together with interest paid/ payable as required under the said Act have not been given.
17. Previous year's figures have been regrouped reclassified and recasted wherever necessary to confirm to this year's classification.
18. Additional information pursuant to the provisions of paragraph 3 and 4 of part II of schedule VI of the Companies Act, 1956 (As amended) as certified by the management of the company is given below:

### Particulars in respect of goods manufactured/ traded:

#### Installed Capacity and Actual Production:

CLASS OF GOODS	CAPACITY INSTALLED		ACTUAL PRODUCTION
	(As Certified by Management)		(As Certified by Management)
	Unit	QUANTITY	QUANTITY
Decorative Laminate	No. of Sheets	1200000	762991
		(1200000)	(464431)
Plain Particle Board	SQ MTR 4MM	11250000	2648718
		(11250000)	(2823169)
Prelaminated Particle Board	SQ MTR 4MM	9900000	2285464
		(9900000)	(3410058)
Plywood/ Block Board	SQ MTR 4MM	12800000	6389893
		(12800000)	(6614764)
Decorative Plywood	SQ MTR 4MM	2500000	74735
		(0)	(0)
Veeners	SQ MTR 4MM	3750000	811990
		(3750000)	(903105)

Figures shown in bracket are previous year figures.

## Significant Accounting Policies & Notes On Accounts (Contd..)

### B) Sales, Purchases, Opening & Closing Stock of Finished goods/ Purchased (including trading goods) by the Company. (As Certified by Management).

Class of Goods	OPENING STOCK		PURCHASES		CLOSING STOCK		SALES (Incl Inter Transfer)	
	Qty	Value in Rs.	Qty	Value in Rs.	Qty	Value in Rs.	Qty	Value in Rs.
Decorative Laminate	42556	15077844	26562	13477648	141833	64651746	663521	300691043
	(35939)	(15883128)	(62114)	(29766526)	(42556)	(15077844)	(519928)	(238792146)
Plain Particle Board	461006	16132944	113240	5620598	571634	23984269	2651330	25898219
	(267872)	(11049284)	(889634)	(35144341)	(461006)	(16132944)	(3519669)	(14317178)
Prelaminated Particle Board	255184	16513417	13252	1366021	223710	18155559	2328905	147317219
	(218334)	(15730184)	(150987)	(8615518)	(255183)	(16513417)	(3524195)	(240099329)
Plywood/ Block Board	406933	44187351	1554487	177503911	678625	86438611	7659282	1020649110
	(432574)	(49656228)	(1908944)	(157597422)	(406933)	(44187351)	(8549349)	(944097431)
Veeners	25644	17879119	1370105	74729687	47029	2130048	37826	6943874
	(181249)	(35059576)	(1432478)	(53019258)	(25644)	(17879119)	(2491188)	(7087766)
Decorative Plywood	0	0	0	0	20567	10153676	54168	27391438
	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Others	463	1556714	0	0	453	1350914	50831	599364
	(476)	(1809843)	(82552)	(39822576)	(463)	(1556714)	(82565)	(43842097)
<b>TOTAL :</b>		<b>111347389</b>		<b>272697865</b>		<b>206864823</b>		<b>1529490267</b>
		(129188243)		(323965641)		(111347390)		(1488235947)

\* (Previous year figures)

Sales value for current year are net of Excise Duty and Sales Tax.

### C) Break up of Raw Materials Consumed (As Certified by Management).

Items	Quantity	Value (Rs)
Paper – in Kgs	1852787	113165178
	(342544)	(44767345)
Timber – In Cum	62658	265887706
	(61853)	(199705347)
Veener (excl own production) – In Sq. Mt	1376965	85566012
	(1,547,720)	(105,076,099)
Chemicals – In Kgs	5828796	173898647
	(2446676)	(117254017)
Ply/ PB / MDF / Laminates – In Sq.Mt	2766212	89705470
	(192077)	(33385587)

\*(Previous Year Figures)

### D) Value of Imports on CIF basis (As Certified by Management).

ITEMS	VALUE IN RS.	PERCENTAGE (%)
Raw Materials	154059049	95
	(97307783)	(94)
Stores & Spare Parts	2284217	1
	(2363486)	(2)
Capital Goods	6480314	4
	(3860483)	(4)

\*(Previous Year Figures)

**Significant Accounting Policies & Notes On Accounts** (Contd..)

**E) Consumption of Raw Materials and Stores and Spares (As Certified by Management).**

<b>Items</b>	<b>VALUE IN RS.</b>	<b>PERCENTAGE (%)</b>
a) Raw Material		
Imported	10,60,33,279	14
	(60806772)	(5)
Indigenous	63,19,52,309	86
	(1211883836)	(95)
b) Stores & Spares		
Imported	26,17,676	4
	(1965872)	(8)
Indigenous	5,66,72,178	96
	(21368213)	(92)

\*(Previous Year Figures)

**F) Earning in Foreign Currency –Rs.1,34,91,942/-**

**G) Expenditure in Foreign Currency – Rs.13,32,02,341/-**

## Cash Flow Statement

(Amount in Rs.)

PARTICULAR'S	FOR YEAR ENDED 31 MARCH, 2009		FOR YEAR ENDED 31 MARCH, 2008	
<b>A. Cash flows arising from operating activities</b>				
Net Profit Before Tax		165436541		160220428
<b>Add:</b> Depreciation & Goodwill w/o	34520225		37212712	
Misc Expenses W/o	2289999		494207	
Provision for Leave Encashment	1325085		2162599	
Provision for Gratuity	393285		933320	
Bad Debts W/o, Cash Discounts & Rebates	29882326		9463415	
		68410920		50266253
<b>Less:</b> Interest Income	(5713349)		(6019820)	
Sundry balances Written Back	(76956)		(7190)	
(Profit)/Loss on sale of Fixed Assets	-	(5790305)	100825	(5926185)
<b>Operating profit before working capital changes</b>		<b>228057156</b>		<b>204560496</b>
(Increase)/Decrease in Inventory	(238185063)		(3659188)	
(Increase)/Decrease in Debtors	(241709772)		(88553753)	
(Increase)/Decrease in Loans & Advances	(83095170)		(37942034)	
Increase/(Decrease) in Trade Payables	23917075	(539072930)	(13278916)	(143433891)
<b>Cash flow from Operations</b>		<b>(311015774)</b>		<b>61126605</b>
Interest & Bank Charges	77852171		70835789	
Gratuity Paid	(106749)		(337768)	
Pre Operative Expenses	(8978969)		-	
Leave Encashment paid	(912260)		(683593)	
Payment of Income Tax & FBT	(12270707)	55583486	(7860010)	61954418
<b>Net Cash Flow from Operating Activities</b>		<b>(255432288)</b>		<b>123081023</b>
<b>B. Cash flows arising from Investment activities</b>				
<b>Inflows:</b>				
Sale of Investments	-		53,199	
Proceeds on disposal of Fixed Assets	147965		697175	
Interest Received	5713349		6010331	
<b>Outflows:</b>				
Additions to Fixed Assets	(156253342)		(19373643)	
Borrowing Cost Capitalised	(1095892)		-	
Additions to Fixed Assets- Capital WIP	(20919587)		(17010091)	
Additions to Investments	(22887)	(172430394)	(35,000.00)	(29658029)
<b>C. Cash flows arising from finance activities</b>				
<b>Inflows:</b>				
Proceeds from issue of Share Capital	440287586		7940000	
Borrowings-Secured Loans	124618620		52674565	
Borrowings-Unsecured Loans	200000		(60886843)	
<b>Outflows:</b>				
Interest & Bank Charges	(77852171)		(70835789)	
Payment of Dividend & Dividend Tax	(16314582)		0	
Expenses for Increment of Authorised Capital	0	470939453	0	(71108067)
<b>Cash flow from all activities-(A+B+C)</b>		<b>43076770</b>		<b>22314927</b>
<b>Add:</b> Cash & cash equivalents at beginning of the year		49765297		27450370
Cash & cash equivalents on account of Demerger		0	0	
Cash & cash equivalents at year end of the year		<b>92842067</b>		<b>49765297</b>

As per our Report of even date attached here to

For **GRV & PK**  
Chartered Accountants

For and on Behalf of the Board

**Kamal Kishore**  
Partner  
Membership No.205819

**Shyam Daga**  
Managing Director

**N.S. Adkoli**  
Director

Place : Bangalore  
Date : May 30th 2009

**Rajneesh Sharma**  
Company Secretary

**Information pursuant to the provisions of part IV of Schedule-VI of the Companies Act 1956.**

<b>I. REGISTRATION DETAILS:</b>	
REGISTRATION NO.	L85110KA1995PLC018710
STATE CODE	08
BALANCE SHEET DATE	31.03.2009
<b>II. CAPITAL RAISED DURING THE YEAR [AMOUNT IN RS. THOUSANDS]</b>	
PUBLIC ISSUE	489563
RIGHIT ISSUE	NIL
BONUS ISSUE	NIL
PRIVATE PLACEMENT	NIL
<b>III POSITION OF MOBILISATION AND DEPLOYMENT OF FUND [AMOUNT IN RS. THOUSAND]</b>	
TOTAL LIABILITES	1635867
TOTAL ASSETS	1635867
<b>SOURCES OF FUNDS</b>	
PAID UP CAPITAL	220000
SHARE APPLICATION MONEY	NIL
RESERVES & SURPLUS	745279
SECURED LOANS	662089
UNSECURED LOANS	4000
DEFERRED TAX LIABILITY	4499
<b>APPLICATION OF FUNDS:</b>	
NET FIXED ASSETS	553532
INVESTMENTS	236
NET CURRENT ASSETS	1073928
MISC. EXPENDITURE	8172
ACCUMULATED LOSSES	NIL
<b>IV. PERFORMANCE OF COMPANY [AMOUNT IN RS. THOUSAND]</b>	
TURNOVER AND OTHER INCOME	1517236
TOTAL EXPENDITURE	1351799
PROFIT BEFORE TAX	165437
PROFIT AFTER TAX	142474
EARNING PER SHARE IN RS.	6.96
DIVIDEND RATE %	30%
<b>V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY [AS PER MONETARY TERMS]</b>	
ITEM CODE NO [ITC CODE]	2710
PRODUCT DESCRIPTION	WOOD, VENEER, PLYWOOD, PARTICLE BOARDS
ITEM CODE NO [ITC CODE]	2824
PRODUCT DESCRIPTION	HIGH PRESSURE LAMINATES

For **GRV & PK**  
Chartered Accountants

For and on Behalf of the Board

**Kamal Kishore**  
Partner  
Membership No.205819

**Shyam Daga**  
Managing Director

**N.S. Adkoli**  
Director

Place : Bangalore  
Date : May 30th 2009

**Rajneesh Sharma**  
Company Secretary







## ARCHIDPLY INDUSTRIESLIMITED

Registered office: 29/2,IST Floor,G.K. Manor, Seshadripuram, Nehru Nagar Circle, Bangalore 560 100, India

### ATTENDANCE SLIP

Annual General Meeting 2nd September, 2009

Regd. Folio No. / Client ID No. : .....

No. of shares held : .....

I certify that I am a member / proxy for the member of the Company.....

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at Ramanashree California Resort, Ananthpura Gate, Doddabalapur Road, Yelahanka, Bangalore- 560 064, India, at 11 a.m. on 2nd, September, 2009.

Name of the member / proxy  
(in BLOCK letters)

Signature of the member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.



## ARCHIDPLY INDUSTRIESLIMITED

Registered office: 29/2,IST Floor,G.K. Manor, Seshadripuram, Nehru Nagar Circle, Bangalore 560 100, India

### PROXY

Annual General Meeting 2nd September, 2009

Regd. Folio No. / Client ID No. : .....

No. of shares held : .....

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member / members of the Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ in the district of \_\_\_\_\_ or failing him / her \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_

as my / our proxy to vote for me / us on my / our behalf at the ANNUALGENERAL MEETING of the Company to be held at Ramanashree California Resort, Ananthpura Gate, Doddabalapur Road, Yelahanka, Bangalore- 560 064, India, at 11.00 a.m. on 2nd September, 2009 and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Affix 15  
Paisa  
Revenue  
Stamp

Signature \_\_\_\_\_

Note: This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



