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Notice

NOTICE is hereby given that the **FIFTEENTH ANNUAL GENERAL MEETING** of **ARCHIDPLY INDUSTRIES LIMITED** will be held on Wednesday, 29th September, 2010 at 10.00 a.m at Ramanashree California Resort, Anathpura Gate, Doddabalpur Road, Yelhanka, Bangalore- 560 064 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mohammed Shahid Aftab, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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.”

By Order of the Board of Directors
For Archidply Industries Limited

Bangalore
29th May, 2010

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. The Register of Members and Share Transfer Books of the Company will remain closed from, 23rd September, 2010 to 29th September, 2010 (both days inclusive) in connection with the Annual General Meeting
2. Members may please bring the Admission Slip duly filed in and may hand over the same at the entrance to the Meeting Hall.
3. 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.
4. 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.
5. Members who have not encashed their in dividend / 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 inward.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 (I E P F) 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.
6. 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.
7. 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
8. 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.
9. 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.
10. 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 Director is given below:

Notice (Contd.)

Name of Director	Mr. Mohammed Shahid Aftab
Date of Birth	22.03.1946
Date of Appointment	07.09.2007
Qualification	M.Com., CAIIB
Expertise in specified functional area	Having 36 years experience in the field of Banking & Finance
Shareholding in Archidply Industries Limited	NIL
List of outside Directorship held excluding Alternate Directorship and Private Companies.	Gujarat Pathugan Energy Corporation P Ltd. Ramsarup Industries Limited PNB Gilts Limited Asset Care Enterprise Limited
Chairman/ Member of the Committee of the Board of Directors of the Company	Member Remuneration Committee Audit Committee Shareholders Committee
Chairman/ Member of the Committee of the Board of Directors of other Companies in which he or she is a Director	NIL
a. Audit Committee	NIL
b. Investor Grievance committee	NIL
c. Remuneration Committee	NIL

By Order of the Board of Directors
For Archidply Industries Limited

Bangalore
29th May, 2010

Rajneesh Sharma
Company Secretary

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

Director's Report

TO THE MEMBERS OF ARCHIDPLY INDUSTRIES LIMITED

Your Directors are pleased to present the Fifteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

The financial results of the Company during the year under review are summarized as under: *(Amount in Rs.)*

Particulars	Year ended 31.03.10	Year ended 31.03.09
Net sales	15,132.46	15,040.95
Profit before interest & Depreciation	2349.54	2778.09
Depreciation	432.86	345.20
Interest	975.00	778.52
Profit before tax	941.68	1,654.37
Taxation	143.82	229.63
Profit after tax	797.86	1424.73

PERFORMANCE REVIEW

During the year of operation, your Company has earned a profit after tax for current year of Rs.797.86 lacs. Your Company's Net turnover during the year ended 31.03.2010 was Rs. 15,132.46 lacs as against the previous year turnover of Rs. 15040.95 lacs

Due to the labour issues at the Mysore Factory, the production has been affected during the last quarter coupled with the slow recovery in the industry has resulted in the flat sales and reduction of overall profits of the Company during the current financial year.

DIVIDEND

Your Company continued to target growth in its business areas while simultaneously investing in improving capacity utilization activities during the year to cater to the future. In order to meet its growing fund requirement and to conserve its resources for future expansions, the directors have decided not to recommend the dividend for the current year.

TRANSFER TO RESERVE

The Board of Directors proposes to Transfer Rs.790.29 lacs to the General Reserve.

NEW EXPANSION PROJECTS

The second phase of the Chintamani Project for the construction of new Factory Shed and the New Veneer Slicing unit for backward integration of the Decorative Plywood is in the final stage of completion. The commercial production for the second phase of the project is expected to start in the month of October'10.

SHIFTING OF THE MYSORE UNIT

Mysore unit of the Company was established in 1966 in the outskirts of the Mysore, which has now after development of the city limits was functioning in a Residential area where the operations were mostly of residential activities and no manufacturing was done by anyone except this company. Thus, during the financial year, the decision was taken to shift the Mysore unit to Chintamani, which has resulted in the labour issues & standstill of the production operations at the Mysore Unit. The management is in negotiation with the labour and is hopeful of amicably reaching the settlement with the labour.

INDIAN GREEN BUILDING COUNCIL – IGBC

The Company has got IGBC membership which shall help the Company to play an active role in the advocacy of green buildings and make its products eligible for the Green Building projects.

SUBSIDIARIES OF THE COMPANY

The Company does not have any subsidiary Company.

Director's Report (Contd.)

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 31st March, 2010, 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, 2010 on a going concern basis.

CORPORATE GOVERNANCE

The Corporate Governance & 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 COMMITTEE/ 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.

FIXED DEPOSITS

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

DIRECTORS

Mr. Mohammad Shahid Aftab, 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 Director being re-appointed is 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.

EMPLOYEES STOCK OPTION SCHEME

The in principle approval for the Employee stock Option scheme – "Archidply Industries Limited ESOS- 2009" exercisable into not more than 2,00,000 options has been obtained by the Company. The options are vested to the eligible employees as per the scheme with effect from 01.04.2010.

The Company implemented the Employee Stock option Scheme in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Option Purchase Scheme) Guidelines, 1999. The Compensation Committee constituted in accordance with the SEBI guidelines administers and monitors the ESOS. The applicable disclosures as stipulated under the SEBI Guidelines as at 31st March, 2010 are given below:

- (i)Options Granted :93000 on 01.04.2009
- (ii)Exercise Price : Rs. 10 per option
- (iii)Options Vested :Nil
- (iv)Options exercised:Nil
- (v)Options lapsed : Nil
- (vi)Employees wise details of options granted :

a.Senior Managerial Person (6000 options each)

Mr. K.K. Somani

Mr. A. Ananthachar

Mr. G.R. Sureka

Mr. A.K. Thirani

Mr. Sundeep Kejriwal

Director's Report (Contd.)

b. Any other employee who received a grant in any one year of Options amounting to 5% or more of options granted during the one year : Nil

c. Identified employees, who were granted Options, during one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant : Nil

The Company has received a certificate from the Auditors of the Company that the ESOS has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders. The Certificate would be available at the Annual General Meeting for inspection by members.

LISTING FEES

The Equity shares of the Company are listed with Bombay Stock Exchange Ltd. (BSE) & National Stock exchange of India Limited (NSE). The annual listing fee for the year 2010-11 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 reappointment.

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.

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

Place : Bangalore
Date : 29th May, 2010

Shyam Daga
Managing Director

N.S. Adkoli
Director

Annexure to the Director's Report

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

A. Conservation of Energy

Whenever we save energy, we not only save money, we also reduce the demand for such fossil fuels as coal, oil, and natural gas. Less burning of fossil fuels also means lower emissions of carbon dioxide (CO₂), the primary contributor to global warming, and other pollutants.

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) Minimizing the use of belts in factory which lost energy.
- (ii) Timely replacing the damaged bearings / bushing which lost energy.
- (iii) Using appropriate capacity for machine
- (iv) Using ISI certified motors and minimizing cable length
- (v) Using required capacity capacitors to correct power factor.
- (vi) Strict watch is kept on idle running of machine and to work the machine at full capacity
- (vii) Machineries are frequently overhauled to work smoothly;
- (viii) Monitoring of power factor is frequently done and we have installed automatic power control systems in the circuit.
- (ix) Energy consumption versus production is monitored at regular intervals to check over usage of energy.
- (x) Continuous monitoring of energy consumption.

B. Research and Development (R & D)

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

R&D carried on by the Company is to develop environmental friendly products & processes. The research also includes the way of product improvement and process optimization with a view to reduce cost & increase efficiency.

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

The Company has derived the benefit of reduction in the cost of production & development of eco-friendly processes result in less quantity of effluent and emission.

3. Future Plan of action:

R&D will focus on products 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 incurs 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 technology from various sources, such as know - how from its associate Companies, their own data bank, published literature etc. and thereafter adopts the same to the Company infrastructure, effects improvement to the products and processes of the Company including containment of pollution and control of effluents.

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.

3. Imported technology

The Company has imported the Wide Belt Sanding from Bottcher & Renardy during the previous financial year 2008 - 2009. 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.24,31,942/-
Outgo : Rs.18,55,862/-

For and on Behalf of the Board

Report on Corporate Governance

Company's Philosophy on Code of Governance

The Company believes in transparency, accountability and equity is an integral part to our functioning. The Company try to blend growth and efficiency with good governance and ethics.

Board Composition

1. 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, 7 Board Meetings were held during the financial year ended 31st March, 2010. The dates of the Board meeting were 30.05.2009, 01.06.2009, 31.07.2009, 14.08.2009, 29.10.2009, 24.12.2009, 30.01.2010, 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 2009-10 Attendance at		No. Of Other Director- ships held ^	No. of Committee Positions held	
		BM	Last AGM		This Company	Other Company
Mr.Deendayal Daga (Chairman)	Promoter	4	YES	1	Nil	Nil
Mr.Shyam Daga (Managing Director)	Promoter	6	YES	1	1	Nil
Mr.Rajiv Daga (Joint Managing Director)	Promoter	6	YES	1	1	Nil
Mr.K.K.Somani (Director Technical)	Executive & Non Independent	3	YES	1	Nil	Nil
Mr. K.K. Taparia (Director)	Independent	3	NO	1	1	2
Mr. B.H. Rathi (Director)	Independent	4	NO	Nil	3	Nil
Mr. M.S. Aftab (Director)	Independent	2	NO	3	3	Nil
Mr.N.S.Adkoli (Director)	Independent	4	NO	1	3	Nil

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

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. M.S. Aftab would retire by rotation at the ensuing Annual General Meeting of the company and being eligible they offer themselves for reappointment. 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.

Report on Corporate Governance (Contd.)

Audit Committee

Composition & Terms of Reference:

(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 year 2009 - 10, 4 meeting of Audit Committee were held on 30.05.2009, 31.07.2009 and 29.10.2009 and 31.01.2010.

The Composition and other details of Audit Committee of the Company is as follows:

Sl.No:	Name of Director	Name of Director	Category	No. of meetings attended
1	Mr. N. S. Adkoli	Chairman	Non Executive, Independent	4
2	Mr. B. H. Rathi	Member	Non Executive, Independent	4
3	Mr. M. S. Aftab	Member	Non Executive, Independent	2
4	Mr. Shyam Daga	Member	Executive, Promoter	4
5	Mr. Rajneesh Sharma	Secretary to the Committee	Company Secretary	4

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

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 review the ESOP scheme as drawn form time to time.

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

During the year 2009 - 2010, One meeting of Remuneration Committee was held on 30th May 2009. The Composition and other details of Remuneration.

/Compensation Committee of the Company is as follows:

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

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 are as under: (In Rs.)

Name of Director	Basic Salary	HRA	Conveyance	Others	Total
Mr. Deen Dayal Daga	1080000	648000	-	-	1728000
Mr. Shyam Daga	900000	540000	-	69802	1509802
Mr. Rajiv Daga	720000	432000	-	60000	1212000
Mr. K. K. Somani	756000	108000	36000	339231	1239231

i. No commission is payable to the Executive Directors.

ii. No sitting fee is paid to Executive Directors for attending the meeting of Board of Directors of the Company or committees thereof.

iii. 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 except Shareholders Grievances Committee

(In Rs.)

Name of Director	Sitting fees for Board Meeting	Sitting fees for Committee Meeting
Mr. M.S.Aftab	30000	20000
Mr. B.H. Rathi	60000	50000
Mr. N.S. Adkoli	60000	50000
Mr. K. K. Taparia	45000	10000

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, re - materialization 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 2009 -10, 13 complaints / requests were received from the shareholders / investors through SEBI / Stock Exchange and directly from shareholders / Investors, which pertained mainly to matters like non - receipt of Annual Report, Dividend etc.. All the complaints / request were resolved to the satisfaction of the shareholders / investors. As on 31.03.2010, there were no pending complaints.

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

During the year under review, the committee met on 30.05.2009, 31.07.2009, 29.10.2009 and 30.01.2010. 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	Name of Director	Category	No. of meetings attended
1	Mr. N. S. Adkoli	Chairman	Non Executive, Independent	4
2	Mr. B. H. Rathi	Member	Non Executive, Independent	4
3	Mr. M. S. Aftab	Member	Non Executive, Independent	3
4	Mr. Rajiv Daga	Member	Non Executive, Independent	4

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 Computer Share Private Limited.

During the year half-yearly certificate(s), confirming due Compliance of the share transfer formalities by the Company (clause 47 © 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.

The Company has taken various steps to ensure that the shareholders - related matters are given due priority and the matters / issues raised are resolved at the earliest.

General Body Meetings :

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

Year	Location	Date	Time
2009	Ramanshree California Resort, Ananthpura Gate, Doddaballpura Road, Yelhanka, Bangalore – 560064	02.09.2009	11:00 A.M
2008	No. 29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 560 020	20.06.2008	11:00 A.M
2007	No. 29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 560 020	29.09.2007	11:00 A.M

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

September 2, 2009

- Revision of remuneration of Chairman, Managing Director and Joint Managing Director
- Appointment of Mr. K.K. Somani, Director Technical
- Modification of ESOP Scheme

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 and 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 © 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	29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 560 020 (Change of Name)	20.03.2007	11:00 A.M
2006	29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 560 020 (Increase in Authorised Share Capital to Rs 25 Crores)	17.11.2006	11:00 A.M
2006	29/2 G.K. Manor, 1st Floor, Nehru Nagar Circle, Sheshadripuram, Bangalore – 560 020 (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 - 560 003 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 2008-09, 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

Resolution No.	Description	% of Votes in favour of the resolution	% of Votes against of the resolution
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 the 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(1A) 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 2009-10 were published in leading newspapers (English and Kannada language) The financial results are simultaneously posted on the website of the Company i.e. www.archidply.com

The “Limited Review” Reports of the Financial results for the quarter ended 30th June 2009, September 30, 2009 and December 31,2009 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

Report on Corporate Governance (Contd.)

General Shareholder Information

1. Date, Time and Venue of 15th Annual General Meeting.

Year	Location	Date	Time
2010	Ramanshree California Resort, Ananthpura Gate, Doddabalpura Road, Yelhanka, Bangalore – 560064	29.09.2010	10:00 A.M

2. Financial Year

The Company financial year was from April 1st 2010 to March 31st 2010

3. Date of Book Closure

23rd September 2010 to 29th September 200 (Both days inclusive)

4. Dividend payment date

No dividend declared for the year under review.

5. Listing on stock exchanges

The Equity shares of the Company are listed at:

Bombay Stock Exchange Limited (BSE)

National Stock Exchange Limited (NSE)

The annual listing fees, for the equity shares of the Company, pertaining to the year 2010 - 11 has been paid to the concerned stock exchange.

6. Stock code

Stock Exchange	Stock Code	Type of Security
Bombay Stock Exchange Limited (BSE)	532994	Equity Shares
National Stock Exchange Limited (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 2009-10

Year 2009 - 2010	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
April-09	22.05	14.44	11492.10	9546.29	22.45	13.90	3517.25	2965.70
May-09	32.20	17.95	14930.54	11621.30	34.00	16.50	4509.40	3478.70
Jun-09	32.95	25.15	15600.30	14016.95	31.95	25.30	4693.20	4143.25
Jul-09	28.45	24.00	15732.81	13219.99	28.40	23.70	4669.75	3918.75
Aug-09	38.50	26.00	16002.46	14684.45	38.50	25.55	4743.75	4353.45
Sep-09	36.90	31.00	17142.52	15356.72	37.50	30.95	5087.60	4576.60
Oct-09	34.25	28.00	17493.17	15805.20	33.50	28.00	5181.95	4687.50
Nov-09	30.00	26.25	17290.48	15330.56	30.50	26.75	5138.00	4538.50
Dec-09	39.80	27.35	17530.94	16577.78	40.15	27.20	5221.85	4943.95
Jan-10	42.70	34.10	17790.33	15982.08	42.90	34.20	5310.85	4766
Feb-10	36.70	30.70	16669.25	15651.99	36.95	31.00	4992.00	4675.40
Mar-10	35.55	31.00	17793.01	16438.45	37.00	30.65	5329.55	4935.35

Report on Corporate Governance (Contd.)

8. 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
Fax: 04023420814

9. Distribution of Shareholdings

The distribution of shareholding as on as on 31.03.2010 is given as under:

Sl.No	Category (Shares)	No of Cases	% of Cases	Total Shares	Amount of Shares	% of Total Amount
1	1 - 5000	9300	99.06	3434986	34349860	15.61
2	5001 - 10000	33	0.35	241779	2417790	1.10
3	10001 - 20000	21	0.22	321604	3216040	1.46
4	20001 - 30000	9	0.10	222784	2227840	1.01
5	30001 - 40000	2	0.02	66795	667950	0.30
6	40001 - 50000	1	0.01	49107	491070	0.22
7	50001 - 100000	6	0.06	434007	4340070	1.98
8	100001 and above	16	0.17	17228938	172289380	78.32
	TOTAL:	9388	100.00	22000000	220000000	100.00

The distribution of shareholding according to category as on 31.03.2010

No. of Shares	No. of shareholders	Total Shares	% of Total Shares
Promoter Companies	7	11432463	51.97
Promoters	6	4144480	18.84
Resident Individuals	8610	4665658	21.21
Bodies Corporate	219	1383204	6.29
HUF	444	246610	1.12
Non Resident Indians	87	117476	0.53
Clearing Members	14	10009	0.05
Directors (Other than promoters)	1	100	-
Total	9388	22000000	100

10. Dematerialization of Shares and liquidity.

As on 31.03.2010, of the shareholding were held in dematerialized form as per details mentioned below:

Description	No of Holders	Shares	% To Equity
PHYSICAL	35	15141285	68.82
NSDL	5567	4281084	19.46
CDSL	3786	2577631	11.72
Total:	9388	22000000	100.00

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

Report on Corporate Governance (Contd.)

11. Outstanding GDRs/ADRs/Warrants or any convertible instruments

There were no outstanding GDRs/ADRs/ Warrants or any other Convertible Instruments as on 31.03.2010.

12. Plant locations

Rudrapur	Plot No. 6A, Sector 9, Pant Nagar Industrial Area, Khasra No. 210, Pool Bagh, Kichha, Udham Singh Nagar, Rudrapur Uttarakhand.
Mysore	Mysore-Hunsur Road, Hinkal, Mysore, Karnataka – 570 017
Chintamani	Survey No. 19, KSSIDC Industrial Area, Katamachanahalli, Chintamani, Chikkaballapur, Karnataka, 563 125

13. Address for correspondence

Registered Office:

ARCHIDPLY INDUSTRIES LTD

#No.29/2, G.K.Manor, 1st Floor, Nehru Nagar Circle

Sheshadripuram, Bangalore – 560 020

Ph: 080-2344 5607 /43420000

Fax: 080-2334 8463

E-mail: info@archidply.com Website: 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).

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, 2010.

FOR AND ON BEHALF OF THE BOARD
Of ARCHIDPLY INDUSTRIES LIMITED

Place: Bangalore
Date: 29.05.2010

Shyam Daga
(Managing Director)

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 31.03.2010, 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, there was no investor grievance pending against the company for a period exceeding one month.

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

For **GRV & P K**
Chartered Accountants
FRN: 008099S

(KAMAL KISHORE)
Partner
M.No. 205819

Place : Bangalore
Date : 29th May, 2010

Management Discussion and Analysis Report

1. Industry Structure and Developments

The present Indian economy has now started reviving after the impact of global meltdown, moderating consumption demand and depreciating currency. There has been a slow recovery in real estate and construction activity which has also shown moderation in our sector. The hospitality sector is one of the sector which has not been effected much by the slow down and has been one of the driver to our industry. Further, the commercial projects which were held in the midway have also been started in full swing which has also help the industry in recovery.

2. Opportunities

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

- Big projects coming in the Hospitality Sector.
- Opening of new Malls, Commercial places, expansion of offices by the Banks indicating growing demand for Plywood, Laminates and Interior products.
- Awareness of Green Building Projects among the community will also create the demand of our eco-friendly products.

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 :

Particulars	2009-10
Net Sales	15132.46
Other Income	404.51
Total Revenues	15536.97
Cost of Sales	8438.69
Manufacturing Expenses	997.29
Personnel exp	1347.08
Selling, Distribution and Administrative Overheads	2404.35
Interest & Financial charge	975.00
Depreciation	432.85
Total Expenditure	14595.29
Profit Before Tax	941.68
Tax	143.82
Profit after Tax	797.86

During the year the Company has achieved a turnover of Rs 15132.46 lacs and earns profit before Depreciation, Interest and Tax [PBIDT] of Rs. 2349.54 lacs (margin 15.52%) and profit after taxes of Rs. 797.86 lacs (margin 5.27%). The Segment wise performance has been given elsewhere in the Report.

Management Discussion and Analysis Report (Contd.)

4. Outlook

The Company's outlook for the year ending 31st March, 2011 is to increase the capacity utilisation of the existing installed capacity across product category segment of Plywood's Laminates, Veneers & Pre-lam particle boards.

Further, the Company is also considering for diversifying into power sector.

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 except the labour issues at Mysore Unit. 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

Place : Bangalore
Date : 29th May, 2010

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 31st March 2010, 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, as amended by the Companies (Auditor's Report) Amendment Order 2004, 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 31st March 2010;.

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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

For **GRV & PK**
Chartered Accountants
FRN: 008099S

Place : Bangalore
Date : 29th May, 2010

(KAMAL KISHORE)
Partner
M.No. 205819

Annexure to the Auditors' Report

(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

1. 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.

2. 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 One Company covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.2156445/- and the year end balance of loans and advances granted to such company was Rs. Nil/- The Company 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 not taken any unsecured loan from the party covered in the Register maintained under Section 301 of the Companies Act, 1956.

b) There is no interest received on loans given. Other terms and conditions on which loan given 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) There is no balance due in respect of these Loans and Advances.

3. 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.

4. 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.

5. 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.

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

7. 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.

8. 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.

Annexure to the Auditors' Report

b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 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 31st March, 2010 on account of any dispute are given below:

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

9. The company does not have any accumulated losses at the end of this year and has not incurred cash losses in the year ending 31st March, 2010 and the immediately preceding financial Year.

10. 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.

11. 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.

12. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. The company has not raised any money by public issue during the financial year.

20. According to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **GRV & PK**
Chartered Accountants
FRN: 008099S

Place : Bangalore
Date : 29th May, 2010

(KAMAL KISHORE)
Partner
M.No. 205819

Balance Sheet as at 31st March, 2010

(Amount in Rs.)

PARTICULARS	SCHEDULES	As at 31st March 2010	As at 31st March 2009
<u>SOURCES OF FUNDS</u>			
SHARE HOLDER'S FUND			
Share Capital	1	220,000,000	220,000,000
Reserve And Surplus	2	824,445,792	745,279,293
		1,044,445,792	965,279,293
LOAN FUNDS			
Secured Loans	3	709,859,860	662,088,905
Unsecured Loans	4		4,000,000
		709,859,860	666,088,905
Deferred Tax liability		2,880,447	4,498,717
TOTAL		1,757,186,099	1,635,866,915
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
Gross Block	5	780,944,085	714,065,555
Less Depreciation		225,162,557	181,453,637
Net Block		555,781,528	532,611,918
Capital Work In Progress		40,840,466	20,919,587
		596,621,994	553,531,505
INVESTMENTS	6	240,482	235,926
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	771,452,630	500,624,758
Sundry Debtors	8	600,106,250	609,921,481
Cash and Bank Balances	9	79,768,103	92,842,067
Loans and Advances	10	201,054,397	195,470,839
		1,652,381,380	1,398,859,145
LESS CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	481,960,205	304,631,243
Provision for Tax		16,000,000	20,300,000
NET CURRENT ASSETS		11,54,421,175	1,073,927,902
MISCELLANEOUS EXPENDITURE	12	5,902,448	8,171,582
(to the extent not written off or adjusted)			
TOTAL		1,757,186,099	1,635,866,915

SIGNIFICANT ACCOUNTING POLICIES &
NOTES ON ACCOUNTS

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As per our Report of even date attached here to

For **G R V & P K**
Chartered Accountants
FRN: 008099S

(KAMAL KISHORE)
Partner
M.No. 205819

Place : Bangalore
Date : 29th May, 2010

For and on Behalf of the Board

Shyam Daga
Managing Director

N.S. Adkoli
Director

Rajneesh Sharma
Company Secretary

Profit and Loss Account for the year ended 31st March 2010

(Amount in Rs.)

PARTICULARS	SCHEDULES	For the period ended on 31st March 2010	For the period ended on 31st March 2009
INCOME :			
Gross Sales		1,622,238,619	1,615,691,071
Less : Excise Duty		31,577,519	35,837,579
Less : Sales Tax		77,414,559	75,758,370
Net Sales		1,513,246,540	1,504,095,122
Other Income	13	40,451,131	13,140,583
TOTAL INCOME		1,553,697,671	1,517,235,705
EXPENDITURE :			
Cost of Goods consumed / sold	14	843,869,378	823,950,855
Manufacturing Expenses	15	99,729,593	109,485,921
Payments to and Provision for Employees	16	134,708,829	107,835,364
Selling, Distribution, Administrative and Other Expenses	17	240,435,581	198,154,628
Interest & Finance Charges	18	97,500,721	77,852,171
Depreciation & Ammortisation of Goodwill	5	43,285,514	34,520,225
TOTAL EXPENDITURE		1,459,529,615	1,351,799,164
PROFIT BEFORE TAXATION		94,168,056	165,436,541
Provision for Current Tax		16,000,000	20,300,000
Deferred Tax		(1,618,270)	2,662,886
PROFIT AFTER TAXATION		79,786,326	142,473,655
APPROPRIATIONS			
Prior Period Income(+)/(-)Expenditure		(757,466)	-
Interim Dividend		-	13,944,690
Proposed Final Dividend		-	22,000,000
Tax on Interim & Proposed Dividend		-	6,108,792
PROFIT AFTER DIVIDEND & TAX		79,028,860	100,420,173
Balance brought forward from last year		303,099,907	202,679,734
Amount transferred to Balance Sheet		382,128,767	303,099,907
Earning Per Share (Rs.)			
Basic & diluted		3.59	6.96

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

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As per our Report of even date attached here to

For and on Behalf of the Board

For **GRV & P K**
Chartered Accountants
FRN: 008099S

Shyam Daga
Managing Director

N.S. Adkoli
Director

(KAMAL KISHORE)
Partner
M.No. 205819

Rajneesh Sharma
Company Secretary

Place : Bangalore
Date : 29th May, 2010

Schedules to Balance Sheet

(Amount in Rs.)

PARTICULAR	As on 31st March, 2010	As on 31st March, 2009
SCHEDULE :- 1		
SHARE CAPITAL		
Authorised Capital		
25000000 (P. Y. 25000000) Equity Shares of Rs. 10/- each.	250,000,000	250,000,000
Issued Subscribed and Paid Up Capital		
22000000 Equity shares of Rs. 10/- fully paid up.	220,000,000	22,000,000
(Previous Year 22000000 Equity shares of Rs. 10/- each)		
Out of the above 11568180 Equity shares of Rs. 10/- each issued as fully paid up for acquiring the plywood and block board and particle & laminated board (Both divisions) of the Mysore Chip Board Limited pursuant to Scheme of Arrangement sanctioned by Hon'ble High court of Karnataka without payment Being received in cash in the financial year 2007 - 08	-	-
	220,000,000	22,000,000
SCHEDULE :- 2		
RESERVES & SURPLUS		
Securities Premium Account		
As per last Balance Sheet	442,179,386	68,049,000
Add: Premium on issue of Shares	-	374,130,386
	442,179,386	442,179,386
General Reserve		
As per last Balance Sheet	303,099,907	202,679,734
Add: Transferred from Profit & Loss Account	79,028,860	100,420,173
	3,82,128,766	303,099,907
Employee Stock Options Outstanding		
Opening Employee Stock Options Outstanding	4,12,920	
Add : Options Granted During the year	-	
Less : Transferred to Securities Premium on Exercise of Options	4,12,920	-
Less : Deferred Employee Compensation Outstanding	2,75,280	-
	1,37,640	-
	824,445,792	745,279,293
SCHEDULE :- 3		
SECURED LOANS		
A) Term Loans	247,044,844	283,938,090
(Secured by way of first charge on all immovable 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.)		
B) Cash Credits / working Capital borrowings from Banks	460,587,444	374,808,057
(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.)		
C) Other Loans	2,227,572	3,342,758
(Secured by hypothecation of vehicles purchased under the Hire Purchase Scheme)		
	709,859,860	662,088,905
SCHEDULE :- 4		
UNSECURED LOANS		
From Body Corporates	-	4,000,000
	-	4,000,000

**SCHEDULE - 5
FIXED ASSETS ANNEXURE FORMING PART OF THE BALANCE SHEETS AS AT 31ST MARCH 2010**

(Amount in Rs.)

PARTICULARS	G R O S S B L O C K			D E P R E C I A T I O N			N E T B L O C K			
	ORIGINAL COST AS ON 1/4/2009	ADDITIONS DURING 2009-10	DEDUCTIONS ADJUSTMENT DURING 2009-10	TOTAL GROSS 31/3/2010	UP TO 31/3/2009	FOR THE YR 2009-10	DEPRECIATION ADJUSTMENT ON DELETION	TOTAL DEPRECIATION 3/31/2010	AS ON 31/03/2010	AS ON 31/03/2009
GOODWILL	61839228	0	0	61839228	9275884	3091962	0	12367846	49471382	52563344
LAND	60942960	14232101	2556004	72619057	0	0	0	0	72619057	60942960
BUILDINGS	153058944	44055225	1567949	195546220	14623672	6417016	0	21040688	174505532	138435272
OFFICE BUILDING	2076863	0	0	2076863	337364	33853	0	371217	1705646	1739499
PLANT AND MACHINERIES	398490884	38506979	40226214	396771649	148203193	29876826	0	178080018	2186691630	250287694
ELECTRICAL EQUIPMENTS	6685280	7050968	0	13736248	1929829	1185101	0	3114930	10621318	4755451
WATER SUPPLY INSTALLATION	1730810	314414	0	2045224	285570	176699	0	462269	1582955	1445240
LABORATORY EQUIPMENTS	280396	57627	0	338023	42404	27244	0	69648	268375	237992
FURNITURES AND FIXTURES	8490233	3911155	25000	12376388	1558176	658764	0	2216940	10159448	6932057
OFFICE EQUIPMENTS	2903996	934999	28400	3810595	1020016	246574	4197	1262393	2548202	1883980
COMPUTERS	4404456	1215359	0	5619815	1104678	814618	0	1919296	3700519	3299778
VEHICLES	11495883	1445732	442461	12499154	2425531	1164432	0	3589963	8909191	9070352
CRANE	437050	0	0	437050	437050	0	0	437050	0	0
TEMPLE	1228572	0	0	1228571	210273	20026	0	230299	998273	1018299
REVERSAL OF DEPRECIATION						-427600	0			
TOTAL	714065555	111724559	44846028	780944085	181453640	43285514	4197	225162557	555781528	532611918

Note : 1. Because of regrouping and reclassification plant & machinery of Rs. 4018786/- has been transferred to Building Account Rs. 38835891/-, Electrical Installation Rs. 1040479/-, Water Installation Rs. 208265/-, Computer Rs. 24315/-, Laboratory Equipment Rs. 59558/-, and office Equipment Rs. 18978/-

Schedules to Balance Sheet

<i>(Amount in Rs.)</i>		
PARTICULAR	As on 31st March, 2010	As on 31st March, 2009
SCHEDULE :- 6		
INVESTMENTS (At cost- Unquoted)		
a) In government Securities (NSC)	215,482	210,926
b) Vijaya Bank - Bonds	25,000	25,000
	240,482	235,926
SCHEDULE :- 7		
INVENTORIES		
(As taken, valued and certified by the Management)		
Stores and Spares	37,147,101	29,180,112
Raw Materials	359,888,996	264,579,824
Finished Goods	374,416,533	205,052,453
Goods In Transit	-	1,812,369
	771,452,630	500,624,758
SCHEDULE :- 8		
SUNDRY DEBTORS (Unsecured, considered Good unless otherwise stated)		
Debts outstanding for a period exceeding six months	294,323,735	151,162,743
Other Debts (Includes Rs. Nil, (PY Rs. Nil) receivable from related parties)	305,782,515	458,758,738
	600,106,250	609,921,481
SCHEDULE :- 9		
CASH AND BANK BALANCES		
Cash on Hand	5,160,880	7,155,868
Cheques / Drafts in Transit	12,297,988	11,666,008
<u>Bank Balances</u>		
With Scheduled Banks		
i) In current Accounts	25,554,342	15,976,815
ii) In fixed Deposits / Margin Money	36,754,893	57,587,903
iii) Interest accrued there on pending confirmation	-	259,290
With Unscheduled Banks		
i) In current Accounts	-	196,183
	79,768,103	92,842,067

Schedules to Balance Sheet

(Amount in Rs.)

PARTICULAR	As on 31st March, 2010	As on 31st March, 2009
SCHEDULE :- 10		
LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
Loans & Advances recoverable in cash or in kind or for value to be received [Includes Rs. NIL (P.Y Rs.2156445) due from related parties with max amt involved during year of Rs. NIL(P.Y Rs.29682022)]	57,500,995	27,402,540
Inter Corporate Deposits	107,293,541	83,158,110
Advance for Capital Expenditure	-	32,104,170
Advance Payment of Tax and T.D.S	8,143,993	12,459,164
Balance with Revenue Authorities	16,955,243	25,543,324
Security Deposits	9,757,876	12,747,367
Prepaid Expenses	1,402,749	2,056,164
	201,054,397	195,470,839
SCHEDULE :- 11		
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES		
Sundry Creditors	436,227,901	232,453,288
Unclaimed Dividend	318,421	305,978
Unclaimed Share Application Money Refund	32,475	69,524
Other Liabilities & Provisions	45,519,047	71,802,453
Sub total (A)	481,960,205	304,631,243
B) PROVISIONS		
Provisions for Taxation	16,000,000	20,300,000
Sub total (B)	16,000,000	20,300,000
TOTAL (A) + (B)	497,960,205	324,931,243
SCHEDULE :- 12		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary & Demerger Expenses	988,407	1,482,611
Less: written off during the year	494,204	494,204
Sub total (A)	494,203	988,407
Pre Operative Expenses	7,204,039	8,978,969
Less: written off during the year	1,795,794	1,795,794
Sub total (B)	5,408,245	7,183,175
TOTAL (A) + (B)	5,902,448	8,171,582

Schedules to Profit & Loss Account

(Amount in Rs.)

PARTICULAR	As on 31st March, 2010	As on 31st March, 2009
SCHEDULE :- 13		
OTHER INCOME		
Interest	18,596,758	5,713,349
Royalty	7,251,282	4,927,577
Miscellaneous Reciepts	4,563,087	2,499,657
Foreign Exchange Fluctuation gain	9,996,008	-
Profit / (Loss) on sale of Fixed Assets	43,996	-
TOTAL:	40,451,131	13,140,583
SCHEDULE :- 14		
COST OF GOODS CONSUMED / SOLD		
A) Raw Material Consumed		
Opening Stock	264,579,822	142,177,386
Add purchases	857,466,179	825,362,514
Less Closing Stocks	359,888,996	264,579,824
Raw Material Consumed (A)	762,157,005	702,960,076
B) Purchase of Trading Goods (B)	249,264,083	214,756,086
C) Increase / (Decrease) in Stock		
Closing Stock	374,416,533	205,052,453
Opening Stock	206,864,822	111,287,146
Increase / (Decrease) in Stock (C)	167,551,711	93,765,307
Total(A+B-C)	843,869,378	823,950,855
SCHEDULE :- 15		
MANUFACTURING EXPENSES		
Stores and Spares consumed	48,018,423	59,681,887
Insurance	3,396,949	1,566,478
Power and fuel consumed	40,832,542	36,957,440
Repairs to Plant and Machinery	6,720,113	10,213,084
Repairs to Others	761,566	1,067,032
	99,729,593	109,485,921
SCHEDULE :- 16		
PAYMENT TO AND PROVISIONS FOR EMPLOYEEES		
Salaries, wages and bonus	121,159,787	95,391,268
Director Remuneration	6,014,033	5,590,281
Contribution to and provisions for provident and other funds	5,722,049	5,679,920
Staff Welfare Expenses	1,675,320	1,173,895
Employee Compensation Expenses (ESOP)	1,37,640	-
	134,708,829	107,835,364

Schedules to Profit & Loss Account

(Amount in Rs.)

PARTICULAR	For the year ended 31st March 2010	For the year ended 31st March 2010
SCHEDULE :- 17		
SELLING, DISTRIBUTION, ADMINISTRATIVE AND OTHER EXPENSES		
Rent	7,458,672	6,081,617
Rates and Taxes	5,033,218	2,992,033
Printing and Stationery	2,496,163	1,648,850
Postage, Telephone and Telegram	6,371,079	5,330,901
Insurance	1,439,352	1,959,760
Legal, License and Professional Fees	3,033,688	1,959,071
Auditors Remuneration	400,000	402,706
Advertisement	17,385,113	41,130,725
Travelling and conveyance	11,866,875	12,106,109
Commission on sales and samples	2,749,827	2,483,123
Freight, forwarding and other expenses	72,258,815	52,199,792
Vehicle Running Expenses	2,368,847	1,128,769
Sales Promotion Expenses	31,254,608	18,569,297
Cash Discount & Rebates	46,356,174	29,882,325
Miscellaneous Expenses	-	1,181,456
Foreign Exchange Fluctuation loss	-	6,802,675
Claims and Bad debts written off	2,549,800	-
Misc Expenses Written off	2,289,998	2,289,998
Other Expenses	25,123,351	10,005,421
	240,435,581	198,154,628
SCHEDULE :- 18		
INTEREST & BANK CHARGES		
Interest on Term Loans	25,534,044	24,170,253
Interest on Working Capital borrowings	52,579,456	35,509,472
Interest on Other Loans & Other Interest	7,847,034	6,138,193
Interest on Income Tax	715,791	1,233,168
Bank charges & L C Charges	10,824,396	10,801,085
	-	
	97,500,721	77,852,171

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.

Significant Accounting Policies & Notes on Accounts (Contd.,)

c) Materials in transit and Semi Finished goods are valued at cost or market value whichever 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.

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 being 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.

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. The in principle approval for the Employee Stock Option Scheme, 2009 (ESOS) exercisable into not more than 2,00,000 options has been obtained by the Company. On 01.04.2009, 93000 options were granted to the eligible employees' @Rs. 10 per option by the Compensation Committee. The Company follows intrinsic value method to account for its ESOS. In this regard the Company has complied with the SEBI (Employee Stock Option Scheme & Employee Stock Option Purchase Scheme) Guidelines, 1999. The accounting value of options is equal to the aggregate, overall employee stock options granted during the accounting period, of the intrinsic value of the option. The accounting value accounted for as an employee compensation, shall be amortised on a straight line method basis over the vesting period in line with the Securities and Exchange Board of India (SEBI) Guidelines.

2. 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 in the financial year 2007-08:

i) 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.

ii) 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.

iii) The Deputy Commissioner of commercial Taxes vide its order dated 6th 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. 10.79 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 Board 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.

b) The Company has imported plant and machinery & availed a duty benefit of Rs. 3,01,09,109.82/- (P.Y. Rs. 2,93,04,171.42/-) under EPCG scheme for reduction in import duty against which the company has net export obligation of Rs. 21,09,22,815/- (P.Y. Rs. 2,93,04,171.42/-) at the year end.

c) Letter of Credit established but material not received amounting to Rs. 2,29,58,102.39/- (P.Y. Rs. 2,96,48,655/-)

d) The Company has undertaken Domestic factoring facility for its trade debtors from SBI Global Factors Ltd & IndusInd Bank Limited, the contingent liability for the same as at 31st March 2010 is Rs. 11,16,12,418.04/- (P.Y. Rs. 4,73,25,218.89/-)

e) Guarantees given by the bank on behalf of the Company is Rs. 1,10,11,170/- (P.Y. Rs. 1,37,08,470/-)

3. In case of Demerger of Plywood & Block Board and Particle & laminated board (both divisions) of The Mysore Chip Board Limited into the Company in the financial year 2007-08. The Company has filed the Memo with Hon'ble High Court of Karnataka for the decree and waiting for the decree from the Hon'ble High Court of Karnataka.

4. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 58 Lakhs (Previous year Rs. 100 lakhs).

5. The Company, during the year has capitalized interest on loan (borrowing cost) amounting to Rs. 4,58,096/- (Previous year Rs. 10,95,892/-)

6. The Audit expenses includes:

Particulars	Year ended march 31 st 2010(Rs.)	Year ended march 31 st 2009(Rs.)
a) Statutory Audit Fee	3,00,000	2,24,720
b) Tax Audit Fee	1,00,000	1,10,300
c) For reimbursement of out of pocket expenses	24,327	19,456
Total	4,24,327	3,54,476

Significant Accounting Policies & Notes on Accounts (Contd.,)

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

Particulars	Year ended march 31 st 2010 (Rs.)	Year ended march 31 st 2009 (Rs.)
Salary & Perks	56,89,033	52,60,281
Sitting Fees	3,25,000	3,30,000

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.

8. Segment Reporting : The Company has identified two segments viz a) Wood based product b) Paper based product, 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, Decorative plywood, Prelaminated Partical Boards.

ii) Paper based products: Laminated Sheets (HPL).

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		TOTAL	
	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009
External Sales	1,338,859,353	1,314,209,017	2,83,379,266	3,01,482,054	1,622,238,619	1,615,691,071
Total Revenue	1,338,859,353	1,314,209,017	2,83,379,266	3,01,482,054	1,622,238,619	1,615,691,071
RESULTS						
Segment Results	421,970,325	342,025,972	95,404,337	133,497,055	517,374,663	475,523,027
Interest					96,129,455	77,852,172
Other Unallocable Income					40,451,132	13,140,583
Other Unallocable Expenditure					367,528,282	245,374,895
Provision for Taxation					14,381,730	22,962,886
Net Profit after tax					79,786,328	142,473,657
OTHER INFORMATION						
Assets						
Segment Assets	1,535,220,427	1,293,846,129	351,561,213	337,230,519	1,886,781,640	1,631,076,648
Unallocable Assets					368,364,664	329,721,510
Total Assets :					2,255,146,304	1,960,798,158
Liabilities						
Segment Liabilities	353,213,008	210,594,477	70,762,973	52,286,296	423,975,981	262,880,773
Unallocable Liabilities					1,831,170,323	1,697,917,385
Total Liabilities :					2,255,146,304	1,960,798,158
Capital Expenditure during the year.	119,654,314	154,174,799	3,569,171	NIL	123,223,485	154,174,799
Capital Expenditure during the year Unallocable					4,772,299	20,184,525
Depreciation and Amortization	25,104,299	16,228,531	10,368,689	9,497,672	35,472,988	25,726,203
Depreciation and Amortization (Unallocable)					7,812,526	8,794,022

Significant Accounting Policies & Notes on Accounts (Contd.,)

B) Secondary Segment Reporting :

The Company has no reportable secondary segment.

9. 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

Key Management Personnel:

- i) Mr. Deendayal Daga – 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 aforesaid 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 31.03.2010	YEAR ENDED 31.03.2009
Transactions with related parties :		
Associate Companies		
a) Sale of Goods	NIL	27,23,168
b) Purchase of Goods	81,102,083	2,90,97,557
c) Receipts for facilities provided	12,00,000	NIL
d) Royalties Received	72,51,282	49,27,577
e) Sale of Fixed Assets	NIL	1,97,309
Key Management Personnel		
a) Remuneration & Fees Paid	60,14,033	55,90,281
a) Outstanding Balances on date :		
I) Payable to Related Parties		
a) Unsecured loan	NIL	25,00,000
II) Receivable Related Parties		
a) Loans & Advances	NIL	21,56,445
b) Royalty Receivables	25,55,796	NIL

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

Loans and Advances (Schedule 10) includes :

(Amount in Rs.)

PARTICULARS	OUTSTANDING		MAXIMUM AMOUNT OUTSTANDING	
	2010	2009	2010	2009
Inter Corporate Loan - Assam Timber Products Pvt. Ltd.	NIL	21,56,445	21,56,445	2,96,82,022

11. 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 for the year attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year and is ascertained as follows.

Significant Accounting Policies & Notes on Accounts (Contd.,)

(Amount in Rs.)

Particulars	Year ended march 31 st 2010(Rs.)	Year ended march 31 st 2009(Rs.)
i) Net Profit After Tax (A) (Rs.)	7,90,28,860	14,24,73,655
ii) Weighted Average number of Equity Shares (B)	2,20,00,000	2,04,59,353
iii) Face Value Per Equity Share (Rs.)	10	10
iv) Earning Per Share (Rs) – Basic & Diluted	3.59	6.96

12. 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 31st March, 2010 amounting to Rs. 16.18 Lakhs have been recognized in the profit and loss account.

(Amount in Rs.)

Particulars	Year ended march 31 st 2010(Rs.)	Year ended march 31 st 2009(Rs.)
B/F Deferred Tax liability	4498717	1835831
Deferred tax asset/(Liability) arising in current year on account of timing difference		
1 Depreciation	2236438	(2486083)
2 Gratuity	(431786)	(97394)
3 Leave Encashment	(186382)	(79409)
C/F Deferred Tax liability	2880447	4498717

13. 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.

14. 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.

15. The Process of Identifying the suppliers who fall within the Micro, Small & Medium Enterprises Development Act 2006 has been initiated. In the absence of information, Company is unable to provide information regarding the principle amount outstanding & interest due thereon remaining unpaid to any supplier & other details under the Micro, Small & Medium Enterprises Development Act 2006 as at 31-03-2010.

16. Fixed Assets has been regrouped and reclassified, as a result plant & machinery of Rs. 4,01,87,486/-, has been transferred to Building Rs. 3,88,35,891/-, Electrical Installation Rs. 10,40,479/-, Water Installation Rs. 2,08,265/-, Laboratory Equipment Rs. 59,558/-, Computer Rs. 24,315/- and Office Equipment Rs. 18,978/-. Because of regrouping modvat credit of excise duty to the tune of Rs. 42,95,557/- has been reversed and added to Building. Due to this excess depreciation of Rs. 4,27,601/- charged in last financial year has been adjusted in the current year depreciation.

17. Previous year's figures have been regrouped reclassified & 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: Installed Capacity and Actual Production:

Class of Goods	Capacity			Actual Production (as certified by Mgmt)	
	Installed (as certified by Mgmt)			31.03.2009	31.03.2010
	Unit	31.03.2009	31.03.2010	Qty	Qty
Plywood/ Block Board	Sqmt-4mm basis	12800000	14350000	6389893	5038012
Rudrapur		5300000	6850000	4328320	4995548
Mysore		7500000	7500000	2061573	42464
Prelaminated Particle Board	Sqmt-4mm basis	9900000	5400000	2285464	2739802
Mysore		4500000	Nil	2079752	325651
Chintamani		5400000	5400000	205712	2414151
Decorative Laminate	No. of Sheets	1200000	1500000	762991	780655
Rudrapur		1200000	1500000	762991	780655
Decorative Plywood	Sqmt-4mm basis	1500000	1500000	74735	409139
Chintamani		1500000	1500000	74735	409139
Plain Particle Board	Sqmt-4mm basis	11250000	11250000	2648718	1327785
Mysore		11250000	11250000	2648718	1327785
Veeners	Sqmt-4mm basis	3750000	Nil	811990	Nil
Mysore		3750000	Nil	811990	Nil

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	141833	64651746	19997	10293140	263988	119611727	656537	266751915
	(42556)	(15077844)	(26562)	(13477648)	(141833)	(64651746)	(663521)	(300691043)
Plain Partide Board	571634	23984269	5883	247095	945663	43268096	959640	88895672
	(461006)	(16132944)	(113240)	(5620598)	(571634)	(23984269)	(2651330)	(25898219)
Prelaminated Particle Board	232722	18155559	6721	528607	712965	52375114	2262744	154172065
	(255184)	(16513417)	(13252)	(1366021)	(232722)	(18155559)	(2328905)	(147317219)
Plywood/ Block Board	678625	86438611	1818029	249634086	842719	100504161	6636051	908715324
	(406933)	(44187351)	(1554487)	(177503911)	(678625)	(86438611)	(7659282)	(1020649110)
Veeners	47029	2130048	137371	12016575	86014	5948386	98387	11644124
	(25644)	(17879119)	(1370105)	(74729687)	(47029)	(2130048)	(37826)	(6943874)
Decorative Plywood	20567	10153676	0	0	112880	51145229	315985	144183357
	(0)	(0)	(0)	(0)	(20567)	(10153676)	(54168)	(27391438)
Others	453	1350914	482	1780379	422	1563820	513	5639035
	(463)	(1556714)	(0)	(0)	(453)	(1350914)	(50831)	(599364)
TOTAL :		206864823		274499882		374416533		1580001491
Previous Year		(111347389)		(272697865)		(206864823)		(1529490267)

(Previous year figures are in bracket)

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

Items	Quantity	Value (Rs)
Paper – in Kgs	2674903	149158772
	(1852787)	(113165178)
Timber – In Cum	47344	253432288
	(62658)	(265887706)
Veener (excl own production) – In Sq. Mt	8696185	139390377
	(3582210)	(114185151)
Chemicals – In Kgs	4296134	138120471
	(5828796)	(173898647)
Ply/ PB / MDF / Laminates – In Sq.Mt	1506645	147675176
	(560967)	(61086331)

(Previous year figures are in bracket)

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

ITEMS	VALUE IN RS.	PERCENTAGE (%)
Raw Materials	154320413	92
	(154059049)	(95)
Stores & Spare Parts	3501721	2
	(2284217)	(1)
Capital Goods	9380521	6
	(6480314)	(4)

Significant Accounting Policies & Notes on Accounts (Contd.,)

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

Items	VALUE IN RS.	PERCENTAGE (%)
a) Raw Material		
Imported	12,80,87,818	15
	(10,60,33,279)	(14)
Indigenous	69,96,89,265	85
	(63,19,52,309)	(86)
b) Stores & Spares		
Imported	59,890	0.12
	(26,17,676)	(4)
Indigenous	4,79,23,001	99.88
	(5,66,72,178)	(96)

(Previous year figures are in bracket)

F) Earning in Foreign Currency –Rs.24,31,942/- (PY Rs. 1,34,91,942/-)

G) Expenditure in Foreign Currency – Rs.18,55,862/- (PY Rs. 13,32,02,341/-)

19. Unclaimed Shares

In terms of clause 5A of the Listing Agreement with the Stock Exchange, the Company has opened the demat suspense account and has transferred the 5400 unclaimed shares of Public Issue to "Archidply Industries Limited Unclaimed Securities Suspense Account". The voting rights on these shares will remain frozen till the rightful owner claims the shares. Opening and closing balance of the demat account during the year was 5400 shares (no. of shareholders is 13).

Cash Flow Statement

(Amount in Rs.)

PARTICULAR'S	FOR YEAR ENDED 31 MARCH, 2010		FOR YEAR ENDED 31 MARCH, 2009	
A. Cash flows arising from operating activities				
Net Profit Before Tax		94168056		165436543
Add: Depreciation & Goodwill w/o	43285514		34520225	
Misc Expenses W/o	2289998		2289998	
Provision for Leave Encashment	1699783		1325085	
Provision for Gratuity	587752		393285	
Provision for Discounts & Rebate	49043614		29882325	
		96906661		68410918
Less : Interest Income	(18596758)		(5713349)	
Sundry balances Written Back	-		(76956)	
Net Prior Year Adjustments	(757,467)			
(Profit)/Loss on sale of Fixed Assets	(43,996)	(19398221)	0	(5790305)
Operating profit before working capital changes		171676496		228057156
(Increase)/Decrease in Inventory	(270827872)		(238185063)	
(Increase)/Decrease in Debtors	(39090743)		(241709772)	
(Increase)/Decrease in Loans & Advances	2560435		(83095170)	
Increase/(Decrease) in Trade Payables	175540123	(131818057)	23917075	(539072930)
Cash flow from Operations		39858439		(311015774)
Interest & Bank Charges	97500721		77852171	
Gratuity Paid	(39408)		(106749)	
Pre Operative Expenses	(20864)		(8,978,969.00)	
Leave Encashment paid	(459288)		(912260)	
Payment of Income Tax & FBT	(28443993)	68537168	(12270707)	55583486
Net Cash Flow from Operating Activities		108395607		(255432288)
B. Cash flows arising from Investment activities				
<i>Inflows:</i>				
Proceeds on disposal of Fixed Assets	5538689		147965	
Interest Received	18596758		5713349	
<i>Outflows:</i>				
Additions to Fixed Assets	(50572134)		(156253342)	
Borrowing Cost Capitalised	(458096)		(1,095,892)	
Other expenses under Construction period capitalised				
Pre-Operative Expense				
Additions to Fixed Assets- Capital WIP	(40840466)		(20919587)	
Additions to Investments	(4556)	(67739805)	(22,887)	(172430394)

Cash Flow Statement

(Amount in Rs.)

PARTICULAR'S	FOR YEAR ENDED 31 MARCH, 2010		FOR YEAR ENDED 31 MARCH, 2009	
C. Cash flows arising from finance activities				
Inflows:				
Proceeds from issue of Share Capital	-		440287586	
Share Application Money received				
Borrowings-Secured Loans	47770955		124618620	
Borrowings-Unsecured Loans	(4000000)		200000	
Outflows:				
Interest & Bank Charges	(97500721)		(77852171)	
Payment of Dividend & Dividend Tax	-		(16314582)	
Expenses for Increment of Authorised Capital	-	(53729766)	-	470939453
Cash flow from all activities-(A+B+C)		(13073964)		43076770
Add: Cash & cash equivalents at beginning of the year		92842067		49765297
Cash & cash equivalents on account of Demerger		-		-
Cash & cash equivalents at year end of the year		79768103		92842067

As per our Report of even date attached here to

For and on Behalf of the Board

For **GRV & P K**
Chartered Accountants
FRN: 008099S

Shyam Daga
Managing Director

N.S. Adkoli
Director

(KAMAL KISHORE)
Partner
M.No. 205819

Rajneesh Sharma
Company Secretary

Place : Bangalore
Date : 29th May, 2010

Balance Sheet Abstract

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

I. REGISTRATION DETAILS:

REGISTRATION NO.	L85110KA1995PLC018710
STATE CODE	08
BALANCE SHEET DATE	31.03.2010

II. CAPITAL RAISED DURING THE YEAR [AMOUNT IN RS. THOUSANDS]

PUBLIC ISSUE	NIL
RIGHIT ISSUE	NIL
BONUS ISSUE	NIL
PRIVATE PLACEMENT	NIL

II POSITION OF MOBILISATION AND DEPLOYMENT OF FUND [AMOUNT IN RS. THOUSAND]

TOTAL LIABILITES	1757186
TOTAL ASSETS	1757186

SOURCES OF FUNDS

PAID UP CAPITAL	220000
SHARE APPLICATION MONEY	NIL
RESERVES & SURPLUS	824445
SECURED LOANS	709859
UNSECURED LOANS	NIL
DEFERRED TAX LIABILITY	2880

APPLICATION OF FUNDS

NET FIXED ASSETS	596621
INVESTMENTS	240
NET CURRENT ASSETS	1154421
MISC. EXPENDITURE	5902
ACCUMULATED LOSSES	NIL

IV. PERFORMANCE OF COMPANY [AMOUNT IN RS. THOUSAND]

TURNOVER AND OTHER INCOME	1553697
TOTAL EXPENDITURE	1459529
PROFIT BEFORE TAX	94168
PROFIT AFTER TAX	79786
EARNING PER SHARE IN RS.	3.59
DIVIDEND RATE %	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY [AS PER MONETARY TERMS]

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
FRN: 008099S

For and on Behalf of the Board

(KAMAL KISHORE)
Partner
M.No. 205819

Shyam Daga
Managing Director

N.S. Adkoli
Director

Place : Bangalore
Date : 29th May, 2010

Rajneesh Sharma
Company Secretary

ARCHIDPLY INDUSTRIES LIMITED

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

ATTENDANCE SLIP

Annual General Meeting 29th September, 2010

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 10 a.m. on 29th, September, 2010.

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

ARCHIDPLY INDUSTRIES LIMITED

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

PROXY

Annual General Meeting 29th September, 2010

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 ANNUAL GENERAL MEETING of the Company to be held at Ramanashree California Resort, Ananthpura Gate, Doddabalapur Road, Yelahanka, Bangalore- 560 064, India, at 10.00 a.m. on 29th September, 2010 and at any adjournment(s) thereof.

Signed this _____ day of _____ 2010.

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.