

**ARCHIDPLY<sup>®</sup>**

Since 1976

HEALTHY BREATHING

**ARCHIDPLY INDUSTRIES LIMITED**

Annual Report 2012-13

## CORPORATE INFORMATION

### Board of Directors

**Mr. Deen Dayal Daga**  
Executive Chairman

**Mr. Shyam Daga**  
Managing Director

**Mr. Rajiv Daga**  
Joint Managing Director

**Mr. Mohammed Shahid Aftab**  
Director

**Mr. Kamal Kishore Taparia**  
Director

**Mr. Bharathkumar Hukumchand Rathi**  
Director

### Shareholder / Investor Grievances Committee

Mr. Rajiv Daga  
Mr. B.H. Rathi  
Mr. M.S. Aftab  
Mr. K.K. Taparia

### Audit Committee

Mr. Shyam Daga  
Mr. B.H. Rathi  
Mr. M.S. Aftab  
Mr. K.K. Taparia

### Remuneration / Compensation Committee

Mr. K.K. Taparia  
Mr. B.H. Rathi  
Mr. M.S. Aftab

### Auditors

**M/s. GRV & P K**  
Chartered Accountants  
# 205, 2<sup>nd</sup> Floor, Jala Shambhavi Complex,  
# 22 & 23, 1<sup>st</sup> Main Road,  
Gandhinagar, Bangalore - 560 009.

### Company Secretary & Compliance Officer

Mr. Rajneesh Sharma

### Bankers

**State Bank of India**  
Specialised Commercial Branch,  
1<sup>st</sup> Floor, Krishi Bhavan, Hudson Circle,  
Bangalore - 560 001.

**Vijaya Bank**  
Corporate Banking Branch,  
# 42/1, M.G. Road,  
Bangalore - 560 001.

### Registered Office

# 29/2, G.K. Manor,  
1<sup>st</sup> Floor, Nehru Nagar Circle,  
Seshadripuram,  
Bangalore - 560 020.  
Tel: 080-2344 5607 / 0258 / 4342 0000  
Fax: 080-2334 8463  
E-mail: info@archidply.com

### Plant Locations

**Rudrapur Unit**  
Plot # 7, Sector - 9,  
Pant Nagar Industrial Area,  
Khasra # 210, Pool Bagh,  
Kichha, Udham Singh Nagar,  
Rudrapur, Uttarakhand - 263 153.

**Chintamani Plant**  
Survey # 19,  
KSSIDC Industrial Area,  
Kathamachanahalli, Chintamani,  
Chickaballapur - 563 125. Karnataka

### Registrar & Transfer Agent

**Karvy Computershare Private Limited**  
Plot # 17 to 24, Vithalrao Nagar,  
Madhapur, Hyderabad - 500 086.  
Tel: 1-800-3454001  
Fax: 040-2342 0814  
E-mail: einward.ris@karvy.com



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## NOTICE

NOTICE is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of **ARCHIDPLY INDUSTRIES LIMITED** will be held on Saturday, 28th September, 2013 at 10.00 a.m. at Ramanashree California Resort, Ananthpura Gate, Doddaballapur road, Yelahanka, Bangalore – 560 064 to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 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 Sahid 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

**Rajneesh Sharma**  
Company Secretary

Place : Bangalore  
Date : 28<sup>th</sup> May, 2013

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



## 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 THAN 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 22nd September, 2013 to 28th September, 2013 (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 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 einward.ris@karvy.com. It may be kindly noted that once the amount in the unpaid dividend accounts are transferred to the Investors Education & Protection Fund(IEPF) of the Central Government, no claim shall lie against the fund of the Company in respect thereof and members would lose their right to claim such dividend
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:

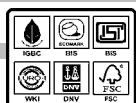
<b>Name of Director</b>	<b>Mr. Mohammed Sahid Aftab</b>
<b>Date of Birth</b>	22-03-1946
<b>Date of Appointment</b>	07-09-2007
<b>Qualification</b>	M.Com., CAIIB
<b>Expertise in specified functional area</b>	Having 35 years experience in the field of Banking & Finance
<b>Shareholding in Archidply Industries Limited</b>	Nil
<b>List of outside Directorship held excluding Alternate Directorship and Private Companies.</b>	1.Assets Care and Reconstruction Enterprise 2.Sonear Industries Ltd
<b>Chairman / Member of the Committee of the Board of Directors of the Company</b>	<b>Chairman</b> Audit Committee <b>Member</b> Remuneration Committee Investors Grievance Committee
<b>Chairman / Member of the Committee of the Board of Directors of other Companies in which he or she is a Director</b>	NIL
<b>a. Audit Committee</b>	NIL
<b>b. Investor Grievance Committee</b>	NIL
<b>c. Remuneration Committee</b>	NIL

By Order of the Board of Directors  
For ARCHIDPLY INDUSTRIES LIMITED

**Rajneesh Sharma**  
Company Secretary

Place : Bangalore  
Date : 28<sup>th</sup> May, 2013

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



# DIRECTORS' REPORT

## TO THE MEMBERS OF ARCHIDPLY INDUSTRIES LIMITED

Your Directors are pleased to present the Eighteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2013.

### FINANCIAL RESULTS

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

(₹ In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Net sales	20189.39	17144.56
Depreciation & Ammortisation Expenses	474.15	469.20
Finance Costs	991.58	1347.21
Profit on sale of land	—	465.38
Profit before tax	249.98	113.83
Taxation	43.51	22.44
Profit after tax	206.47	91.39

### PERFORMANCE REVIEW

During the year of operation, your Company has earned a profit after tax for current year of Rs. 206.47 lakhs. Your Company's Net turnover during the year ended 31.03.2013 was Rs. 20,189.39 lacs as against the previous year turnover of Rs. 17,144.56 lacs. The Turnover has registered 17.30% growth and Net Profit has raised 125% and the finance cost has been reduced by 28%. The Exports have also shown a remarkable growth of 57 times when compared to the previous year. The exports amounted to Rs.16,67,175 for the year ended 31.03.2012 and Rs.9,53,70,076 for the year ended 31.03.2013

### DIVIDEND

Keeping in view the uncertainty in the economy and volatile nature of business environment, to further improve the capacity utilization and consolidate its existing facilities, the management is cautious and retained the profit for further improvement.

### TRANSFER TO RESERVE

The Board of Directors proposes to Transfer Rs.206.47 Lakhs to the Reserve.

### SUBSIDIARIES OF THE COMPANY

The Company does not have any subsidiary Company.

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

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

- That in the preparation of the accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating

to material departures;

- 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;
- 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
- That the Directors have prepared the accounts for the financial year ended March 31, 2013 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 have 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. Mohammed 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 who is re-appointed is attached to the Notice of the ensuing Annual General meeting.

None of the Directors of your Company are 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.

## **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 2013-14 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.

## **COST AUDITORS**

Pursuant to the order no. F.No. 52/26/CAB-2010 dated June 30, 2011 issued by the Central Government in terms of the provisions

of Section 233B of the Companies Act, 1956, audit of cost records is mandatory for the products manufactured by the Company at its two manufacturing units viz., Chintamani (Karnataka) and Rudrapur (Uttarakhand) and the Central Government has approved the appointment of "M/s.A.S.Rao & Co Cost Accountants, Visakhapatnam, Andhra Pradesh" as Cost Auditors of the Company. The cost audit report for the Financial year 2011-12 has been filed and the cost audit report for the Financial year 2012-13 shall be filed within the due date.

## **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.

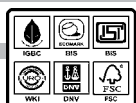
## **ACKNOWLEDGEMENTS**

The Directors wish to thank the Company's esteemed customers, partners, suppliers, bankers and above all, its shareholders and investors for their continued support and co-operation. 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.

**For and on behalf of the Board of Directors**

**Deen Dayal Daga**  
Chairman

Place : Bangalore  
Date : 28<sup>th</sup> May, 2013



## ANNEXURE TO THE DIRECTORS' REPORT

### UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988.

#### A. CONSERVATION OF ENERGY

Energy is an essential input for the industrial development. Share of industries in commercial energy consumption has risen rapidly over the past two-and-a-half decades. Energy generation and environmental conservation are the twin issues arising from exploitative interaction of man with natural resources.

As there is a raise in the number of process industries, the energy consumption has increased manifold and the Company is continuously striving for adopting energy conservation measures like using machinery that consume less energy and reduction in the emissions, maintenance of machines through periodical inspections and servicing

Your Company will continuously improve its manufacturing process and maintain efficient cum cost effective machinery and emphasize on conservation of fuel

#### B. RESEARCH AND DEVELOPMENT (R & D)

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

Research & Development is indispensable and highly vital especially in the Changing business scenario and the changing needs and preferences of customers. The Company has in house R & D facilities managed and continuously updated by experienced personnel in the relevant field.

Cost reduction and Product updation are the two important objectives of the Company and the Company is planning to further reduce the formaldehyde emissions using its own plant that caters the needs of resin and glue formation.

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

As a result of the above measures taken by the Company there is a substantial reduction in the production cost and as a result of reduced emission of effluents the Company was able to produce eco friendly products.

##### 3. Imported technology

Name of the Machine	Imported From	Year of Import	Status
4 FT Log Feeding	China	2012-13	Installed
4 FT barking Machine (BQ1813/5Y)	China	2012-13	Installed
4 FT Log Convey	China	2012-13	Installed
4 FT Spindless-Cutting Machine (BQ1813/4Z-JS)	China	2012-13	Installed

#### C. FOREIGN EXCHANGE EARNING & OUTGO

Earnings : ₹ 9,53,70,076/-

Outgo : ₹ 22,07,49,556/-

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

To minimize the emissions which damage the environment and consistently thrive for cost reduction.

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

The Company in the process of improving Product quality and streamlining the production processes incurs expenses which indirectly can be attributed to Research & Development and as such there is no capital expenditure apportioned for R & D and there are no separate disclosures for the same.

### TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

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

Technology life cycle is getting shorter due to fast technological changes or technological discontinuities. Product life cycles are decreasing due to fast changes in consumer needs, increasing awareness about new or improved technologies. However the company was able to absorb the best of technologies for the diversification of its product range and various sources like Know how from its associate companies, data base and external sources like published articles, work shops from trade bodies and industrial forums are being effectively utilized to update with the technological changes.

Your company is abreast with the technological changes and promptly utilizing the latest technology supplemented with programs for quality improvement and enhanced productivity.

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

- Process Rationalisation
- Product Quality Improvement
- Eco friendly products

For and on behalf of the Board  
of Archidply Industries Limited

Deen Dayal Daga  
Chairman

Place : Bangalore  
Date : 28<sup>th</sup> May, 2013

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

In Archidply, Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence. The Corporate Governance philosophy is scripted as:

We believe that our company shall go beyond adherence to regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. Transparency, accountability, fairness and stakeholders are integral to our functioning.

### BOARD COMPOSITION

#### 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 6 Directors out of which 3 Directors are Non-executive Directors as on 31.03.2013. 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 three Independent Directors. None of the Directors on the Company's Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he is a Director as on 31.03.2013. 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, 10 Board Meetings were held during the financial year ended 31st March, 2013. The dates of the Board meeting were 29.05.2012, 15.06.2012, 14.08.2012, 3.10.2012, 15.10.2012, 12.11.2012, 28.11.2012, 2.02.2013, 14.02.2013, and 4.03.2013. 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 2012-13 Attendance at		No. of Other Director-ships held ^	No. of Committee Positions held	
		BM	Last AGM		This Company	Other Company
<b>Mr. Deen Dayal Daga</b> (Chairman )	Promoter	7	No	1	Nil	Nil
<b>Mr. Shyam Daga</b> (Managing Director)	Promoter	10	Yes	1	1	Nil
<b>Mr. Rajiv Daga</b> (Joint Managing Director)	Promoter	7	No	1	1	Nil
<b>Mr. K.K. Taparia</b> (Director)	Independent	2	No	1	3	2
<b>Mr. B.H. Rathi</b> (Director)	Independent	4	No	NIL	3	Nil
<b>Mr. M.S. Aftab</b> (Director)	Independent	3	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 he offer himself 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.