

Annual Report

2004-05

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ATI

ANDAMANS TIMBER INDUSTRIES LTD



Reg. No. 21-24277
Auth Capital: Rs. 10 crore
Date of Agm: 30/9/05
Filing fee: 500 Rs.

ANDAMANS TIMBER INDUSTRIES LIMITED

Andamans Timber Industries Limited

1001560

Directors

Mr. Harish Khaitan, Chairman & Managing Director

Mr. V.K. Rathi, Whole-time Director

Mr. M.K. Bhalotia

Secretary

Mr. M.K. Bhalotia

Auditors

J. S. Vanzara & Associates

Bankers

United Bank of India

Registered Office

8, A.J.C. Bose Road, 7th Floor

Kolkata - 700 017

Works

Bambooflat, A & N Islands

Tellicherry, Kerala

Branch Offices

Bangalore

Chennai

Mumbai

New Delhi



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 46th Annual General Meeting of the Shareholders of the Company will be held on **Friday, the 30th day of September, 2005 at 11 A. M. at HM Plaza Business Centre at "Circular Court", Ground Floor, 8 A. J. C. Bose Road, Kolkata – 700 017** to transact the following business:

1. To receive and adopt the Profit & Loss A/C for the year ended 31st March 2005, the Balance Sheet as on that date, the Auditors' Report thereon and the Directors' Report.
2. To appoint a Director in the place of Mr. Harish Khaitan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors for the year 2005-2006 and to fix their remuneration.

Special Business :

4 To consider and if thought fit, to pass with or without modifications, the following resolutions as an ordinary Resolution :
 "RESOLVED that in accordance with the provisions of sections 198, 269, 309 read with schedule XIII of the Act, and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the reappointment of Mr. Harish Khaitan as Chairman & Managing Director of the Company on the following terms and conditions:

- a) The terms of his office will be for a further period of 5 years commencing from 1st April, 2005 unless the Company terminates his term earlier.
- b) During the period of office as Chairman & Managing Director of the Company, he will draw salary and have perquisites as follows :
 - i) Salary: Rs.10,000/- (Rupees Ten Thousand only) per month.
 - ii) Perquisites: Perquisites shall be allowed in addition to salary subject to the maximum amount of Rs.1,20,000/- per annum.

Part-A :

- i) Medical Reimbursement - Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's salary in a year.
- ii) Leave Travel Allowance - For self and family once in a year, incurred in accordance with any rules specified by the Company subject to maximum of one month's salary in a year.
- iii) Personal Accident Insurance - Of an amount the annual premium of which shall not exceed Rs.4000/-.

Part - B :

- i) Company's contribution to Provident Fund - In accordance with the scheme adopted by the Company.
- ii) Gratuity - As per the rules of the Company
- iii) Leave - As per the rules of the Company

Part - C :

- i) Car - Use of car on Company's business. Such use will not be considered as perquisites. The Company shall reimburse the actual expenses incurred for Company's business.
- ii) Telephone: Use of telephone at residence for business purpose of the Company. Such use will not be considered as perquisite.
- iii) Sitting Fees - No sitting fees for attending the meeting of the Board of Directors will be paid by the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 including any statutory modifications that may hereafter be made thereto by the Central Government in that behalf from time to time and any amendment thereto as may be agreed to between the Board and Mr. Harish Khaitan.



ANDAMANS TIMBER INDUSTRIES LIMITED

FURTHER RESOLVED THAT wherein any financial year the Company has no profit or its profits are inadequate, the Company may pay Mr. Harish Khaitan remuneration by way of salary, perquisites and other allowance not exceeding the ceiling limit prescribed under the schedule XIII.

FURTHER RESOLVED THAT the Board be and is hereby authorized to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto.

Special Business :

5 To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary Resolution :
"RESOLVED that in accordance with the provisions of sections 198, 269, 309 read with schedule XIII of the Act, and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the appointment of Mr. Vinod Kumar Rathi as Whole Time Director of the Company on the following terms and conditions:

- 1) The terms of his office will be for a further period of 5 years commencing from 11th September, 2005 unless the Company terminates his term earlier.
- 2) During the period of office as Whole Time Director of the Company, he will draw salary and have perquisites as follows:
 - a) Salary: Rs.7,500/- (Rupees Seven Thousand Five Hundred only) per month.
 - b) Perquisites: Perquisites shall be allowed in addition to salary subject to the maximum amount of Rs.50,000/- per annum.

Part-A :

- i) Leave Travel Allowance - For self and family once in a year, incurred in accordance with any rules specified by the Company subject to maximum of Rs.3000/- in a year.
- ii) Housing - House Rent Allowance subject to a ceiling of 15% of the salary.

Part - B :

- i) Company's contribution to Provident Fund - In accordance with the scheme adopted by the Company.
- ii) Gratuity - As per the rules of the Company
- iii) Leave - As per the rules of the Company

Part - C :

- i) Telephone : Use of one telephone at residence for business purpose of the Company. Such use will not be considered as perquisite.
- ii) Sitting Fees - No sitting fees for attending the meeting of the Board of Directors will be paid by the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 including any statutory modifications that may hereafter be made thereto by the Central Government in that behalf from time to time and any amendment thereto as may be agreed to between the Board and Mr. V.K.Rathi.

FURTHER RESOLVED THAT wherein any financial year the Company has no profit or its profits are inadequate, the Company may pay Mr. V.K.Rathi remuneration by way of salary, perquisites and other allowance not exceeding the ceiling limit prescribed under the schedule XIII.

FURTHER RESOLVED THAT the Board be and is hereby authorized to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto.

Registered Office:

"Circular Court", 7th Floor,
8, A J C Bose Road
Kolkata - 700 017
Dated : 2nd September, 2005

On behalf of the Board

M. K. Bhalotia
Secretary

**NOTES:**

- a. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll, on his behalf. Such a Proxy need not be a member of the Company. Proxies in order to be valid and effective must be delivered at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.
- b. The Register of Members and Share Transfer Book of the Company will remain closed from 21st September, 2005 to 30th September, 2005 (both days inclusive).
- c. Pursuant to Section 205C of the Companies Act, 1956, the amount of Dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company has been required to be transferred to the Investor Education and Protection Fund set up by the Government of India. Members, who have not yet encashed their dividend warrants for the financial year ended 31.03.1998, are requested to make their claims to the Company and/or Registrar and Share Transfer Agents accordingly, without any delay.
- d. Members are requested to :
 - (a) Address all correspondences and share transfer documents to the Registrars and Share Transfer Agent of the Company, M/s. S.K. Computers, 34/1A, Sudhir Chatterjee Road, Kolkata-700 006, Phone: 2219-6797.
 - (b) intimate to the Company for changes, if any, in their registered address at an early date;
 - (c) quote their Registered Folio No. in all their correspondence with the Company.
 - (d) bring their copy of the annual Report and the Attendance Slip with them at the Annual General Meeting.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :**Item No. 4 :**

Mr. Harish Khaitan has been appointed by the Board of Directors of the Company ('the Board') according to the recommendation of the Remuneration Committee as the Chairman & Managing Director for a period of five years w.e.f 1st April, 2005 as per the terms and conditions as incorporated into the draft Resolution. The said appointment of Mr. Harish Khaitan including his remuneration as mentioned in the Resolution is subject to and requires shareholders approval.

The Board recommends the Resolution set out under Item no.4 for approval of members.

Except Mr. Harish Khaitan none of the Directors are interested in the above Resolution.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :**Item No. 5 :**

Mr Vinod Kumar Rathi has been appointed by the Board of Directors of the Company ('the Board') according to the recommendation of the Remuneration Committee as the whole time Director of the Company for a period of five years w.e.f. 11th September, 2005 as per the terms and conditions as incorporated into the draft Resolution. The said appointment of Mr. Vinod Kumar Rathi including his remuneration as mentioned in the Resolution is subject to and requires shareholders approval.

The Board recommends the Resolution set out under Item no.5 for approval of members.

Except Mr. Vinod Kumar Rathi none of the Directors are interested in the above Resolution.

Registered Office :

"Circular Court", 7th Floor,
8, A J C Bose Road
Kolkata - 700 017
Dated : 2nd September, 2005

On behalf of the Board

M. K. Bhalotia
Secretary

ANDAMANS TIMBER INDUSTRIES LIMITED

ANDAMANS TIMBER INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS OF ANDAMANS TIMBER INDUSTRIES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2005.

Your Directors have pleasure in presenting herewith their 46th Annual Report and the Audited Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

		<u>Rs.</u>
Profit of the Company for the year before providing Depreciation amounts to		1,00,15,437
From which deduction have been made for:		
i) Depreciation for the year	(76,50,816)	
Less: Recouped from Revaluation Reserve	(1,61,595)	
ii) Provision for Taxation	—	(74,89,221)
Profit for the year		<u>25,26,216</u>

PERFORMANCE, FUTURE OUTLOOK:

The year under review witnessed improvement in the Company's operations, and the Company expects that the performance of the Company will improve further.

However as reported earlier the Unit located at A & N Islands is still under suspension of operation.

DIVIDEND

In view of the inadequate profit, your directors do not recommend any Dividend for the year under review.

DEPOSITS

There was no unclaimed deposit or any deposit due for payment but not paid during the year under review.

PARTICULAR OF EMPLOYEES

There was no employee employed during the year drawing an annual remuneration of Rs.24,00,000/- or above throughout the year or drawing monthly remuneration of Rs.2,00,000/- or above in any part of the year.

DIRECTORS

In accordance with the Companies Act, 1956 and Article of Association of Company Mr. Harish Khaitan retire by rotation and have offered himself for reappointment.

Mr. Harish Khaitan has been appointed as the Chairman & Managing Director of the Company. Mr. V.K. Rathi has been appointed as Whole Time Director of the Company. Appropriate resolution seeking members approval are placed at the Forth Coming Annual General Meeting of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that;

- In the preparation of the annual accounts, the applicable accounting standards have been followed;



- b) The Directors have selected appropriate accounting policies and applied them consistently, and have made Judgements and estimates that are reasonable and prudent so as to give a true a fair view of the state of affairs of the Company as at March 31, 2005 and of the profit of the Company for the year ended March 31, 2005;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions for the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A report of Management discussion and Analysis and corporate Governance is annexed hereto and forms part of this report.

ENERGEY, CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE

Necessary information as required by The Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for conservation of energy, technology absorption and foreign exchange earnings and outgo are enumerated in "Annexure-A" of this Report.

AUDITORS

M/s. J. S. Vanzara & Associates, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, are recommend for reappointment.

AUDITORS' REPORT

The observations made by the Auditors in their report is self-explanatory and, hence, do not require any further explanation.

ACKNOWLEDGEMENT

Your Directors would like to record their sincere gratitude to the Financial Institutions, Bankers and employees for the co-operation extended to the Company during the year under review.

Registered Office:

"Circular Court", 7th Floor,
8, A J C Bose Road
Kolkata - 700 017

Dated : 19th August, 2005

On behalf of the Board of Directors

HARISH KHAITAN
Chairman & Managing Director

ANDAMANS TIMBER INDUSTRIES LIMITED**ANNEXTURE - A**

Information pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY

The Company gives emphasis on energy conservation by undertaking improved operational method.

2. TECHNOLOGY ABSORPTION**A) Research & Development**

Consumer satisfaction is always a priority for the Company. Necessary steps have been taken to improve product quality.

B) Technology, Absorption, Adoption & Innovation :

The Company has taken effective steps to improve in Process, Productivity and Cost Control.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earnings and outgo are as follows:

Foreign Exchange Earnings

- Export on FOB Basis		..	Rs.	Nil
a)	Foreign Exchange Outgo			
	- Travelling	..	Rs.	5,46,219
	- Import on CIF Basis	..	Rs.	16,31,021

On behalf of the Board of Directors

Registered Office:

“Circular Court”, 7th Floor
8, A. J. C. Bose Road,
Kolkata – 700 017.

HARISH KHAITAN
Chairman & Managing Director

19th August, 2005



Management Discussion and Analysis Report.

1. Industry Structure and Development.

In India our Company is amongst the Pioneer and leading rubber wood products manufacturer of the country. The Company is making every effort to make the product competitive and has a target to become market leader.

2. Opportunities and threats.

Being rubberwood products manufacturer we face threat, from dumping of goods by South – East Asian Countries. However, increased construction boom in the country may lead to increase demand.

3. Performance

Despite increased competition from market, the company in overall has improved its performance.

4. Outlook

As already mentioned due to construction Boom in the Country there is a good potential of growth and use in the rubberwood products. In the coming years the company expects to enhance its performance.

5. Internal Control System.

The Company has established good internal system commensurate with its size and regular monitoring of various activities are done by Management.

6. Financial Performance

Due to strict Budgetary Control and intense review of financial operations financial performance of the company is expected to improve.

7. Human Resources.

The Company regard its human resources as one of its prime resources. Industrial relation continued to remain cordial during the year under review.

On behalf of the Board of Directors

Date : 19th August, 2005
Place : Kolkata

HARISH KHATTAN
Chairman & Managing Director.

ANDAMANS TIMBER INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

The Stock Exchange Listing Agreement in clause 49 has laid down a code of Corporate Governance which the Company has complied with as follows :-

1. Board of Directors :

Details of Composition, status, attendance at the Board meetings, and the last Annual General Meeting (AGM), outside Directorships and other Board Committees:-

NAME OF DIRECTORS	Number of Board Meetings		Number of membership in other Boards or other committees as a member or Chairman (other than Pvt. Ltd. Co.)		Whether Attended A.G.M.
	Held during the year	Attend during the year	Board	Committee	
Mr. Harish Khaitan (Chairman & Managing Director)	5	5	3	-	No.
Mr. V.K. Rathi (Wholetime Director)	5	5	2	-	Yes
Mr. M.K.Bhalotia	5	5	2	-	Yes

Number of Board Meeting held and the dates on which held: 5 Board Meetings has been held during the year 2004-2005 on 26th April, 2004, 19th July, 2004, 27th October, 2004, 21st February, 2005 & 31st March, 2005.

2. Remuneration of Directors :

The details of remuneration paid to Directors for the year ended March 31, 2005 as follows :

Name of Director	Sitting Fees(Rs.)	Salaries & Perquisites(Rs.)	Commission (Rs.)	Total (Rs.)
Mr. V.K. RATHI	Nil	1,03,500/-	Nil	1,03,500/-
Mr. M.K. BHALOTIA	Nil	1,06,000/-	Nil	1,06,000/-

3. Audit Committee/Remuneration Committee/Shareholder Investors Grievance Committee

The committees comprises of Sri H. Khaitan, Chairman & Managing Director, Sri V.K. Rathi, & Sri M.K. Bhalotia. Sri V.K.Rathi an executive director is the Chairman of the Committees Sri M.K. Bhalotia, Company Secretary, acts as the secretary of the Committees. The role and terms of reference at the Audit Committee covers the areas mentioned under clause 49 at the listing Agreement. The audit committee met three times during the year on 24th July, 2004 & 27th October, 2004 & 12th March, 2005.

4. General Body Meetings :

The location and time of the Annual General Meeting held during the last three years is as follows :

AGM/EGM	Date	Venue	Time	No. of special Resolutions passed
AGM	21.12.2004	H.M. Plaza, Business Centre 8,A.J.C. Bose Road Kolkata – 700 017	11.00 A.M	None
AGM	30.12.2003	-Do-	11.00A.M.	1
AGM	29.11.2002	-Do-	11.00A.M.	1