

Annual Report 2005 - 06

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ANDAMANS TIMBER INDUSTRIES LTD.

ANDAMANS TIMBER INDUSTRIES LIMITED



Andamans Timber Industries Limited

Directors

Mr. Harish Khaitan, Chairman & Managing Director

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

Mr. Sunil Parekh

Mr. Pawan Kumar Lohia

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



ANDAMANS TIMBER INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS OF ANDAMANS TIMBER INDUSTRIES LIMITED FOR THE YEAR ENDED 31st March, 2006.

Your Directors have pleasure in presenting herewith their 47th Annual Report and the Audited Accounts for the year ended 31st March 2006.

FINANCIAL RESULTS

| | | Rs. |
|---|-----------------|-------------------------|
| Profit of the Company for the year before providing Depreciation amounts to | | 1,03,53,027 |
| From which deduction have been made for: | | |
| i) Depreciation for the year | 78,19,082 | |
| Less: Recouped from Revaluation Reserve | <u>1,61,596</u> | |
| | 76,57,487 | |
| ii) Provision for Taxation – FBT | <u>5,20,000</u> | 81,77,487 |
| Profit for the year | | <u>21,75,540</u> |

PERFORMANCE, FUTURE OUTLOOK:

During the year under review turnover of your Company was Rs.783 Lakhs compared to Rs.838 Lakhs of the Previous Year. Profit after tax for the year amounted to Rs.27.75 Lakhs. The Company expects to improve its overall performance in the coming years.

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

DIVIDEND

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

Mr. M.K. Bhalotia tendered his resignation from the Board during the year. Mr. Harish Khaitan and Mr. V.K. Rathi retires from the Board by rotation and being eligible have offered themselves for reappointment. Mr. Sunil Parekh and Mr. Pawan Kumar Lohia were appointed as additional directors. Notices to appoint them as Director have been received from the Shareholders.

Appropriate resolution seeking members' approval are placed at the Forthcoming Annual General Meeting.



ANDAMANS TIMBER INDUSTRIES LIMITED

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:

- a) 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 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 as at March 31, 2006 and of the profit of the Company for the year ended March 31, 2006.
- 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.

ENERGY, 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 the Report.

AUDITORS

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

AUDITORS' REPORT

The observations made by the Auditors in their report are self-explanatory discussed in Notes on Accounts 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

On behalf of the Board of Directors

HARISH KHAITAN

Chairman & Managing Director

Dated: 16th October, 2006

**ANNEXURE – 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 has always accorded high priority to energy conservation and has implemented various schemes on continuous basis to save energy wherever possible.

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

Research and Development is carried out by the Company for increase in production, improvement in quality of products, production process, etc.

B) Technology, Absorption, Adoption & Innovation:

Continuous efforts are being made to improve the technology by keeping track of the latest developments in the respective areas of activity, and adopting the same to improve the productivity.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earnings and outgo are as follows:

Foreign Exchange Earnings

- Export on FOB Basis : Rs. 11,93,469

a) Foreign Exchange Outgo

- Travelling : Rs. 3,43,000

- Import on CIF Basis : Rs. 9,64,467

Registered Office:

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

Dated: 16th October, 2006

On behalf of the Board of Directors

HARISH KHAITAN

Chairman & Managing Director

ANDAMANS TIMBER INDUSTRIES LIMITED**Management Discussion and Analysis Report.****1. Industry Structure and Development.**

With the increased activity in the construction sector, the rubberwood products showed a good recovery during the year under review. The company is expected to benefit from the rising spending in this sector.

2. Opportunities and threats.

Improvement in general business activities would offer better opportunities to the Company to utilize its infrastructure to improve its working.

The Company is exposed to external risks such as overall demand fluctuations in the market segment in which it operates, increased competition as well as internal risks such as variations in operational efficiency and cost structure.

3. Performance

There was improvement in performance during the year under review.

4. Outlook

With the increased investments in the Real Estate Sector the demand for Agrowood products is likely to grow in the coming years.

5. Internal Control System:

The Company maintains a system of internal control commensurate with its size.

6. Financial Performance:

The Company takes necessary steps to reduce the cost and improve its financial operations.

7. Human Resources:

Continued emphasis on development of human resources and creation of good work culture has remained the focus of our Company. Relations with employees/workers were by and large cordial through out the year.

8. Caution Statement:

Statements in the Management Discussion and Analysis may be forward looking predictions. However, subsequent factors unknown at the moment and over which the Company does not have any control may cause significant difference to the Company's operations.

On behalf of the Board of Directors

HARISH KHAITAN
Chairman & Managing Director

Kolkata .
16th October, 2006



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. Company's philosophy on Corporate Governance:

Your Company is making its every effort for good Corporate Governance.

2. 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) | 8 | 8 | 3 | 1 | No. |
| Mr. V.K. Rathi (Wholtime Director) | 8 | 8 | 2 | - | Yes |
| Mr. Pawan Kumar Lohia (Non-Executive & Independent) | 8 | 2 | - | - | No |
| Mr. Sunil Parekh (Non-Executive & Independent) | 8 | 2 | - | - | No |

Number of Board Meeting held and the dates on which held: 8 Board Meetings has been held during the year 2005-2006 on 21st April, 2005, 6th July, 2005, 19th August, 2005, 1st October 2005, 7th October 2005, 28th December, 2005, 17th January, 2006 & 31st March, 2006.

3. Remuneration of Directors:

The details of remuneration paid to Directors for the year ended March 31, 2006 as follows:-

| Name of Director | Sitting Fees (Rs.) | Remuneration (Rs.) | Commission (Rs.) | Total (Rs.) |
|--------------------|--------------------|--------------------|------------------|-------------|
| Mr. Harish Khaitan | Nil | 1,20,000/- | Nil | 1,20,000/- |
| Mr. V.K. Rathi | Nil | 1,18,500/- | Nil | 1,18,500/- |

ANDAMANS TIMBER INDUSTRIES LIMITED**4. Audit Committee/Remuneration Committee/Shareholder Investors Grievance Committee**

The committees comprise of Shri V.K. Rathi, Shri Pawan Kumar Lohia & Shri Sunil Parekh. 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 Five times during the year on 21st April, 2005, 18th August, 2005, 5th October, 2005, 16th January, 2006 and 16th March, 2006.

5. 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 | 30.09.2005 | H. M. Plaza Business Centre 8, A.J.C. Bose Road Kolkata-700 017 | 11.00 | None |
| AGM | 21.1.2004 | -Do - | 11.00 A.M. | None |
| AGM | 30.12.2003 | -Do - | 11.00 A.M. | 1 |

6. Means of Communication:

- Important intimation are sent to Stock Exchange - Yes
- Half yearly report sent to each household of shareholders : No
- Whether Management discussion and analysis report is a part of Annual report or not. : Yes.

7. Other Disclosures:

The Company is not strictly complying with the Non-Mandatory requirements.

8. Shareholder information

- a) A.G.M. : Date : 30th December, 2006
: Time: 11.00 A.M.
Venue: H.M. Plaza Business Centre, Circular Court,
Ground Floor, 8, A.J.C. Bose Road,
Kolkata – 17.
- b) Financial Calendar : 1st April to 31st March



ANDAMANS TIMBER INDUSTRIES LIMITED

c) Date of Book Closure : 23.12.2006 to 30.12.2006 (both days inclusive)

d) Listing on stock exchange : Kolkata, Delhi & Ahmedabad

e) Stock Code:

The Stock Exchange, Kolkata : 10011054

The Stock Exchange, Delhi : 9410

The Stock Exchange, Ahmedabad : 04300

Demat ISIN No. for NSDL and CDS : INS 351C01015

9. Stock Market Data : Monthly High & Low for the period April 2005 to March 2006.

| | The Stock Exchange, Calcutta (CSE) | |
|------------|------------------------------------|----------|
| | High (Rs) | Low (Rs) |
| APRIL-2005 | 4.70 | 4.50 |
| MAY-2005 | 4.40 | 4.00 |
| JUNE-2005 | 4.60 | 4.10 |
| JULY-2005 | 4.00 | 3.50 |
| AUG-2005 | 3.80 | 3.10 |
| SEPT-2005 | 4.90 | 4.60 |
| OCT-2005 | 3.50 | 3.00 |
| NOV-2005 | 2.80 | 2.60 |
| DEC-2005 | 2.70 | 2.50 |
| JAN-2006 | 2.90 | 2.40 |
| FEB-2006 | 3.20 | 2.90 |
| MAR-2006 | 2.70 | 2.30 |

10. Registrar & Share Transfer Agent : S.K. Computers, 34/1A, Sudhir Chatterjee Street, Kolkata – 700006.

11. Distribution and Shareholding Pattern as on 31.03.2006:-

| No. of equity shares held | No. of folios | % | No. of shares | % |
|---------------------------|---------------|-------|---------------|-------|
| Upto 500 | 1067 | 74.82 | 214345 | 2.92 |
| 501-1000 | 200 | 14.03 | 162078 | 2.21 |
| 1001-2000 | 74 | 5.20 | 113031 | 1.54 |
| 2001-3000 | 17 | 1.19 | 44049 | 0.60 |
| 3001-4000 | 7 | 0.49 | 24380 | 0.33 |
| 4001-5000 | 12 | 0.84 | 56220 | 0.77 |
| 5001-10000 | 11 | 0.77 | 90822 | 1.24 |
| 10001 to 50000 | 17 | 1.19 | 413766 | 5.64 |
| 50001 to 100000 | 9 | 0.63 | 504151 | 6.89 |
| 100001 and above | 12 | 0.84 | 5707166 | 77.86 |
| Total | 1426 | 100 | 7330008 | 100 |



ANDAMANS TIMBER INDUSTRIES LIMITED

12. Shareholding pattern as on 31.03.06 is as follows:-

| Category | No. of shares | % |
|--|---------------|-------|
| Promoters | | |
| -Indian Promoters | 3422825 | 46.70 |
| -Foreign Promoters | - | - |
| Persons acting in concert | - | - |
| Sub-total | 3422825 | 46.70 |
| Non-promoters holding Institutional Investors Mutual funds of UTI Bank, Financial Institutions, Insurance Companies (Central/State Govt. Non-Govt. Institution) FIIS | 586750 | 8.00 |
| Sub Total | 586750 | 8.00 |
| Others Private Corporation Bodies | 2016016 | 27.50 |
| Indian Public | 1304417 | 17.80 |
| NRI/OCB | — | — |
| Sub Total | 3907183 | 53.30 |
| Grand Total | 7330008 | 100 |

13. Address for Correspondence : Andamans Timber Industries Limited
8, A.J.C. Bose Road, 7th Floor, Kolkata – 700 017
Telephone: 2287-5704/05, Fax: 2287-0833
E-mail : atikolkata@andamans.com

On behalf of the Board of Directors

Registered Office:
“Circular Court”, 7th Floor
8, A.J.C. Bose Road
Kolkata – 700 017.
16th October, 2006

HARISH KHAITAN
Chairman & Managing Director

Declaration regarding compliance by Board Members and Senior Management Personnel with the Code of Conduct

The Code of Conduct for the Senior Management personnel of the Company has been adopted and complied with.

Place: Kolkata
Date : 16th October, 2006

HARISH KHAITAN
Chairman & Managing Director