

**ANNUAL
REPORT
2005-2006**



NATIONAL PLYWOOD INDUSTRIES LIMITED

NATIONAL PLYWOOD INDUSTRIES LIMITED

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NATIONAL PLYWOOD INDUSTRIES LIMITED

BOARD OF DIRECTORS :

M. L. PERIWAL

Chairman

P. PERIWAL

Vice Chairman

V. K. PERIWAL

Director

HEAD OFFICE :

5, FANCY LANE
KOLKATA 700 001

SHARE DEPARTMENT :

5, FANCY LANE, 7TH FLOOR
KOLKATA 700 001

AUDITORS :

JHUNJHUNWALA & CO.
KOLKATA

BANKERS :

STATE BANK OF INDIA
STATE BANK OF MYSORE
ICICI BANK LTD.
LAKSHMI VILAS BANK LTD.

REGISTERED OFFICE :

MAKUM ROAD, TINSUKIA 786 125
ASSAM

WORKS :

PLYWOOD DIVISION

- MAKUM ROAD, TINSUKIA 786 125
ASSAM
- MAKUM PATHER, MARGHERITA 786 181
ASSAM

LAMINATES DIVISION

- THALLY ROAD, KALUKONDAPALLI
DISTRICT : DHARMAPURI
HOSUR, TAMILNADU
- GAYESHPUR, KULIA ROAD
KALYANI, DISTRICT : NADIA
WEST BENGAL

NATIONAL PLYWOOD INDUSTRIES LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 32nd Annual Report with Audited Statement of Accounts of the Company for the year ended 31st March, 2006.

1. FINANCIAL RESULTS :

	<u>2005-06</u> (Rs.)	<u>2004-05</u> (Rs.)
Profit (Loss) as per Profit & Loss A/c.	(2,06,58,131)	(1,74,61,422)
Add : Loss brought forward from previous period	<u>(87,71,62,960)</u>	<u>(85,97,01,538)</u>
Loss carried to Balance Sheet	<u>(89,78,21,091)</u>	<u>(87,71,62,960)</u>

During the year under review production activity at all the units of the Company remains closed due to paucity of Working Capital. However, to meet the day-to-day expenses, the Company has entered into a Job Work Agreement at its Hosur Unit and has earned Job Work Income of Rs. 79,43,380/- (Previous Year Rs. 1,09,14,704/-).

During the year your Directors have foregone their meeting fees in view of the continued losses suffered by the Company.

The Company's application dated 20/02/2003 before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) has been registered as Case No. 259/2003 and the date of hearing was fixed by the Hon'ble BIFR on 18/04/2006. Considering the facts on records in the said hearing the Bench of the Hon'ble BIFR declared the Company as a SICK Industrial Company in terms of Section-3(1)(0) of the Act. The Bench appointed Industrial Development Bank of India (IDBI) as the Operating Agency (O/A) under section 17(3) of the Act, with direction to prepare a Rehabilitation Scheme, if feasible, based on the proposal of the Company, keeping in view of the provisions of Section 18 of the Act.

2. CASH FLOW STATEMENT

Cash Flow Statement signed on behalf of the Board of Directors and certified by the Auditors forming part of the Balance Sheet and Profit and Loss Account is also annexed as required under the Listing Agreement.

3. DIRECTORS

Shri Madan Lal Periwal, Director retires by rotation but being eligible, offers himself for reappointment. There was no change in the constitution of the Board of Directors of the Company during the year under review.

4. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state :

NATIONAL PLYWOOD INDUSTRIES LIMITED

- a) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation to material departures.
- b) That the Directors have selected such accounting policies and applied them consistently and made judgements 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 loss of the Company for the year.
- c) That the Directors have taken suitable and all possible care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the Annual Accounts have been prepared on the going concern basis.

5. AUDITORS

M/s. Jhunjhunwala & Company, Kolkata, Statutory Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and are recommended for reappointment.

6. DEMATERIALISATION OF COMPANY'S EQUITY SHARES :

The Equity Shares of your Company are traded in demate mode compulsorily. Connectivity has been established with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN No. allotted to the Company's Equity Share is INE 497C 01016. At present nearly 56.84% of the Equity Share are held in demate form. Members of the Company are requested to avail the demate facility.

7. LISTING OF SHARES :

The names & addresses of the Stock Exchanges where the Company's Equity Shares are listed is as under :

1. The Stock Exchange. Mumbai
Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400 001
2. The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Kolkata - 700 001
3. The Guwahati Stock Exchange Ltd.
Saraf Building Annexe, A. T. Road, Guwahati - 781 001, Assam.

The Company has not cleared the Listing Fees for the year to the Calcutta and Guwahati. Stock Exchanges till date due to the acute financial crisis.

NATIONAL PLYWOOD INDUSTRIES LIMITED

8. CORPORATE GOVERNANCE :

Your Company has adopted the principles of good Corporate Governance. A separate Section on Corporate Governance is included in the Annual Report, in terms of Clause 49 of the Listing Agreement.

9. TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.

There is no information to submit in respect of absorption of technology. The Company has not earned and/or spent any foreign exchange during the year under review.

10. PERSONNEL :

None of the employees of the Company receive remuneration attracting provision of Section 217(2A) of the Companies Act, 1956, read with the Companies particulars of employees rule 1975, as amended.

Acknowledgement :

Your Directors would like to express their appreciation for the assistance and co-operation received from Banks, Financial Institutions, Government Agencies, Customers and Employees during the year under review.

Head Office :
5, Fancy Lane
Kolkata - 700 001
Dated : 27th October, 2006

For and on behalf of the Board
M. L. Periwal
Chairman

NATIONAL PLYWOOD INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement of the Stock Exchange)

Company's Philosophy on code of Governance

The Board has adopted the principles of good Corporate Governance in line with the requirements of the corporate practices enumerated in Clause 49 of the Listing Agreement entered into by the Company with Stock Exchange(s). The Company aims to achieve transparency by making adequate disclosures.

Board of Directors :

a) Composition :

Steps have been taken by the Company to appoint more than one-third of the total number of Directors as Independent Directors.

The Company's Board presently comprises of 3 Directors, out of which 2 are Executive Directors and 1 is Non-Executive Directors (NED).

None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 4 Committees [as per the Clause 49(IV)(B)] across all the companies in which he is a Director. All the Directors have made requisite disclosures regarding committee positions occupied by them in other companies.

b) Number of Board Meetings :

The Board meet five times on the following dates during the financial year 2005-2006 on 30th April 2005, 23rd July, 2005, 29th October, 2005, 31st October, 2005 and 30th January, 2006.

c) Directors' attendance record and directorship held :

Name	Category	No. of Board Meetings Attended	Whether Attended last AGM held in Sept. 2005	No. of Directorship held in other Indian Public Limited Companies	No. of Committee* Positions held in other Indian Public Limited Companies.	
					Chairman	Member
Mr. M. L. Periwal	Chairman	5	No.	2	1	3
Mr. P. Periwal	Vice-Chairman	4	Yes	2	1	3
Mr. V. K. Periwal	Non-Executive	5	No.	0	0	0

NATIONAL PLYWOOD INDUSTRIES LIMITED

Audit Committee

a) Terms of Reference :

The Broad Terms of Reference of the Audit Committee are as follows :

1. To discuss and review the Quarterly/Half Yearly Unaudited Report prepared by Internal Audit Department.
2. To discuss half yearly and Annual Financial Results of the Company and submit the observation to the Board of Directors.
3. To interact with statutory Auditor on the Annual Accounts and other accounting matters.
4. To ensure compliance of internal control systems.

b) Composition, Name of Members and Chairman :

The Audit Committee of the Company as on 31st March 2006 comprised of Three Members namely Mr. M L Periwal and Mr. P. Periwal, Directors and independent members.

Mr. M. L. Periwal – Chairman

Mr. P. Periwal

Mr. L. K. Surolia

c) Meetings and attendance during the year :

The Committee met five times during the financial year ended 31st March 2006 on the following dates :

30th April 2005, 23rd July, 2005, 29th October, 2005, 31st October, 2005 and 30th January 2006. Mr. P. Periwal was granted leave of absence in respect of meeting held on 29th October, 2005. This apart, all the Committee Members on the relevant dates of the respective meetings were present in all the five meetings.

Share Transfer and Shareholders/Investors Grievance Committee :

The Committee approves and monitors transfer, transmission, splitting and consolidates of share issued by the Company. The Committee also monitors redresses/replies to investors' complaints, queries and requests relating to transfer of shares, non-receipt of annual reports, etc.

Composition of Committee :

Mr. P. Periwal – Chairman

Mr. V. K. Periwal

Mr. S. K. Jain

The Committee meet thirteen times during the financial year ended on 31st March, 2006 on the following dates :

On 30/04/05, 12/07/05, 08/09/05, 27/09/05, 24/10/05, 29/10/05, 18/11/05, 30/11/05, 16/12/05, 22/12/05, 02/01/06, 10/03/06 and 31/03/06.

Mr. P. Periwal attended 11 meetings, and Mr. V. K. Periwal attendend 12 meetings and Mr. S. K. Jain Attended 13 meetings.

NATIONAL PLYWOOD INDUSTRIES LIMITED

Mr. P. Periwal and Mr. S. K. Jain were severally authorised to approve share transfer work up to one percent of paid up capital for each case. The power to approve share transfers request of more than one percent of paid up capital for each has been given to the Committee.

All share transfer applications received up to 30th March 2006 have been processed.

During the year ended 31st March 2005 the Company received 7 complaints/queries from share-holders/investors, apart from these complaints, 10 other letters were received, which were suitably replied.

Compliance Officer : Mr. S. K. Jain

Remuneration Committee :

The Remuneration Committee comprises of :

Mr. M. L. Periwal, Chairman & Mg. Director

Mr. P. Periwal, Vice-Chairman

Mr. V. K. Periwal, Member

The broad terms of reference of Remuneration Committee are to determine on behalf of the Board and on behalf of Shareholders with agreed terms of reference, the Company's policy on specific remuneration package(s) for Managing Director and other Directors. Shri N. N. Sharma has resigned and Shri V K Periwal was admitted as new Member w.e.f. 23/07/2005.

The Committee met once during the financial year 2005-2006 on 23rd July, 2005.

The remuneration of the Non-Executive Directors (NEDs) of the Company is decided by the Board of Directors of Company. The NED were not paid remuneration by way of remuneration and the Directors have waived sitting fees of Rs. 1,500/- for each meeting of the Board and its Committees attended by them.

General Body Meetings :

Location, date and time of General Meetings held during the last 3 years :

Year	Location	AGM/ EGM	Date	Day	Time	No. of Special Resolutions Passed
2003-2004	Regd. Office, at Makum Road Tinsukia-786125 (Assam)	EGM	20/07/04	Tuesday	11.30 A.M.	One
2003-2004	-do-	AGM	29/09/04	Wednesday	2.30 P.M.	One
2004-2005	-do-	AGM	29/09/05	Thursday	2.30 P.M.	None
2005-2006	-do-	AGM	27/09/06	Wednesday	2.30 P.M.	None

None of the Resolutions were put through postal ballot.

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Disclosures :

(i) Related Party Transactions :

Related party transactions i.e. transactions of the Company of a material nature, with its Promoters, the Directors of the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

The Company does not have related party transactions, which may have potential conflict with its interest at large.

(ii) Statutory compliance, penalties and strictures :

The Company has complied with the requirements of the Stock Exchange(s)/SEBI and/or Statutory Authority on all matters related to capital markets during last 3 years.

General Shareholder Information :

Annual General Meeting

Date and time	:	27th September 2006 at 2.30 P.M. convened and adjourned, and then reconvened on Wednesday, 27th November, 2006.
Venue	:	Regd. Office at Makum Road, Tinsukia-786125, Assam
Financial Calendar	:	Year Ending — March 31, 2007
Quarterly Results	:	First Quarter — 4th week of July 2006 Second Quarter — 4th week of October 2006 Third Quarter — 4th week of January 2006 Fourth Quarter — 4th week of April 2007.
Date of Book closure	:	20th September 2006 to 27th September 2006. (Both days inclusive)
Dividend Date	:	Not applicable.
Listing on Stock Exchanges	:	(i) The Stock Exchange, Mumbai (ii) The Calcutta Stock Exchange Association Ltd. (iii) The Gauhati Stock Exchange Ltd.

Note : Annual Listing fees for the year 2005-06 has been paid to The Stock Exchange, Mumbai, only and as regards to other two Stock Exchanges, the Company could not pay the same due to paucity of fund.

Demat ISIN in NSDL & CDSL : INE497C01016

NATIONAL PLYWOOD INDUSTRIES LIMITED

Share Transfer System :

Share Transfer in physical form can be lodged with the Head Office of the Company —

National Plywood Industries Ltd.
5, Fancy Lane, 7th Floor
Kolkata - 700 001

The transfers are normally processed within 15 to 30 days from the date of receipt, if the documents are complete in all respects.

Dematerialization of shares and liquidity :

56.84% of the Company's Equity Shares capital is dematerialized as on 31/03/2006. The Company's shares are traded on The Stock Exchange, Mumbai and sporadically traded on other Stock Exchanges.

Plant Locations :

- (i) Makum Road, Tinsukia-786 125, Assam.
- (ii) Makum Pathar, Margherita, Assam
- (iii) Industrial Growth Centre, Gayeshpur, Kalyani, West Bengal
- (iv) Kalukondapally, Hosur, Tamilnadu.

Shareholders correspondence may be addressed to the Head Office of the Company at —

5, Fancy Lane, 7th Floor, Kolkata - 700 001, for the attention of Mr. S. K. Jain, Compliance Officer.

Non-Mandatory Requirements :

The Non-Executive Chairman is entitled to reimbursement of expenses incurred in performance of his duty. The Company has already set up a remuneration Committee. The Company shall adopt postal ballot system, where compulsory, under the Companies Act, 1956. The other suggestions have not yet been adopted.

NATIONAL PLYWOOD INDUSTRIES LIMITED

AUDITORS' CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S).

TO THE MEMBERS OF NATIONAL PLYWOOD INDUSTRIES LIMITED.

We have examined the compliance of conditions of Corporate Governance by NATIONAL PLYWOOD INDUSTRIES LIMITED (the Company) for the year ended 31st March, 2006, as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance with 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, and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that as per records maintained by the Shareholders/Investor Grievance Committee based on reports furnished by the Share Transfer Register of the Company to the said Committee, there was no investors grievance matter pending for a period exceeding one month against the Company as on 31st March, 2006.

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 **JHUNJHUNWALA & COMPANY**
Chartered Accountants
R. K. JHUNJHUNWALA
Proprietor
Membership No. 6604

6, Commercial Building
23, Netaji Subhas Road
Kolkata - 700 001
Dated : 27th October, 2006

NATIONAL PLYWOOD INDUSTRIES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of M/s. National Plywood Industries Limited as at 31st March, 2006 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto and cash flow statement for the period ended on that date. 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.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board, Government of India, in terms of section 227 (4A) of the Companies Act, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph (1) above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 those books.
 - c) The Balance Sheet and Profit & Loss Account are in agreement with the Books of Account.
 - d) In our opinion, these accounts have been prepared in compliance with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 except for provision for gratuity as indicated in Note No. 9 of Schedule P.
 - e) In the absence of any representation from the Directors, we are unable to comment as to their compliance under section 274(1)(g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us and read together with the notes appearing in Schedule 'P', the said accounts give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view :
 - i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006. and
 - ii) In the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.

6, Commercial Building
23, Netaji Subhas Road
Kolkata - 700 001
Dated : 27th October, 2006

For **JHUNJHUNWALA & COMPANY**
Chartered Accountants
R. K. JHUNJHUNWALA
Proprietor
Membership No. 6604

NATIONAL PLYWOOD INDUSTRIES LIMITED

ANNEXURE TO THE AUDITORS' REPORT

Schedule referred to in paragraph 1 of our Report of even date

1. (a) The Company has maintained proper records to show full particulars including quantitative details and location of its fixed assets.
(b) All fixed assets except those located at factories in Assam have been physically verified by the management according to the regular programme of periodical verification in a phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets.
(c) None of the fixed assets have been revalued during the year.
2. The management has conducted physical verification at adequate intervals in respect of stocks of the finished goods, semi-finished goods, stores, spare parts and raw materials at all its locations except those located at factories in Assam and stock of timber lying in the ponds which are included in the inventory on the basis of the pond register maintained.
3. In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
4. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
5. In our opinion and on the basis of our examination of the stock records, the valuation of stock of finished goods, semi-finished goods, stores, spare parts and raw materials are fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
6. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 and 370 (1-B) of the Companies Act, 1956. The provisions of Section 370 (1-B) of the Act are not applicable to the Company on and after 31st October, 1998.
7. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 and 370 (1-B) of the Companies Act, 1956. The provisions of Section 370 (1-B) of the Act are not applicable to the Company on and after 31st October, 1998.
8. The principal amount and interest wherever applicable thereon in respect of loans and /or advances of the nature of loans given by the Company to bodies corporate, employees and others have been recovered regularly as stipulated.
9. In our opinion and according to the information and explanations given to us, internal control procedures for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and for the sale of goods are commensurate with the size of the Company and nature of its business.

NATIONAL PLYWOOD INDUSTRIES LIMITED

10. In our opinion, the transactions of purchase of goods and materials and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party were made at prices which were reasonable having regard to the prevalent market price for such goods or materials or the prices at which transaction for similar goods or materials were made with other parties.
11. The Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on items so determined.
12. The Company has not accepted any deposits from the public as stipulated under the provisions of Section 58A of the Companies Act, 1956 and rules framed there under.
13. The scrap generated during the period is not significant and the Company has no by-products.
14. The Company has an adequate internal control system commensurate with the size and nature of its business.
15. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the Company.
16. According to the records of the Company, Provident Fund and Employees State Insurance dues have generally been deposited during the year with the appropriate authorities and in some cases irregularities have been noticed.
17. There are no undisputed amounts of Income Tax, Custom duty and Excise duty outstanding as on 31st March, 2006 for a period of more than six months from the date they became payable.
18. During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices, we have not come across any personal expenses which has been charged to the Profit & Loss Account.
19. The Company is a sick industrial company, within the meaning of clauses 3 (1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. In respect of the Company's activities, we are informed that there are no damaged stocks.

6, Commercial Building
23, Netaji Subhas Road
Kolkata - 700 001
Dated : 27th October, 2006.

For **JHUNJHUNWALA & COMPANY**
Chartered Accountants
R. K. JHUNJHUNWALA
Proprietor
(Membership No. 6604)

NATIONAL PLYWOOD INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2006

	Schedule	AS AT		AS AT	
		2005-2006		2004-2005	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	5,85,37,500		5,85,37,500	
Reserves & Surplus	B	14,04,88,735	19,90,26,235	14,04,88,735	19,90,26,235
Loan Funds					
Secured Loans	C	55,32,86,483		57,84,38,963	
Unsecured loans	D	14,12,22,834	69,45,09,317	11,01,89,276	68,86,28,239
TOTAL			89,35,35,552		88,76,54,474
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	32,35,07,554		32,34,34,404	
Less : Depreciation		25,62,42,556		24,76,95,458	
Net Block		6,72,64,998		7,57,38,946	
Add : Capital Work-in-progress		25,08,827	6,97,73,825	25,08,827	7,82,47,773
Investments					
	F		1,00,000		1,00,000
Current Assets, Loans & Advances					
Inventories	G	5,32,52,249		5,42,35,656	
Sundry Debtors	H	1,03,46,682		1,48,21,575	
Cash & Bank Balances	I	18,33,822		18,58,290	
Loans, Advances & Deposits	J	3,78,43,283		3,76,11,528	
		10,32,76,036		10,85,27,049	
Less : Current Liabilities & Provisions	K	17,74,35,400		17,63,83,308	
Net Current Assets		17,74,35,400	(7,41,59,364)	17,63,83,308	(6,78,56,259)
Miscellaneous Expenditure (To the extent not written off or adjusted)					
Preliminary expenses			—		—
Profit & Loss Account			89,78,21,091		87,71,62,960
TOTAL			89,35,35,552		88,76,54,474
Accounting Policies and Notes on Accounts					
	P				

The Schedules referred to above form an integral part of the Accounts.
This is the Balance Sheet referred to in our report of even date.

For **JHUNJHUNWALA & COMPANY**

Chartered Accountants

R. K. JHUNJHUNWALA

Proprietor

Membership No. 6604

Kolkata, Dated 27th October, 2006

M. L. PERIHAL

Chairman

P. PERIHAL

Vice-Chairman

NATIONAL PLYWOOD INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Schedule	Year ended 2005-2006	Year ended 2004-2005
		Rs.	Rs.
INCOME			
Sales		1,12,35,447	81,97,687
Other Income	L	2,10,402	15,26,981
Job Work		79,43,380	1,09,14,704
Sundry Balance written back (Net)		1,87,816	92,561
Profit on Sale of Fixed Assets (Net)		—	72,12,781
Liabilities towards Interest accrued for earlier year now written back as per OTS		—	2,71,25,471
Accretion/(Decretion) in stocks		13,14,769	(10,45,936)
		2,08,91,814	5,40,24,249
EXPENDITURE			
Purchases		82,15,083	49,68,765
Raw Materials Consumed	M	22,79,875	71,48,990
Salaries, Wages & Other			
Employees' Benefits	N	96,78,457	1,70,90,473
Manufacturing, Administrative &			
Selling Expenses	O	1,26,41,332	2,06,58,167
Central Excise Duty		—	23,32,160
		3,28,14,747	5,21,98,555
Profit/Loss before Interest & Depreciation		(1,19,22,933)	18,25,694
Interest	P	—	—
Depreciation		85,47,098	1,92,87,116
Loss Before Taxation		(2,04,70,031)	(1,74,61,422)
Fringe Benefit Tax		1,88,100	—
Loss after Tax		(2,06,58,131)	(1,74,61,422)
Loss brought forward from Last Year		(87,71,62,960)	(85,97,01,538)
Loss carried to Balance Sheet		(89,78,21,091)	(87,71,62,960)
Accounting Policies and Notes on Accounts	P		

The Schedules referred to above form an integral part of the Accounts.
This is the Profit & Loss Account referred to in our report of even date.

For **JHUNJHUNWALA & COMPANY**

Chartered Accountants

R. K. JHUNJHUNWALA

Proprietor

Membership No. 6604

Kolkata, Dated 27th October, 2006

M. L. PERIWAL

Chairman

P. PERIWAL

Vice-Chairman

NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
A. SHARE CAPITAL		
Authorised		
2,50,00,000 (Previous year 2,50,00,000) Equity Shares of Rs. 10 each	25,00,00,000	25,00,00,000
Issued, Subscribed & Paid up -		
58,53,750 (Previous year 58,53,750) Fully paid up Equity Shares of Rs. 10 each. Of the above -	5,85,37,500	5,85,37,500
a) 1,00,000 Shares are allotted as fully paid up pursuant to a contract without payment being received in cash.		
b) 2,50,000 Equity Shares were allotted as fully paid up pursuant to the scheme of amalgamation to the shareholders of Pioneer Wood Products Ltd.		
c) 6,25,000 Equity Shares were allotted as fully paid up pursuant to the scheme of amalgamation to the share holders of Delta Panel Products Pvt. Ltd.		
d) 12,31,250 Equity Shares were allotted as fully paid up pursuant to the scheme of amalgamation to the shareholders of Pankaj Plywood Industries Pvt. Ltd.		
	<u>5,85,37,500</u>	<u>5,85,37,500</u>
B. RESERVES & SURPLUS		
General Reserve - As per Last Year	8,50,00,000	8,50,00,000
Capital Reserve :- Principal amount of secured loan settled under OTS	3,07,55,905	3,07,55,905
Share Premium Account	2,03,65,000	2,03,65,000
Capital Subsidy Account	15,00,000	15,00,000
Grant Received	20,00,000	20,00,000
Investment Allowance Reserve	8,67,830	8,67,830
	<u>14,04,88,735</u>	<u>14,04,88,735</u>

NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
C. SECURED LOANS		
a) Term Loan -		
From Financial Institutions	15,73,89,062	18,23,89,062
Interest accrued thereon	19,56,75,400	19,56,75,400
From Scheduled Banks		
b) Other Loans	14,76,698	16,29,178
c) Working Capital Loans		
From Scheduled Banks	19,87,45,323	19,87,45,323
	<u>55,32,86,483</u>	<u>57,84,38,963</u>

NOTES

Nature of Security :-

- i) Term Loans are partly secured by pari-passu first charge on the fixed assets of the Company & personal guarantee of some of the directors of the Company and partly by exclusive charge on the specific assets and personal guarantees of some of the directors of the Company.
- ii) Working Capital is secured by hypothecation of present and future stocks of raw materials, stock-in-process, finished goods, stores & spares, book debts and other moveable assets and personal guarantees of some of the directors of the Company.

D. UNSECURED LOANS

From Sundry Parties	10,34,90,031	7,24,56,473
Security Deposits	31,63,546	31,63,546
Sales Tax Deferments Loan	3,45,69,257	3,45,69,257
	<u>14,12,22,834</u>	<u>11,01,89,276</u>

NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULE - E

SCHEDULE OF FIXED ASSETS AS AT 31ST MARCH, 2006

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	TOTAL COST AS AT 01.04.2005	ADDITIONS DURING THE YEAR	SALES/ TRANSFER	TOTAL COST AS AT 31.03.2006	UP TO 31.03.2005	ADJUST- MENTS DURING THE YEAR	FOR THE YEAR	TOTAL	AS AT 31.03.2006	AS AT 31.03.2005
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
LAND & BUILDING	5,96,72,753	—	—	5,96,72,753	2,23,19,022	—	19,93,069	2,43,12,091	3,53,60,662	3,73,53,731
PLANT & MACHINERY	23,17,08,816	24,700	—	23,17,33,516	20,35,64,593	—	42,34,185	20,77,98,778	2,39,34,738	2,81,44,223
LORRIES & CRANES	—	—	—	—	—	—	—	—	—	—
VEHICLES	83,57,505	—	—	83,57,505	69,04,270	—	7,93,963	76,98,233	6,59,272	14,53,235
ELECTRIC FITTINGS	25,40,017	—	—	25,40,017	16,95,053	—	1,67,708	18,62,761	6,77,256	8,44,964
FURNITURE & FIXTURES	1,01,43,091	15,000	—	1,01,58,091	65,68,893	—	6,42,727	72,11,620	29,46,471	35,74,198
OFFICE EQUIPMENTS	1,03,41,600	33,450	—	1,03,75,050	62,74,667	—	6,83,879	69,58,546	34,16,504	40,66,933
AIR CONDITIONERS	6,53,757	—	—	6,53,757	3,53,013	—	31,054	3,84,067	2,69,690	3,00,744
CYCLES	16,865	—	—	16,865	15,947	—	513	16,460	405	918
TOTAL	32,34,34,404	73,150	—	32,35,07,554	24,76,95,458	—	85,47,098	25,62,42,556	6,72,64,998	7,57,38,946
WORK IN PROGRESS	25,08,827	—	—	25,08,827	—	—	—	—	25,08,827	25,08,827
TOTAL	32,59,43,231	73,150	—	32,60,16,381	24,76,95,458	—	85,47,098	25,62,42,556	6,97,73,825	7,82,47,773
PREVIOUS YEAR	39,10,36,972	47,76,397	6,98,70,138	32,59,43,231	26,33,96,179	3,49,87,837	1,92,87,116	24,76,95,458	7,82,47,773	

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NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006

	AS AT 31.03.2006 <u>Rs.</u>	AS AT 31.03.2005 <u>Rs.</u>
F. INVESTMENTS		
Unquoted –		
1000 (1000) Fully Paid-up Equity Shares of Perival Plastics Pvt. Ltd. of Rs. 100/- each.	1,00,000	1,00,000
	<u>1,00,000</u>	<u>1,00,000</u>
 G. INVENTORIES		
(As per verification & valuation duly certified by the Management)		
Raw Materials	1,57,29,963	1,80,28,140
Stores, Spare Parts	99,03,305	99,03,305
Finished & Semi-finished goods (including trading goods)	2,76,18,981	2,63,04,211
	<u>5,32,52,249</u>	<u>5,42,35,656</u>
 H. SUNDRY DEBTORS (Unsecured)		
Over six months – Considered good	77,97,371	1,01,99,820
– Considered Doubtful	19,63,775	27,56,437
Other Debts (Considered good)	5,85,536	18,65,318
	<u>1,03,46,682</u>	<u>1,48,21,575</u>

NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
I. CASH & BANK BALANCES		
Cash in hand	11,50,314	12,02,478
Balance with Scheduled Banks –		
On Current Account	2,43,169	2,15,473
On Unclaimed Dividend Account	1,14,694	1,14,694
Share Application Money	50,165	50,165
Margin Money Account	2,75,480	2,75,480
	<u>18,33,822</u>	<u>18,58,290</u>
J. LOANS, ADVANCES & DEPOSITS		
Loans (Unsecured, Considered good)	65,84,256	65,84,256
Advances (Recoverable in cash or in kind or for value to be received)	2,77,23,886	2,70,78,249
Prepaid Expenses	3,000	3,000
Balance with Excise Department	14,86,943	20,70,842
Sundry Deposits	20,45,198	18,75,181
	<u>3,78,43,283</u>	<u>3,76,11,528</u>
K. CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	16,27,71,526	15,94,88,071
Credit Balances of Customers	1,28,46,441	1,52,56,429
Temporary Overdraft from Banks	14,64,474	14,73,949
Unclaimed Dividend	1,14,694	1,14,694
Share Application Money	50,165	50,165
Provisions :-		
Fringe Benefit Tax A/Y 2006-07	1,88,100	—
	<u>17,74,35,400</u>	<u>17,63,83,308</u>

NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Year ended 31.03.2006 Rs.	Year ended 31.03.2005 Rs.
L. OTHER INCOME		
Claim	1,69,459	16,914
Miscellaneous Income	477	—
Interest from Bank	—	14,74,120
Interest from Others	40,466	35,947
	<u>2,10,402</u>	<u>15,26,981</u>
M. RAW MATERIALS CONSUMED		
Opening stock	1,80,28,140	2,59,48,504
Add : Purchases	—	4,25,322
	<u>1,80,28,140</u>	<u>2,63,73,826</u>
Less : Sales/Adjustment	18,302	11,96,696
	<u>1,80,09,838</u>	<u>2,51,77,130</u>
Less : Closing Stock	1,57,29,963	1,80,28,140
	<u>22,79,875</u>	<u>71,48,990</u>
N. SALARIES, WAGES & OTHER EMPLOYEES' BENEFITS		
Salary, Wages, Bonus & Gratuity	87,23,063	1,59,47,768
Contribution to Provident Fund & Pension Fund	6,12,713	7,33,942
Contribution to Link Insurance	755	744
Contribution to E.S.I.	4,731	26,755
Workmen & Staff Welfare	3,37,195	3,81,264
	<u>96,78,457</u>	<u>1,70,90,473</u>

NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Year ended 31.03.2006 Rs.	Year ended 31.03.2005 Rs.
O. MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Stores & Spares Parts Consumed / wasted	69,357	20,77,242
Power & Fuel	67,99,912	1,09,18,505
Rates & Taxes	2,65,241	2,10,903
Repairs & Maintenance :		
Building	7,338	51,317
Machinery	75,168	6,48,513
Others	<u>60,886</u>	<u>74,541</u>
	1,43,392	7,74,371
Rent (Net)	4,92,952	5,02,304
Insurance	35,043	50,373
Vehicle Operating Expenses	5,41,875	6,53,245
Miscellaneous Expenses	31,25,091	45,03,734
Sales Tax	4,680	14,044
Packing & Forwarding Charges	10,95,557	7,01,423
Auditors' Remuneration :		
Audit Fee	21,000	21,000
Taxation Matters	4,000	4,000
Company Matters	2,000	2,000
Tax Audit Fees	8,000	8,000
Service tax	33,232	2,17,023
	<u>1,26,41,332</u>	<u>2,06,58,167</u>

NATIONAL PLYWOOD INDUSTRIES LIMITED

P. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1) Basis of preparation of financial statements.

The financial statements are prepared under the historical cost convention and in accordance with the applicable accounting standards and the provisions of the Companies Act, 1956 as adopted consistently by the Company. Insurance claim, leave payments and bonus to employees are accounted for on cash basis.

2) Fixed Assets

- i) Depreciation is provided on Straight Line Method applying the rates specified in Schedule XIV to the Companies Act.
- ii) All fixed assets are stated at cost which includes taxes, duties and other identifiable direct expenses.
- iii) On assets acquired or disposed off during the year, depreciation is charged on pro-rata basis with reference to the date of acquisition or disposal.
- iv) Capital work in progress includes advances.
- v) No depreciation has been provided on Plant & Machineries of the Company's Units at Tinsukia, Margherita & Kalyani, as these units were not in operation during the year. Depreciation has been provided only on Plant & Machinery of Hosur Unit for full year. The value of Plant & Machineries of Hosur Unit Stands NIL as per providing depreciation.

3) Investments are stated at cost. No provision has been made in respect of diminution in value of investments as the management is of the opinion that there is no permanent diminution in value, these being long term investments in nature.

4) Valuation of Inventories :

Inventories are valued as follows :

Raw materials, stores & spare - At Cost.

Work-in-progress-At ex-factory selling prices, less estimated cost of further processing.

Finished goods-At ex-factory selling price-if lying at factory. At ex-factory selling prices plus freight and octroi etc, if lying at branches. However, on and from 1-4-99, the inventories are to be valued at lower of cost or net realizable value. In absence of such valuation it is not possible to determine increase/decrease in the value of inventories and its impact on the loss of the Company during the year.

5) Excise Duty

As per past practice, excise duty payable on finished goods is accounted for on the clearance of goods from the factory premises.

6) Sales

Sales include excise duty and freight but excludes rebate and discount.

7) Gratuity

No provision has been made for gratuity in the accounts. Since payment on account of gratuity is accounted for as and when paid and hence the loss/liability to that extent is provided on cash basis.

8) Excise : Re Aqueous Solution Case

- i) Refund claim of Rs. 66.29 lacs transferred to Consumer Welfare Fund, writ petition filed by the company which is pending in Hon'ble Guwahati High Court.
- ii) Refund claim of Rs. 19.11 lacs sanctioned and paid but department has filed appeal before tribunal
- iii) Refund claim of Rs. 28.05 lacs pending with A.C. Tinsukia Div., Assam.

NATIONAL PLYWOOD INDUSTRIES LIMITED

9) **Contingent Liability not provided for in respect of :**

- i) Due to dispute in classification and/or valuation of certain items of finished goods under the Central Excise & Salt Act, 1944, a demand of Rs. 90.05 lacs (approx) for the period 25.07.1989 to 17.03.1993 has been raised by Central Excise Department after the Supreme Court Judgement on 20.09.1995. Matter has been settled under K.V.S Scheme in terms of the order of Hon'ble Guwahati High Court.
 - ii) Demand of duty Rs. 182.68 lacs approx confirmed by the commissioner C.E. on 10.10.2001, against show cause notice dated 12.12.1985. Writ petition filed in Guwahati High Court against the order which is pending, hence subjudice.
 - iii) Demand of duty Rs. 20.65 lacs confirmed and penalty equivalent to duty was also imposed by the commissioner C.E. on 21.08.2002. Appeal and stay petition filed before the Tribunal Kolkata is pending, hence subjudice.
- 10) Disputed Income for Rs. 3,08,80,872/- for assessment year 1996-97. Since appealed at Kolkata High Court by the Company.
 - 11) The interest on loans from Financial Institutions and certain Banks have not been provided for on the basis of management's past experience/ advices received and considering expected concessions in compounding interest/ penal interest. The Company is in the process of negotiation for one time settlement (OTS). The proposal is under their active consideration.
 - 12) Physical stock has not been taken of Store/ Finished Stock & Fixed Assets as factories located in Assam & Kolkata were closed. The loss, if any, will be accounted for on physical verification after re-opening of the factory. However, depletion in the value of raw materials due to efflux of time during the closure period has been written off as consumption.
 - 13) To meet daily working expenses, the company has done job work at its works at Hosur.
 - 14) The secured lenders M/s. IDBI, State Bank of Mysore & ICICI have initiated legal proceedings against the company under DRT for recovery of their outstanding. An OTS proposal is pending with them for consideration a sum of Rs. 250 lacs has been paid during the years against the same.
 - 15) The Stock of Raw Materials (Paper) worth of Rs. 2017258.53 lying at Hosur Units where damaged and pilferage due to closer of the Unit. Hence the entire amount were accordingly written off in consumption of Raw Material a/c.
 - 16) The balance in unpaid dividend account of Rs. 114694.35 relating to the year 1994-95 is under reconciliation. It will be transferred to the credit of Central Government as per the provisions of the Companies Act, 1956.
 - 17) **Managing Directors' Remuneration :**

	Year ended 31.03.2006 Rs.	Year ended 31.03.2005 Rs.
Salary	Nil	Nil
 - 18) The quantum of dues to small scale and ancillary industrial undertakings being not readily ascertainable in the absence of relevant documents/information, could not be identified and disclosed separately in the accounts. Steps have been initiated to collect the necessary particulars for disclosure of the required information in the coming year.
 - 19) Balances of certain debtors, advances, creditors and loans from Financial Institutions and Banks are subject to confirmation and consequential reconciliations/ adjustments etc.
 - 20) Previous year's figures are regrouped and rearranged wherever necessary.
 - 21) Figures have been rounded off to the nearest rupee.
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NATIONAL PLYWOOD INDUSTRIES LIMITED

ADDITIONAL INFORMATION UNDER PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

a) Quantitative Details :

	Plywood Quantity (Sq. Mtrs. on 4 mm basis)	Decorative Laminates Quantity (Nos)	Industrial Laminates Quantity (MT)	Value (Rs.)
installed Capacity	80,00,000 (1,13,50,000)	18,00,000 (18,00,000)	1,500 (1,500)	
Production	— (—)	— (—)	— (—)	
Purchase/Return	— (—)	637 (—)	— (—)	82,15,083 (49,68,765)
Sales	266 (6,573)	— (124)	— (—)	1,12,35,447 (81,97,687)
Opening Stock	20,767 (27,340)	3,377 (3,501)	116 (116)	2,63,04,211 (2,73,50,148)
Closing Stock	20,500 (20,767)	4,014 (3,377)	116 (116)	2,76,18,981 (2,63,04,211)

i) Plywood includes Block Boards & Flush Doors.

ii) Opening Stock, Purchases, Sales & Closing stock value of purchased for resale quantitative of traded items given below.

b) Traded items :

	Plywood (Sq. Mtr.)	Ind. Lam Pcs.
Opening Stock	326.52 (5,577.71)	— (1200)
Purchase	1,20,056.01 (1,06,960.17)	— (—)
Sales	1,02,255.91 (1,12,211.36)	— (1200)
Closing Stock	18,126.62 (326.52)	— (—)

c) Raw Material Consumed / Wasted

i) Plywood and Blockboard

	Unit	Quantity	Value
Timber	Cu.Mtr.	— (—)	— (—)
Veneer	Sq.Mtr.	12,437.00 (9,028.76)	2,49,063 (16,11,794)
Chemical	M. Ton	— (7.530)	— (1,88,544)

NATIONAL PLYWOOD INDUSTRIES LIMITED

	Unit	Quantity	Value
ii) Laminate			
Paper	M. Ton	6.081 (2,928)	20,17,259 (53,14,205)
Chemical	M. Ton	0.141 (0.143)	13,553 (34,448)
<hr/>			
d) Consumption of Raw Materials, store & spare and components :		Value (Rs.)	Percentage of total consumption
		<hr/>	<hr/>
i) Imported			
Raw Materials		— (—)	— (—)
Stores & Spares		— (—)	— (—)
ii) Indigenous			
Raw Materials		22,79,875 (71,48,990)	100 (100)
Stores & Spares		69,357 (20,77,242)	100 (100)
e) Value of Imports on CIF Basis :			
Raw Materials & Trading Goods		— (3,42,298)	
Stores & Spares		— (—)	
Capital Goods		— (—)	
f) Expenditure in Foreign Currency :			
Travelling Expenses		— (42,100)	
g) Earning in Foreign Exchange:			
Export of goods calculated on FOB basis		— (—)	

Signatories to Schedule 'A' to 'P'

For **JHUNJHUNWALA & COMPANY**
Chartered Accountants
R. K. JHUNJHUNWALA
Proprietor
Membership No. 6604
Kolkata
Dated 27th October, 2006

M. L. PERIWAL
Chairman
P. PERIWAL
Vice-Chairman

NATIONAL PLYWOOD INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year (Amount in Rs. thousands)

Public Issue Right Issue
 Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities Total Assets
Source of Funds
 Paid up Capital Reserve & Surplus
 Secured Loans Unsecured Loans
Application of Funds
 Net Fixed Assets Investment
 Net Current Assets Misc. Expenditure
 Accumulated Losses

IV. Performance of the Company (Amount in Rs. thousands)

Turnover Total Expenditure
 Loss before Tax Tax
 Earning per Share Dividend rate %
 *Including Other Income

V. Generic Names of Three Principal Products of Company

Item Code No. Product Description
 (ITC Code)
 Item Code No. Product Description
 (ITC Code)

Signatories to Schedule 'A' to 'Q'

For **JHUNJHUNWALA & COMPANY**
 Chartered Accountants
R. K. JHUNJHUNWALA
 Proprietor
 Membership No. 6604
 Kolkata

M. L. PERIWAL
 Chairman
P. PERIWAL
 Vice-Chairman

Dated 27th October, 2006

NATIONAL PLYWOOD INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	For the year ended 31.03.2006	For the year ended 31.03.2005
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax	(2,04,70,031)	(1,74,61,422)
Adjustments for :		
Depreciation	85,47,098	1,92,87,116
Loss/(Profit) on Sale of Fixed Assets	—	(72,12,781)
Interest (Net)	—	(15,10,067)
Interest written back for earlier year	—	—
Operating Profit before Working Capital changes	(1,19,22,933)	(68,97,154)
Adjustments for :		
Trade and other Receivables	42,43,138	2,03,88,023
Inventories	9,83,407	1,08,43,687
Trade payables	8,63,992	(1,08,10,503)
Term Loan	—	—
Working Capital Loan from bank	(2,50,00,000)	(8,57,04,247)
OTS Settlement	—	3,07,55,905
Preliminary Expenses	—	—
Cash generated from operations	(3,08,32,396)	(4,14,24,289)
Income Tax refund	—	—
Income Tax paid	—	—
Wealth Tax paid	—	—
Net Cash Flow from Operating Activities	(3,08,32,396)	(4,14,24,289)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Income	—	—
Purchase of Fixed Assets	(73,150)	(63,440)
Sale of Fixed Assets	—	3,73,82,000
Sale of Share	—	—
Net Cash Flow in Investing Activities	(73,150)	3,73,18,560
C. CASH FLOW FROM FINANCING ACTIVITIES		
Grant Received		
Proceeds from Long Term Borrowings	3,10,33,558	16,93,383
Decrease/Increase in Financial Lease Liability	(1,52,480)	(72,449)
Interest paid	—	15,10,067
Net Cash Flow from Financing Activities	3,08,81,078	31,31,001
Net Increase/(Decrease)in Cash & Cash equivalents	(24,468)	(9,74,728)
Cash and Cash equivalents as on 01.04.2005	18,58,290	28,33,018
Cash and Cash equivalents as on 31.03.2006	18,33,822	18,58,290

Kolkata
Dated 27th October, 2006

M. L. PERIWAL
Chairman

P. PERIWAL
Vice Chairman

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of NATIONAL PLYWOOD INDUSTRIES LIMITED for the year ended 31st March, 2006. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of listing agreements with Stock Exchanges and is based on and in agreement with the books and records of the Company and also the Profit and Loss Account and Balance Sheet covered by our report of even date to the members of the Company.

For **JHUNJHUNWALA & COMPANY**
Chartered Accountants
R. K. JHUNJHUNWALA
Proprietor
Membership No. 6604

Kolkata
Dated 27th October, 2006

NATIONAL PLYWOOD INDUSTRIES LIMITED

National Addresses

Head Office

5, Fancy Lane, **Calcutta** 700 001, Phones : 2248 0116/7, Fax : 2248 1246

Registered Office :

Makum Road, **Tinsukia** 786 125

Branches & Offices

Amritsar • Bangalore • Bhubaneswar • Cochin • Kanpur • Mumbai • New Delhi.