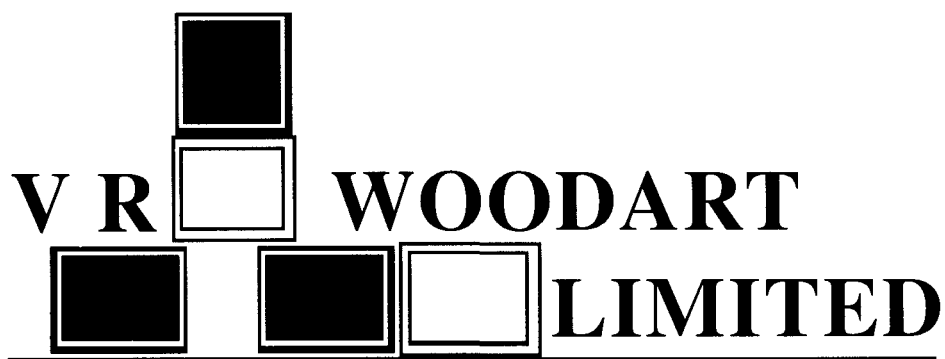


**17th Annual Report  
31st December, 2006**



**V R WOODART LIMITED**

# V R WOODART LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2006

## SHAREHOLDER INFORMATION

1. Date and Time of Annual General Meeting : Saturday, 31st March, 2007 at 11.00 a.m.
2. Venue : Sunville Banquet & Conference Rooms,  
9, Dr. Annie Basant Road,  
Worli,  
Mumbai-400 018.
3. Book Closure : Friday 23rd March, 2007 till Saturday 31st March,  
2007 (Both days Inclusive)
4. Investors' Complaints may be addressed to : The Secretarial Department  
V R Woodart Limited  
1-2, Shiv Smriti Chambers,  
49-A, Dr. Annie Besant Road,  
Worli , Mumbai – 400 018.  
Phone : 022 6660 4600

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**BOARD OF DIRECTORS**

**Mr. Ajay Anand**  
*Director*

**Mr. G.G. Prabhu**  
*Director*

**Mr. Sanjay Anand**  
*Director*

**Auditors**

M/s. Majibail & Co.  
Chartered Accountants  
Mumbai.

**Registered Office**

1-2, Shiv Smriti Chambers,  
49-A, Dr. Annie Besant Road, Worli  
Mumbai 400 018.

**Bankers**

Canara Bank

**Registrars And Share Transfer Agents**

Sharex Dynamic (I) Private Limited  
Unit-1, Luthra Industrial Premises,  
Andheri-Kurla Road, Safed Pool,  
Andheri(E), Mumbai – 400 072

**Factory**

- > Plot No.42  
Cochin Special Economic Zone  
Kakkanad, Cochin – 682030
- > Survey No. 242, Eloor Village,  
Ernakulam – Kerala
- > Plot No. A/1,  
SIPCOT Industrial Growth Centre,  
Perundurai, Dist. Erode,  
Tamilnadu.

**NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of **V R WOODART LIMITED** will be held on Saturday, 31st March 2007 at Sunville Banquet & Conference Rooms, 9, Dr. Annie Basant Road, Worli, Mumbai-400 018. at 11.00 A.M. to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2006 and the Profit & Loss account for the year ended 31st December, 2006 together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay Anand, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**Special Business:**

4. To consider and if thought fit to pass with or without modification the following Resolution as Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Companies Act, 1956, Section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 and other applicable provisions, if any, the consent of the members be and is hereby accorded for making an application to the Board for Industrial and Financial Reconstruction for seeking appropriate relief/ scheme of rehabilitation under the provisions of the Sick Industrial Companies (Special Provisions ) Act, 1985. "

**"FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to make such application and to do all such acts, deeds and things as deemed necessary to give effect to the forgoing resolution."

By Order of the Board of Directors  
For **V R WOODART LIMITED**

Place: Mumbai

Date: March 5, 2007

**G.G. PRABHU**  
*Director*

**Notes :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business as Item No. 4 proposed to be transacted at the meeting annexed hereto
3. The instrument appointing a Proxy, in order to be effective, should be deposited with the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and the Share Transfer Registers of the Company shall remain closed from Friday, 23rd March, 2007 till Saturday, 31st March, 2007 (both days inclusive).

5. Members are requested to intimate any change in their address to the Registrars and Share Transfer Agents, Sharex Dynamic (India) Private Limited, Unit-1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (E), Mumbai-400 072.
6. Documents referred to in any of the items in the Notice are available for inspection at the Registered Office of the Company on any working day during Business Hours of the Company between 11.00 a.m. and 1.00 p.m.
7. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the meeting so that the answers may be made available at the meeting.
8. Members are requested to bring their copy of this Annual Report to the Meeting.
9. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
10. Brief resume of Mr. Sanjay Anand, Director retiring by rotation, is given under the Corporate Governance Report.

By Order of the Board of Directors  
For V R WOODART LIMITED

Place: Mumbai

Date: March 5, 2007

**G.G. PRABHU**  
Director

**Registered Office :**

1-2, Shiv Smriti Chambers,  
49-A, Dr. Annie Besant Road,  
Worli Mumbai – 400 018.

**EXPLANATORY STATEMENT**

(Pursuant to Section 173 of the Companies Act, 1956)

According to the Audited Annual Accounts the accumulated losses have exceeded the net worth of the Company and the Company is obligated to make an application to the Board for Industrial and Financial Reconstruction under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and accordingly Board of Directors of the Company at their meeting held on 5th March 2007 has formed an opinion that the Company has become a Sick Industrial Company as per the provisions of the Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 and necessary applications shall be made to the Board for Industrial and Financial Reconstruction seeking for an appropriate relief package. The resolution in the Item No. 4 of the Notice is commended for your acceptance.

None of the Directors are interested in the above said resolution

By Order of the Board of Directors  
For V R WOODART LIMITED

Place: Mumbai

Date: March 5, 2007

**G.G. PRABHU**  
Director

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 17th Annual Report of your Company and the Audited Accounts for the year ended 31st December, 2006.

**FINANCIAL RESULTS**

(Rupees in Lakhs)

Particulars	For the year ended 31.12.2006	For the year ended 31.12.2005
Sales & Other Income	234.15	532.58
Loss before taxation	214.55	201.46
Less: Prior Period Charges	-	-
Loss for the year carried to Balance Sheet	215.56	201.46

**DIVIDEND**

Due to financial constraints, your Directors do not recommend any dividend on Equity Shares for the year under review.

**PUBLIC DEPOSITS**

The Company has not accepted any deposits from the Public.

**DIRECTORS**

Mr. Sanjay Anand retires by rotation at the forthcoming Annual General Meeting of the Company, and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

**INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY**

The Company has adequate and efficient internal control procedures commensurate with the size and nature of the business and an effective system of accounting to guarantee optimal use of its resources and protection thereof. The internal control system comprises of those controls established in order to provide reasonable assurance of safeguarding assets against unauthorized use or disruption and maintenance of proper accounting records and the reliability of financial information used within the business.

**PARTICULARS OF EMPLOYEES**

There are no employees drawing salary as required to be mentioned under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure to this Report.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 that period;
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The directors had prepared the annual accounts on "going concern basis".

## **CORPORATE GOVERNANCE**

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed thereto.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Board of Directors in its meeting held on 5th March 2007 resolved to refer the Company to Board for Industrial and Financial Reconstruction subject to approval by Members of the Company. Necessary application will be made pursuant to the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 after passing of resolution at the ensuing 17th Annual General Meeting.

The Board is simultaneously taking all the steps for revocation of suspension of trading in securities of the Company and necessary documents and information for the same are being filed with the Bombay Stock Exchange.

## **AUDITORS**

M/s. Majibail & Co., Chartered Accountants, being eligible offer themselves for re-appointment. If re-appointed, it will be within the prescribed limits specified in Section 224 (1B) of the Companies Act, 1956. Members are requested to appoint the auditors and to fix their remuneration.

## **EMPLOYEES/INDUSTRIAL RELATIONS**

Your Directors would like to record their sincere appreciation of the efforts put in by employees across all levels in the organisation. It has continued with its collaborative approach to manage industrial relations, which has ensured a cordial and harmonious working environment at the factory.

## **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the co-operation extended by all the employees, Bankers, Financial Institutions, various State and Central Government authorities.

By Order of the Board of Directors  
For V R WOODART LIMITED

Place: Mumbai

Date: March 5, 2007

**G.G. PRABHU**  
Director

**Annexure to Directors' Report**

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 forming part of the Report of the Directors.

**1. RESEARCH & DEVELOPMENT**

- (i) Specific area in which R & D is carried by the Company:
  - \* Introduction of New Products and Improving the Processes of the existing products
  - \* Making new Designs acceptable to international customers.
- (ii) Benefits derived as a result of R & D activities:
  - \* Product Range Extension
  - \* Improvement of Quality and Yield
  - \* Cost reduction leading to competitiveness.
  - \* Development of Various Designs as well as new products, with high standard in international Market.
  - \* Reduction in Cost and time cycle, better effluent management and utilising only indigenous products for offering finished products in export market.
- (iii) Future Plan of Action:
  - \* Development of Products for indigenous market.
  - \* Substitute Development of new designs for Export of high value products, which are currently imported.
  - \* Expanding the market by going in for diversification in the product range.
  - \* Developing new products range to have edge over others with high standard of quality and unique design to compete with other indigenous manufactures to improve the export turnover base.

**2. CONSERVATION OF ENERGY**

The Particulars with respect to Conservation of Energy etc. pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, under Section 217 (1) (e) of the Companies Act, 1956 are set out hereunder:

(A) POWER AND FUEL CONSUMPTION	For the year 2006	For the year 2005
(i) Electricity :		
(a) Purchased:		
Units (Lakhs)	0.17	2.48
Total Cost (Rs. in Lakhs)	4.78	15.47
Rate per Unit (Rs.)	28.75	6.24
(b) Own Generation (Thru DG Set)		
Litres (Lakhs)	Nil	Nil
Total Cost (Rs. In Lakhs)	Nil	Nil
Rate per Litre (Rs.)	Nil	Nil
(B) FOREIGN EXCHANGE EARNINGS AND OUTGO		(Rs. in Lakhs)
	2006	2005
Total Foreign Exchange Earned	9.85	293.63
Total Foreign Exchange Used	Nil	116.37

By Order of the Board of Directors  
For V R WOODART LIMITED

Place: Mumbai  
Date: March 5, 2007

**G.G. PRABHU**  
Director



**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

The Company has complied in all material respects with the features of Corporate Governance code as per Clause 49 of Listing Agreement with the Stock Exchange.

**1. Company's Philosophy on Code of Governance:**

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization. Good Corporate Governance leads to long-term shareholder value and enhance interest of other stakeholders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

**2. Board of Directors:**

All the three Directors on the Board are Non-Executive and Independent.

None of the Directors hold directorships in more than the permissible number of companies under the relevant provisions. Further, none of the directors on the Board is a member of more than ten Committees or Chairman of more than five Committees.

During the financial year under review, Ten Board Meetings were held on the following dates:

9th January, 2006 31st January, 2006, 29th May, 2006, 30th April, 2006, 25th July, 2006, 31st July, 2006, 29th August, 2006, 13th October, 2006, 31st October, 2006 and 05th March, 2007.

The name of the Directors and the category to which they belong to, along with their attendance at Board Meetings during the year under review and at the last annual general meeting, and the number of directorships and committee memberships held by them in other companies are given below:

Name	Category	Attendance Particulars		No. of Directorships and Committee Member/Chairmanship		
		Board Meetings	last AGM held on 27.09.06	Director	Chairman	Member
Mr. Ajay Anand	Non Executive Independent	10	NO	2	—	2
Mr. Sanjay Anand	Non Executive Independent	10	NO	1	—	1
Mr. G G Prabhu	Non Executive Independent	10	YES	1	2	—

**Details of Director being appointed/reappointed:**

Name of the Director: Mr. Sanjay Anand

Re-appointment

Name of other Companies in which Directorship held:

1. Faze Three Limited

**Brief Resume and Nature of Expertise:**

Mr. Sanjay Anand is the Director of Faze Three Limited having vast experience in marketing of Home Furnishing Products. His re-appointment will be of immense benefit to the Company.

**3. Audit Committee :**

The Company has constituted an Audit Committee of the Company. All the Members of the Committee are Non-Executive and Independent.

<b>Name of the Member</b>	<b>Status</b>	<b>No. of MeetingsHeld</b>	<b>No. of Meetings Attended</b>
Mr. G.G. Prabhu	Chairman	4	4
Mr. Ajay Anand	Member	4	4
Mr. Sanjay Anand	Member	4	4

**Terms of Reference:**

- \* Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- \* Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- \* Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions, i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.
- \* Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- \* Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- \* Discussion with internal auditors and significant findings and follow up thereon.
- \* Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- \* Discussion with external auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- \* Reviewing the company's financial and risk management policies.
- \* To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.

**4. Shareholders'/Investors' Grievance Committee:**

The Shareholders'/Investors' Grievance Committee of the Company is chaired by Mr. G.G. Prabhu a Non-Executive Independent Director. Mr. Ajay Anand and Mr. Sanjay Anand are the other members of the committee.

The Company has not received any serious complaints. However few routine complaints received in connection with non-receipt of Shares have been attended to promptly and no complaint as such is pending with the company.

**5. Remuneration Committee:**

The Company has not constituted a separate committee to determine the terms of reference and remuneration package for its managerial personnel.

No Sitting fee is paid to the Non-Executive Directors of the Company.

**6. General Body Meetings :**

Year	Location	Date	Time
2002-2003	Cultural Centre of Russia, 31-A, Dr. G. Deshmukh Marg Peddar Road, Mumbai-400 026	31st March, 2004	3.30 p.m.
2003-2004	Cultural Centre of Russia 31-A, Dr. G. Deshmukh Marg Peddar Road, Mumbai-400 026	27th September 2005	12.00 p.m.
2005	Cultural Centre of Russia 31-A, Dr. G. Deshmukh Marg Peddar Road, Mumbai-400 026	27th September 2006	10.00 a.m.

During the period under review, there have been no resolutions requiring approval of shareholders, to be passed under Postal Ballot as required under Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot ) Rules 2001 made thereunder.

**7. Disclosures:**

There are no materially significant transactions made by the company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large.

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance on any matter related to the capital markets.

The information required under the Management Discussion and Analysis Report has been covered in the Directors' Report.

**8. General shareholder information:**

AGM date, time and venue: Sunville Banquet & Conference Rooms, 9, Dr. Annie Basant Road, Worli, Mumbai-400 018.

Financial Calendar for 2007 (tentative)

First quarter results	last week of April 2007
Second quarter results	last week of July 2007
Third quarter results	last week of October 2007
Results for the year ending December 2007	end of March, 2008

Date of Book closure	Friday, 23rd March 2007 till Saturday, 31st March 2007 (Both days inclusive)
Listing on Stock Exchanges	The Stock Exchange, Mumbai Cochin Stock Exchange Limited
Stock Code	523888 on The Stock Exchange, Mumbai
Demat ISIN no. for CDSL	INE317D01014
Share Transfer System	All the transfers received are processed by the Registrar & Transfer Agents and those received in Physical Form are processed at the Registered Office of the Company and are then approved by the Share Transfer Committee, which meets once in a fortnight. Every effort is made to clear Share Transfer/transmission requests within 10 days.
Plant location	Plot No.42 Cochin Special Economic Zone Kakkanad, Cochin – 682030 Survey No. 242, Eloor Village, Ernakulam – Kerala  Plot No. A/1, SIPCOT Industrial Growth Centre, Perundurai, Dist. Erode, Tamilnadu
Address for correspondence:	The Secretarial Department V R Woodart Limited 1-2, Shiv Smriti Chambers, 49-A, Dr. Annie Besant Road, Worli, Mumbai – 400 018. Phone : 022 6660 4600

**Stock Market Data (BSE) :**

No trading of Securities have taken place from January 2006 to December 2006.

**Distribution of Shareholding as on December 31, 2006**

Sr. No.	No. of equity shares held			Shareholder(s)		Shareholding(s)	
	From	To	Nos	%	No of shares	%	No of shares
1	Less than 100			8066	79.60	806590	10.43
2	101	-	200	752	7.42	149455	1.93
3	201	-	500	740	7.30	301575	3.90
4	501	-	1000	313	3.09	273850	3.54
5	1001	-	5000	204	2.01	459800	5.95
6	5001	-	10000	25	0.25	188990	2.44
7	10001	-	100000	25	0.25	633400	8.19
8	100001 and above			8	0.08	4919146	63.61
<b>Total</b>				<b>10133</b>	<b>100</b>	<b>7732806</b>	<b>100.00</b>

Shareholding Pattern as on December 31, 2006

Category	No. of Shares	Percentage of shareholding
A. Promoters holding		
1. Promoters*		
— Indian Promoters	4435846	58.10
— Foreign Promoters	—	—
Sub Total	4435846	58.10
B. Non-Promoters Holding		
2. Institutional Investors		
a. Mutual Funds and UTI	—	—
b. Banks, Financial Institutions, Insurance Companies (Central/State Gov. Institutions/ Non-Government Institutions)	362200	4.68
c. FII's	—	—
Sub-Total	362200	4.68
3. Others		
a. Private Corporate Bodies	334000	4.32
b. Indian Public	2544060	33.899
c. NRI's/OCB's	0	0
d. Any other (please specify)	—	—
Sub-Total	2878060	37.22
GRAND-TOTAL	7732806	100.00

By Order of the Board of Directors  
For V R WOODART LIMITED

Place: Mumbai

Date: March 5 2007

G.G. PRABHU  
Director

**AUDITOR'S REPORT ON CORPORATE GOVERNANCE  
TO THE MEMBERS OF V R WOODART LIMITED**

We have examined the compliance of conditions of corporate governance by V R Woodart Limited as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement and that no investor grievance(s) is/ are pending for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

**MAJIBAIL & CO.**

*Chartered Accountants*

Place : Mumbai

Date : 5th March 2007

**M V Rao**

*Proprietor*

M No 7082

## AUDITOR'S REPORT

To,  
The Members  
**V. R. Woodart Ltd**  
Mumbai

We have audited the attached Balance Sheet of V. R. Woodart Ltd, as at 31st December 2006 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. 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 account as required by law have been kept by the company so far as appears from our examination of such books, and proper returns adequate for the purposes of our audit have been received from the branch.
  - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account, and with the audited returns from the branch.
  - d. In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the Directors, as on 31st December 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account read together with the Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2006 and
    - ii. In the case of Profit and Loss Account, of the Loss for the year ended on that date.
    - iii. In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

**MAJIBAIL & CO.**  
CHARTERED ACCOUNTANTS

**M. V. Rao**  
Proprietor  
M.No. 7082

Place: Mumbai  
Date: March 5 2007

**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 1 of our report of even date

- i. In respect of Fixed Assets
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets except for assets under 'Other Assets' amounting to Rs.13,15,432/- as at 30.06.2000, where details of individual assets were not available during the year.
  - (b) The Fixed Assets have been physically verified by the Management at the close of the year as confirmed by the management. As explained to us, no material discrepancies have come to the notice on such physical verification.
  - (c) In our opinion, the Company has not disposed of substantial part of fixed assets during the period and the going concern status of the Company is not affected.
- ii. In respect of Inventories
  - (a) As informed to us, physical verification of Inventory has been conducted during the period by the Management. In our opinion, the frequency and verification is reasonable
  - (b) Based on the explanations given to us, in our opinion, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion, the Company is maintaining proper records of inventories and as explained to us, the discrepancies noticed on verification between the physical records and book records were not material and have been properly dealt with the books of account.
- iii. In respect of loans, Secured or Unsecured, granted or taken by the Company to / from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956:
  - (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has taken unsecured loan amounting to Rs.45 lakhs from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. The Company has not granted loan to any Companies, firms or other parties listed in the Register maintained under Sec 301 of the Companies Act, 1956.
  - (b) As per the information and explanations given to us, rate of interest and the terms and conditions of the said loans taken, are not prima facie prejudicial to the interest of the Company.
  - (c) As explained to us no amount of principal and interest has become due during the year.
  - (d) In view of our comment in (c) above, Para 4(iii)(d) of the Order is not applicable to the Company for the year.
- iv. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct weaknesses in internal controls.
- v. In respect of transactions covered under Section 301 of the Companies Act, 1956
  - (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the Register maintained under section 301 of the Act have been so entered.
  - (b) As per the information and explanations given to us, there are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the companies Act 1956 aggregating during the year to Rs.5.00 lakhs or more in respect of each party.
- vi. The Company has not accepted any deposits from the public within the meaning of Sec 58A and 58AA of the Act and the Rules framed there under.
- vii. In our opinion, the Company has an Internal Audit System, which is commensurate with the size and nature of its business.



viii. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.

ix. In respect of Statutory dues

- (a) The company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income- Tax, Sales-Tax, Wealth- tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st December 2006 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the details of dues of income-tax which have not been deposited on account of dispute are given below:-

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where pending
Income tax laws	TDS including interest	12,18,626.00	1993-1994 to 1996-1997	Income Tax Officer (TDS), Range 3, Kochi

- x. The accumulated losses of the Company as at 31st December 2006 is **Rs 17,82,21,382/-**, which is more than 50% of its net worth. The Company has incurred cash losses during the financial period ended on that date of **Rs 1,54,80,610/-** and **Rs. 1,36,17,275/-** in the immediately preceding financial year.
- xi. Based on our audit procedures and according to the information and explanations given to us we are of the opinion that the Company has not defaulted in repayment of dues to the financial institutions, or banks. The Company does not have debenture loan.
- xii. In our opinion and according to the information and explanation given to us no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore Para 4 (xiii) is not applicable to the Company.
- xiv. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments and hence, the requirements of para 4(xiv) of the Order are not applicable to the Company.
- xv. The Company has not given any guarantee for loan taken by others from banks or financial institutions.
- xvi. The Company has not raised any term loans during the year.
- xvii. On the basis of our examination of Cash Flow Statement, we report that Company has utilized short term fund to the extent of Rs.NIL to repay long term liabilities.
- xviii. The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures during the year and therefore para 4(xix) of the Order is not applicable to the Company.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

**MAJIBAIL & CO.**  
**CHARTERED ACCOUNTANTS**

**M. V. Rao**  
*Proprietor*  
**M.No. 7082**

Place : Mumbai  
 Date : March 5 2007

**BALANCE SHEET AS AT 31ST DECEMBER 2006**

	Schedule	As at 31.12.2006	As at 31.12.2005
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS FUNDS</b>			
a) Share Capital	I	<b>134,819,472</b>	134,819,472
b) Reserves and Surplus	II	<b>12,552,400</b>	12,552,400
<b>2. LOAN FUNDS</b>			
a) Secured Loans	III	<b>18,278,777</b>	17,607,877
b) Unsecured Loans	IV	<b>59,359,103</b>	54,859,103
<b>TOTAL</b>		<b>225,009,752</b>	219,838,853
<b>II APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
	V		
a) Gross Block		<b>145,466,274</b>	144,084,119
b) Less : Provision for Depreciation		<b>48,459,402</b>	42,488,845
c) Net Block		<b>97,006,872</b>	101,595,274
d) Capital Work in Progress		<b>2,830,546</b>	2,720,701
<b>2. CURRENT ASSETS LOANS AND ADVANCES</b>			
	VI	<b>19,556,205</b>	32,345,967
LESS : CURRENT LIABILITIES AND PROVISIONS	VII	<b>72,605,254</b>	73,488,635
<b>NET CURRENT ASSETS</b>		<b>(53,049,049)</b>	(41,142,668)
3. Profit and Loss Account	VIII	<b>178,221,382</b>	156,665,548
<b>TOTAL</b>		<b>225,009,752</b>	219,838,853
<b>SIGNIFICANT ACCOUNTNG POLICIES</b>	XVII		
<b>NOTES FORMING PART OF ACCOUNTS</b>	XVIII		

As per our report of even date attached

For **MAJIBAIL & CO.**  
Chartered Accountants

For V R WOODART LIMITED.

**M. V. Rao**  
Partner  
M.No.7082

**AJAY ANAND**  
DIRECTOR

**G.G. PRABHU**  
DIRECTOR

Place : Mumbai  
Dated : 5th March, 2007

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Schedule	For the Period Ended 31.12.2006	For the Year Ended 31.12.2005
<b>INCOME</b>			
a) Sales	IX	23,382,999	52,520,063
b) Other Income	X	31,871	738,340
c) Increase / (Decrease) in stock	XI	(8,669,477)	(2,123,956)
<b>TOTAL</b>		<b>14,745,393</b>	<b>51,134,446</b>
<b>EXPENDITURE</b>			
a) Materials Cost	XII	18,760,898	22,602,018
b) Employees Cost	XIII	1,025,916	8,039,630
c) Operating expenses	XIV	1,273,851	16,787,737
d) Admn. & Selling expenses	XV	3,985,657	12,442,118
Sub-Total		<b>25,046,322</b>	<b>59,871,504</b>
<b>EBIDTA</b>		<b>(10,300,929)</b>	<b>(8,737,058)</b>
e) Interest	XVI	5,078,814	4,880,218
f) Depreciation	V	6,075,225	6,528,854
<b>PROFIT/ (LOSS) BEFORE TAX</b>		<b>(21,454,968)</b>	<b>(20,146,129)</b>
Less : Fringe Benefit Tax		100,866	-
Less : Prior Period Expenses		-	-
<b>LOSS FOR THE PERIOD CARRIED TO BALANCE SHEET</b>		<b>(21,555,835)</b>	<b>(20,146,129)</b>
<b>SIGNIFICANT ACCOUNTNG POLICIES</b>	XVII		
<b>NOTES FORMING PART OF ACCOUNTS</b>	XVIII		

As per our report of even date attached

For **MAJIBAIL & CO.**  
Chartered Accountants

For V R WOODART LIMITED.

**M. V. Rao**  
Partner  
M.No.7082

**AJAY ANAND**  
DIRECTOR

**G.G. PRABHU**  
DIRECTOR

Place : Mumbai  
Dated :5th March, 2007

**CASH FLOW STATEMENT AS AT 31st DECEMBER 2006**

	Rs. In lakhs Year Ended 31st December 2006	Rs. In lakhs Period Ended 31st December 2005
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/ (Loss) extra ordinary items	(215.56)	(201.46)
Adjustments for :		
Depreciation	59.71	65.29
Interest	-	46.58
Product Development Expenses W/off	-	-
Profit on sale of asset	-	(8.74)
Loss on sale of asset	-	-
Interest Received	-	(0.56)
<b>Operating profit / loss before working capital changes</b>	<b>(155.85)</b>	<b>(98.90)</b>
Adjustments for :		
Trade and other Receivables	27.96	141.00
Inventories	96.63	16.92
Trade Payables	(8.83)	149.61
<b>Cash generated from operations</b>	<b>(40.09)</b>	<b>208.63</b>
Income Tax Paid	-	-
<b>Net cash from operating activities</b>	<b>(40.09)</b>	<b>208.63</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and capital work in progress	(16.10)	(3.08)
Sale of fixed assets	1.18	21.76
Interest Received	-	0.56
<b>Net Cash used in Investing Activities</b>	<b>(14.92)</b>	<b>19.24</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Miscellaneous expenditure to the extent not written /off adjusted	-	-
Proceeds from Long Term Borrowings	-	-
Increase in Secured Loan	6.71	-
Increase in Unsecured Loan	45.00	-
Repayment of long term borrowings	-	(314.97)
Proceeds from short Term Borrowings	-	100.63
Interest Paid	-	(46.58)
<b>Net cash from Financing activities</b>	<b>51.71</b>	<b>(260.92)</b>
Cash and Cash Equivalent at the beginning of the Period	18.19	51.24
<b>Net Increase in cash and Cash Equivalents</b>	<b>(3.31)</b>	<b>(33.05)</b>
<b>Cash and Cash Equivalent at the End of the Period</b>	<b>14.88</b>	<b>18.19</b>

As per our report of even date attached

For **MAJIBAIL & CO.**  
Chartered Accountants

For V R WOODART LIMITED.

**M. V. Rao**  
Partner  
M.No.7082

**AJAY ANAND**  
DIRECTOR

**G.G. PRABHU**  
DIRECTOR

Place : Mumbai  
Dated :5th March, 2007

SCHEDULES TO BALANCE SHEET AS AT 31ST DECEMBER 2006

	As at 31.12.2006	As at 31.12.2005
<b>SCHEDULE I</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
7750000(7750000) Equity Shares of Rs. 10 each	77,500,000	77,500,000
600000 ( 600000 ) Preference Shares of Rs.100 each	60,000,000	60,000,000
	<u>137,500,000</u>	<u>137,500,000</u>
<b>Subscribed, issued and Paid up</b>		
7732806 ( 7732806 ) Equity Shares of Rs. 10/- each	77,328,060	77,328,060
Less : Allotment money and Calls unpaid :		
From Directors :Rs. Nil ( Rs.Nil)		
From Others : Rs.8588 (Rs. 8588)	8,588	8,588
575000 (575000) 5% Redeemable Preference Shares of Rs.100/- each. Terms of Redemption at the discretion of the Board	57,500,000	57,500,000
	<u>134,819,472</u>	<u>134,819,472</u>
<b>SCHEDULE II</b>		
<b>RESERVES AND SURPLUS</b>		
Share Premium Account	11,052,400	11,052,400
State Investment Subsidy	1,500,000	1,500,000
	<u>12,552,400</u>	<u>12,552,400</u>
<b>SCHEDULE III</b>		
<b>SECURED LOANS</b>		
From Banks		
a) ICICI Bank Ltd. - Rupee Term Loan ( Secured by mortgage and charge on immovable properties both present and future at Cochin and by way of hypothecation of movable properties including book debts and inventories both present and future at Cochin)	15,000,000	17,500,000
b) Interest Accrued & due - ICICI	3,177,476	-
c) Interest Accrued but not due - ICICI	101,301	107,877
d) Foreign currency Packing credit	-	-
e) Packing Credit from ICICI (secured against hypothecation of movable properties including book debts and inventories both present and future at Cochin)	-	-
	<u>18,278,777</u>	<u>17,607,877</u>
<b>SCHEDULE IV</b>		
<b>UNSECURED LOANS</b>		
Interest Free Short - Term Loans and Advances		
From Companies / Firms / others	41,950,603	41,950,603
From Directors	17,408,500	12,908,500
	<u>59,359,103</u>	<u>54,859,103</u>

**SCHEDULE V**  
**SCHEDULE OF FIXED ASSETS**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.01.2006	Additions during the Period	Sales / Transfers	As at 31.12.2006	Upto 01.01.2006	For the Year	Deletions	Upto 31.12.2006	As at 31.12.2006	As At 01.01.2006
Land - Lease hold	2,104,200	-	-	2,104,200	-	-	-	-	2,104,200	2,104,200
Land - Free hold	2,681,028	-	-	2,681,028	-	-	-	-	2,681,028	2,681,028
Factory Building	37,726,427	1,500,000	-	39,226,427	5,044,973	1,295,888	-	6,340,861	32,885,566	32,681,454
Plant and Machinery	87,638,110	-	-	87,638,110	32,110,568	4,162,810	-	36,273,378	51,364,732	55,527,542
Electrical Installation	9,383,809	-	-	9,383,809	2,327,802	445,731	-	2,773,533	6,610,276	7,056,007
Vehicles	547,767	-	117,845	429,922	313,219	60,724	104,671	269,273	160,649	234,548
Furniture and Fixtures	1,620,130	-	-	1,620,130	351,172	102,554	-	453,726	1,166,403	1,268,958
Other Assets	2,382,648	-	-	2,382,648	2,341,114	7,518	-	2,348,632	34,016	41,534
<b>Total</b>	<b>144,084,119</b>	<b>1,500,000</b>	<b>117,845</b>	<b>145,466,274</b>	<b>42,488,848</b>	<b>6,075,225</b>	<b>104,671</b>	<b>48,459,402</b>	<b>97,006,872</b>	<b>101,595,272</b>
Previous Year	145,442,759	236,360	1,595,000	144,084,119	36,253,967	6,528,854	293,976	42,488,845	101,595,273	109,189,173
CAPITAL WORK IN PROGRESS (INCLUDES ADVANCES TO SUPPLIERS / CONTRACTORS Rs. NIL - PREVIOUS YEAR Rs. NIL)									2,720,701	2,830,546
									<b>99,727,573</b>	<b>104,425,818</b>

	As at 31.12.2006	As at 31.12.2005
<b>SCHEDULE VI</b>		
<b>CURRENT ASSETS LOANS AND ADVANCES:</b>		
<b>STOCK IN TRADE</b>		
[At cost/ estimated cost or at lower of cost or net realisable value ( as certified by a Director) as the case may be]		
Stores and Spares	2,413,656	2,812,737
Raw Materials	5,332,204	6,012,657
Packing Materials	215,693	129,833
Finished goods	5,852,536	6,122,013
Work in Progress	2,425,435	10,825,435
	<u>16,239,524</u>	<u>25,902,676</u>
<b>SUNDRY DEBTORS</b>		
(Unsecured considered Good)		
Over six months	101,381	101,381
Others	154,151	2,428,150
Bad and doubtful Debts	11,660	11,660
	<u>267,192</u>	<u>2,541,191</u>
Less : Provision for doubtful debts	11,660	11,660
	<u>255,532</u>	<u>2,529,531</u>
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	69,046	62,860
Balance with scheduled bank		
On Current Bank	724,362	1,061,110
On Deposit account	694,769	694,769
	<u>1,488,177</u>	<u>1,818,739</u>
<b>LOANS AND ADVANCES</b>		
Advances Recoverable in Cash or in kind or for value to be received - Unsecured and Considered good		
Loans and Advances	569,739	1,016,330
Deposits	822,609	898,613
Tax Deducted at Source	180,624	180,077
	<u>1,572,972</u>	<u>2,095,020</u>
<b>Total Current Assets</b>	<u>19,556,205</u>	<u>32,345,966</u>
<b>SCHEDULE VII</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
A) Current Liabilities		
Sundry Creditors		
- Small Scale Industrial Undertakings	-	-
- Others	5,938,525	8,076,386
B) Other Liabilities		
	66,666,728	65,412,251
	<u>72,605,254</u>	<u>73,488,636</u>
<b>SCHEDULE VIII</b>		
<b>PROFIT AND LOSS ACCOUNT</b>		
Loss as per Balance Sheet	156,665,548	136,519,419
Add : Loss During the Period	21,555,835	20,146,129
Loss Carried to Balance Sheet	<u>178,221,382</u>	<u>156,665,548</u>

	Current Year (in Rs.)	Previous Year (in Rs.)
<b>SCHEDULE IX</b>		
<b>SALES</b>		
Export Sales	984,555	52,385,104
Deemed Export Sales	21,955,099	45,600
Local Sales	443,345	89,358
	<u>23,382,999</u>	<u>52,520,063</u>
<b>SCHEDULE X</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	31,871	738,340
	<u>31,871</u>	<u>738,340</u>
<b>SCHEDULE XI</b>		
<b>INCREASE / (DECREASE ) IN STOCK</b>		
Closing Stock :		
Finished goods	5,852,536	6,122,013
Work in Progress	2,425,435	10,825,435
	<u>8,277,971</u>	<u>16,947,448</u>
Less : Opening stock		
Finished goods	6,122,013	6,403,110
Work in Progress	10,825,435	12,668,295
	<u>16,947,448</u>	<u>19,071,405</u>
	<u>(8,669,477)</u>	<u>(2,123,956)</u>
<b>SCHEDULE XII</b>		
<b>MATERIAL COST</b>		
<b>RAW MATERIALS</b>		
Opening stock	6,012,657	4,932,940
Add : Purchases	-	7,192,706
	<u>6,012,657</u>	<u>12,125,647</u>
Less : closing Stock	5,332,204	6,012,657
	<u>680,453</u>	<u>6,112,989</u>
Material Consumed	680,453	6,112,989
Purchase of Finished Goods	18,080,445	16,489,029
	<u>18,760,898</u>	<u>22,602,018</u>
<b>SCHEDULE XIII</b>		
<b>EMPLOYEES COST</b>		
Salaries and Wages	934,545	7,190,981
Contribution to Provident Fund and ESIC Scheme	55,505	424,781
Staff Welfare	35,866	423,868
	<u>1,025,916</u>	<u>8,039,630</u>



	Current Year (in Rs.)	Previous Year (in Rs.)
<b>SCHEDULE XIV</b>		
<b>OPERATING EXPENSES</b>		
Chemicals and Drying Charges		
Repairs and maintenance		
Plant and Machinery	10,500	136,031
Building	8,848	2,949
Other	161,153	382,929
Power and Fuel	478,386	3,130,440
Other Manufacturing Expenses	285,761	774,062
Stores and Spares Consumed	329,203	12,361,327
	<b>1,273,851</b>	<b>16,787,737</b>
<b>SCHEDULE XV</b>		
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>		
Auditors Remuneration	33,494	67,334
Auditors out of Pocket Expenses	-	13,553
Business Promotion Expenses	2,927	184,364
Commission and Brokerage	200	345,693
Freight and Forwarding charges	821,538	2,063,818
Insurance	543,475	557,090
Legal and Professional Fees	112,607	157,310
Miscellaneous Expenses	734,504	1,796,840
Packing Material Expenses	1,367,307	5,445,067
Product Development Expenses	888	101,608
Rent, Rates and Taxes	335,953	1,519,554
Travelling & Conveyance Expenses	32,763	189,886
	<b>3,985,657</b>	<b>12,442,118</b>
<b>SCHEDULE XVI</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Bank Charges and commission	7,209	278,809
Interest on bank borrowings	5,093,943	4,657,889
Interest - Others	-	-
	<b>5,101,152</b>	<b>4,936,699</b>
Less : Interest Received	22,338	56,481
	<b>5,078,814</b>	<b>4,880,218</b>

**SCHEDULE XVII**

**SIGNIFICANT ACCOUNTING POLICIES:**

**1. BASIS OF ACCOUNTING:**

The financial statements are prepared on accrual basis and in accordance with the requirements of the Companies Act, 1956.

**2. FIXED ASSETS:**

- (a) Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all costs relating to the acquisitions and installations of fixed assets.
- (b) Capital work in progress includes all costs relating to the capital expenditure incurred on the projects.

**3. DEPRECIATION:**

Depreciation is provided under the Straight Line Method on single shift basis at the rates provided by Schedule XIV to the Companies Act, 1956 on Buildings, Plant & Machinery, Electrical Installation, Furniture and Fixtures and on Written Down Value method on Vehicles and the Other Assets at the rates prescribed in Schedule XIV to the Companies Act, 1956.

**4. INVENTORIES:**

- (a) Raw materials are valued at cost.
- (b) Work in progress are valued at cost
- (c) Finished goods are valued at cost or net realisable value whichever is lower. Cost of work in progress and finished products comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and includes production & administrative overheads based on normal level of activity.

**5. FOREIGN CURRENCY TRANSACTION**

Foreign currency transactions are translated into Indian Rupees at actual amounts realised / paid as the case may be. Unrealised Sales Invoices / Debtors are valued at the rate prevailing on the date of Balance Sheet.

**6. SALES:**

Sales are exclusive of duties and sales tax.

**7. RETIREMENT BENEFIT:**

Contribution to the Provident Fund and Family Pension Fund are charged to Profit & Loss Account

**8. CONTINGENT LIABILITIES:**

Liabilities which are of contingent nature are disclosed by way of Notes and such liabilities which are likely to mature are provided for.

**9. DEFERRED TAX**

The Company provides for the deferred tax using liability method based on the tax effect of timing difference resulting from the recognition of terms in the financial statements. Deferred tax assets are recognised only if reasonable possibility of adjustment is there.

**SCHEDULE XVIII**

**NOTES FORMING PART OF ACCOUNTS**

- 1. In the absence of taxable income for the year ended 31. 12. 2006 and in the absence of profit for the period from 01. 01. 2006 to 31. 12. 2006, no provision for tax has been made in the accounts.
- 2. No sitting fees have been paid/provided to the directors for attending the meeting of the Board as per Board Resolution passed on 11.08.1997.
- 3. Sundry Debtors, Loans and Advances, Sundry Creditors and other Liabilities are subject to confirmations.
- 4. As explained to us, no employees' of the company has completed the minimum years of service as per the Payment of Gratuity Act, 1972, and hence no provision for Gratuity has been made in the accounts.
- 5. The Company does not have any scheme for leave encashment.
- 6. Investment allowance Reserve as required by section 32 A of the Income Tax Act, 1961 will be created when there are sufficient profits.

	Current Year	Previous Period
7. Auditor's remuneration		
Statutory Audit Fees	33,494	56,120
Tax Audit Fees	11,214	11,214
Out of Pocket Expenses	Nil	13,553

8. Contingent Liabilities:

a) Bonds executed in favour of Customs authorities as on 31.12.2006	90,50,000	90,50,000
b) Bank guarantee executed in favour of Customs Authorities	13,78,000	13,78,000
c) Bank guarantee executed in favour of Sales Tax Authorities	17,40,158	—
d) Demand from Sales Tax Authority for Asst. dues	34,80,317	—
e) Claims against the company not acknowledged as debts	6,72,451	6,72,451
f) Demand from Income Tax Authorities for TDS including interest for 93-94 to 96- 97 against which a revision Petition has been filed. (Demand Rs.6,87,453 less amount paid Rs.1,06,841) & interest of Rs. 6,38,014/-.	12,18,626	5,80,612

9. Depreciation on the Opening Balance of Rs.13,15,432/- as at 31.06.2000 included in the Block of other Assets has been provided in the books on single shift basis at the general rates prescribed under Schedule XVI of the Companies Act, 1956 as the details of individual assets were not available. However, depreciation on the segregated opening balances of 01.10.2001 have been provided for at the individual rates prescribed under Schedule XIV of the Act.

10 The company is in the business of manufacture of wood products and there is no other business segment.

Sales revenue by geographical market	Current Year in Rs.	Previous period in Rs.
Home Sales (including deemed Export sale)	22,398,444	134,958
Export sale	984,555	52,385,104
	<u>23,382,999</u>	<u>52,520,062</u>

11 RELATED PARTY DISCLOSURE

a) List of Related Parties and Relationship

Name of the party	Relationship
1 Faze Three Ltd	Associate
2 Instyle Investments Pvt. Ltd	-do-
3 Anadry Investments Pvt. Ltd	-do-

b) Key Management Personnel

Mr. Ajay Anand	Director
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c) Related Party Transactions

	(Rs. In Lacs) Current year	(Rs. In Lacs) Previous year
1 Sale of Goods	221	0.21
2 Commission	—	—
3 Finance taken	45	5
4 Product Development Charges	—	—

12 Deferred Tax Asset (net) / Liability as on 31.12.2006

Deferred Tax Asset /Liability  
as at 31.12.2006. (Rs. in lacs)

Deferred Tax Liabilities		
On timing difference between book and tax depreciation		150.54
Deferred Tax Assets		
Unabsorbed Depreciation	297.31	
Business Loss	208.87	
	<u>506.18</u>	
Restricted to Deferred Tax Liabilities	-	150.54
Deferred Tax Assets (net)	<u>-</u>	<u>-</u>

As a matter of prudence, deferred tax assets has been considered only to the extent of deferred tax liability during the year

13 Earnings per share is calculated as follows :

	Current Period	Previous Year
Profit / (Loss ) as per Profit and Loss Account (a) Rs.	(21,555,835)	(20,146,129)
No. of Shares (b)	7,732,806	7,732,806
Earnings per share of Rs.10/- each (a/b) (Basic and Diluted)	(2.79)	(2.61)

14 Figures in the Balance Sheet, Profit and Loss account and schedules annexed thereto have been rounded off to the nearest rupee.

15 Previous year figures have been regrouped / reclassified wherever necessary.

16 Additional information pursuant to paragraph 3, 4 (c) and 4(d) of Part II of schedule VI of the companies Act, 1956.

(i) Capacity and Production

Licensed capacity ( based on approval letter dt.08.01.1989 and 31.12.1990 from Government of India, Ministry of Commerce)

600m<sup>3</sup> of Chemical impregnated Rubber wood mouldings and components and 348 m<sup>3</sup> of Routed Wooden Components

Installed capacity

600m<sup>3</sup> of Chemical impregnated Rubber wood mouldings and components and 348 m<sup>3</sup> of Routed Wooden Components

Production m<sup>3</sup>

Nil Previous Period 418.11 m<sup>3</sup>

	UNIT	CURRENT PERIOD		PREVIOUS YEAR	
		QUANTITY	VALUE in Rs	QUANTITY	VALUE in Rs
(ii) Sales ( Includes Traded goods NIL)	m <sup>3</sup>			390	52,520,063
	Nos	151932	23,382,999		
(iii) Opening Stock					
Rubberwood	m <sup>3</sup>	—	—	—	—
Chemicals and glue	kgs	725.33	38,080	4621	353,280
Other Items		Misc items	8,119,574	Misc items	8,170,258
Treated and Finished					
Rubber wood Products	m <sup>3</sup>	1527.73	5,353,455	1827.27	6,403,110
Rubber wood under process	m <sup>3</sup>	566.67	11,623,009	538.56	10,999,695
Coronet Blanks	m <sup>3</sup>	—	—	42.77	1,668,600
Mats (Rubber & Coir)	Nos	18299	768,558		
(iv) Purchases					
Rubberwood	m <sup>3</sup>	—	—	956	6,354,024
Chemicals and Glue	kgs	—	—	10020	526,008
Other Items					
Finished Goods			—	Misc items	12,452,314
Mats (Rubber & Coir)	Nos	140711	18,080,445	313705	12,004,629
Coronet Blanks	m <sup>3</sup> ( pcs)	—	—	8315	4,484,400
(v) Consumption of materials					
Rubberwood	m <sup>3</sup>	445.33	9,679,134	956	6,354,024
Chemicals and glue	kgs	—	—	13915.67	841,208
Other Items		Misc items	196,102	Misc items	12,502,998
Trading goods :					
Mats (Rubber & Coir)	Nos	—	—	295406	11,236,071
Seagrass mat	Nos	—	—	—	—
Coronet Blanks	m <sup>3</sup> (pcs)	—	—	11409	6,153,000

(vi) Closing Stock					
Rubberwood	m3	—	—	—	—
Chemicals and glue	kgs	725.33	38,080	725.33	38,080
Other Items	Misc items		7,923,472		8,119,574
Treated and Finished					
Rubber wood Products	m3	1400.17	5,004,763	1527.73	5,353,455
Rubber wood under process	m3	121.34	2,425,435	566.67	11,623,009
Trading goods :					
Coronet Blanks	m3	—	—	—	—
Mats (Rubber & Coir)		6726.00	847,774	18299	768,558
(vii) CIF Value of imports					
Raw Materials			—		9,897,914
Components and Spares			—		1,739,356
Capital Goods			—		—
			<b>CURRENT YEAR</b>		<b>PREVIOUS PERIOD</b>
			Value Percentage		Value Percentage
			in Rs.		in Rs.
(viii) Value of consumption of Raw Materials, spare parts components etc both imported and indigeneous and its percentage					
Raw Materials					
Imported		—	—	7,265,791	32.15
Indigeneous		18,760,898	100.00	15,336,227	67.85
Total		18,760,898	100.00	22,602,018	100.00
Spare Parts and Components					
Imported		—	—	1,272,613	10.31
Indigeneous		329,203	100.00	11,066,105	89.69
Total		329,203	100.00	12,338,718	100.00
(ix) Expenditure in foreign currency					
Travelling Expenses		—	—	—	—
Consultancy Charges		—	—	—	—
(x) Earnings in foreign currency					
Export Sales (on FOB basis)		984,555		29,363,495	

As per our report of even date attached

**MAJIBAIL & CO.**  
Chartered Accountants

**M.V.RAO**  
Proprietor

Place : Mumbai  
Dated : 5th March, 2007

For and on behalf of the Board

**Ajay Anand**  
Director

**G.G.Prabhu**  
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I REGISTRATION DETAILS**

Registration No.	11-138292	State Code	11
Balance Sheet	31.12.2006		

**II CAPITAL RAISED DURING THE YEAR : (Amount Rs.in Thousands)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Amount Rs.in Thousands)**

Total Liabilities	225010	Total Assets	225010
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**SOURCES OF FUNDS :**

Paid up capital	134820	Reserves and Surplus	12552
Secured Loans	18279	Unsecured Loans	59359
Total	225010		

**APPLICATION OF FUNDS :**

Net Fixed Assets	97007	Capital Work in Progress	2831
Investments	NIL	Net Current Assets	(53049)
Misc. Expenditure	NIL	Accumulated Losses	178221
Total	225010		

**IV PERFORMANCE OF THE COMPANY : (Amount Rs.in Thousands)**

Turnover [ incl. Other Income]	14745	Total Expenditure	6811
Loss Before Tax	21556		
Earning per Share (Rs.)	(2.79)	Dividend Rate	NIL

**V GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY [ AS PER MONETARY TERMS] :**

ITEM CODE NO. [ITC CODE]	PRODUCT DESCRIPTION
9403600	Chemical impregnated rubberwood mouldings and components and wooden products

Signature to the Accounts & Schedules I to XIX

For **MAJIBAIL & CO.**  
Chartered Accountants

For **V R WOODART LIMITED.**

**M.V.RAO**  
Partner  
M.No.7082

**AJAY ANAND**  
DIRECTOR

**G.G. PRABHU**  
DIRECTOR

Place : Mumbai  
Dated :5th March, 2007

# V R WOODART LIMITED

Registered Office: 1-2, Shiv Smriti Chambers, 49-A, Dr. Annie Besant Road, Worli, Mumbai 400 018

## Seventeenth Annual General Meeting ATTENDANCE SLIP

I certify that I am registered shareholder/Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 17th Annual General Meeting of V R WOODDART LIMITED held on Saturday 31st March, 2007 at Sunville Banquet & Conference Rooms, 9, Dr. Annie Basant Road, Worli, Mumbai-400 018. at 11.00 a.m.

Full Name of the Member : \_\_\_\_\_  
(as registered with the Company)

Full name of the Proxy : \_\_\_\_\_

Regd Folio No. : \_\_\_\_\_ No of Shares : \_\_\_\_\_

Signature of the Shareholder/Member/Proxy : \_\_\_\_\_

### Notes:

1. Shareholders/Joint Shareholders, Proxies are requested to bring the attendance slips with them. Duplicate slips will not be issued at the entrance of the Auditorium.
2. Please bring your copy of the Annual Report to the Meeting venue.
3. Please avoid being accompanied by Non-members and Children.

# V R WOODART LIMITED

Registered Office: 1-2, Shiv Smriti Chambers, 49-A, Dr. Annie Besant Road, Worli, Mumbai 400 018

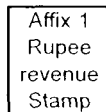
## PROXY FORM

Regd. Folio No. : \_\_\_\_\_ No. of Shres : \_\_\_\_\_

I / \_\_\_\_\_ W e

of \_\_\_\_\_ being a member of V R WOODDART LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on Saturday 31st March, 2007 at Sunville Banquet & Conference Rooms, 9, Dr. Annie Basant Road, Worli, Mumbai-400 018. at 11.00 a.m. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of ) \_\_\_\_\_, 2007



Signed by the said \_\_\_\_\_

**Note:** The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy need not be a member.

## BOOK-POST

*If undelivered please return to :*

### **V R WOODART LIMITED**

1-2, Shiv Smriti Chambers,  
49-A, Dr. Annie Besant Road,  
Worli, Mumbai 400 018