

**ANNUAL  
REPORT  
2008-2009**



**NATIONAL PLYWOOD INDUSTRIES LIMITED**

# NATIONAL PLYWOOD INDUSTRIES LIMITED

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# NATIONAL PLYWOOD INDUSTRIES LIMITED

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## BOARD OF DIRECTORS :

P. PERIWAL

Vice Chairman & Managing Director

V. K. PERIWAL

S. K. CHANDAK

D. K. KHATAI

NEETASINHA R. SAINI

Directors

## HEAD OFFICE :

5, FANCY LANE, 7TH FLOOR

KOLKATA 700 001

## SHARE DEPARTMENT :

5, FANCY LANE, 7TH FLOOR

KOLKATA 700 001

## AUDITORS :

JHUNJHUNWALA & CO.

KOLKATA

## WORKS :

### PLYWOOD DIVISION

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

## BANKERS :

STATE BANK OF INDIA

STATE BANK OF MYSORE

ICICI BANK LTD.

LAKSHMI VILAS BANK LTD.

### LAMINATES DIVISION

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

## REGISTERED OFFICE :

MAKUM ROAD, TINSUKIA 786 125

ASSAM

# NATIONAL PLYWOOD INDUSTRIES LIMITED

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## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Annual Report with Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

### 1. FINANCIAL RESULTS :

	<u>2008-09</u> (Rs.)	<u>2007-08</u> (Rs.)
Profit (Loss) as per Profit & Loss A/c.	26,66,268	(51,67,534)
Add : Loss brought forward from previous period	<u>(91,54,29,489)</u>	<u>(91,02,61,955)</u>
Loss carried to Balance Sheet	<u>(91,27,63,221)</u>	<u>(91,54,29,489)</u>

During the year under review, the turnover of the Company has increased to Rs. 15,65,84,811/- (Previous Year Rs. 8,90,08,546/-). The Company is making its best efforts to increase the turnover and profitability in future. As part of the restructuring plan and to restart the Hosur Unit, smoothly a settlement with the unsecured creditors of the Company's Laminate Unit at Hosur was arrived at. Most of the Unit's unsecured creditors have accepted and agreed to further supply of raw material, etc. on fresh terms of payment to be mutually agreed upon. The Company has paid Rs. 18,35,608/- to unsecured creditors and also settled with others.

Statutory liabilities in Assam, Tamilnadu, Bangalore and Kolkata in respect of P.F. Authorities and others were settled, and are being paid regularly as per stipulated installments.

### 2. B.I.F.R. :

The Company has entered into a Negotiated Settlement (NS) with its secured lenders and has already received sanction letters from Stressed Assets Stabilisation Fund (SASF), Standard Chartered Bank (SCB) and State Bank of Mysore (SBM). Total payment of Rs. 475 Lakhs to secured lenders has been made as on 31/03/2009. After the payment of the balance NS amount, interest and principal waived would be written off appropriately and will be reflected in the accounts as and when finally settled.

The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) has also directed Industrial Development Bank of India Ltd. (IDBI Ltd.) the Operating Agency (OA) to form an Asset Sale Committee (ASC) on 23/05/2008 to finalise the sale of Company's idle assets at Tinsukia (Assam) and Kalyani (West Bengal). Proceeds of this sale would be apportioned by the secured lenders (Banks) towards the balance NS. The ASC was constituted and three meetings were held at the Head Office of the Company at Kolkata during the year under review. The valuation was undertaken for Company's both units at Tinsukia and Kalyani. The Asset Sale Committee (ASC) was constituted by the Hon'ble BIFR for overseeing the sale of Tinsukia and Kalyani units of the Company as the sale proceeds were to be utilized partly for settlement of dues of the secured creditors.

A Draft Rehabilitation Scheme (DRS) was submitted to the Hon'ble BIFR highlighting the cost of the Scheme, which included Negotiated Settlement (NS) of secured creditors, payment of statutory dues, pressing creditors etc. This funding was partly by way of equity and from sale of assets (Tinsukia & Kalyani).

Subsequently, as tender was advertised as per the Hon'ble BIFR guidelines on September 01, 2008 and only a bid for the movable assets of Tinsukia (Steel Structure) was

## **NATIONAL PLYWOOD INDUSTRIES LIMITED**

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received marginally higher than the Reserve Price fixed for the same. This bid was subsequently negotiated and finalized by the ASC at Rs. 43 Lakh against which an EMD of Rs. 2 Lakh was deposited with M/s. IDBI Bank Ltd.

The Hon'ble BIFR also directed to issue fresh advertisements for sale of the assets at Tinsukia and Kalyani.

The Hon'ble BIFR also directed the unsecured creditors U/S 22 of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) not to file / initiate recovery suits under section 138 of Negotiable Instrument (NI) Act against the Company till sanction of the Scheme by the Board.

On 16/06/2009 the Hon'ble BIFR directed the ASC to accept the bid for the sale of sheds (Movable Assets) of the Company's Tinsukia Unit at Rs. 43 Lakh. The proceeds should be distributed by the OA to the secured creditors proportionately. The Reserve Price of Tinsukia Unit was reduced by 10% to facilitate better response to the Advertisements for sale. Fresh advertisements for sale of the assets of Tinsukia and Kalyani Units of the Company were to be published again. The Company is in the process of preparing the final DRS with the help of the Operating Agency (OA) in order to take appropriate steps to revive the Company at the earliest.

### **3. 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.

### **4. DIRECTORS**

Shri Vijay Kumar Periwal, and Smt. Neetasinha R. Saini, Directors, retire by rotation, but being eligible, offer themselves for re-appointment. There was no other change in the Board of Directors of the Company during the year under review.

### **5. DIRECTORS RESPONSIBILITY STATEMENT :**

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

- 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 profit 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.

### **6. AUDITORS**

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

## NATIONAL PLYWOOD INDUSTRIES LIMITED

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### 7. 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. 58.16% of the Equity Share are held in demate form as on 31/03/2009. Members of the Company are requested to avail the demate facility.

### 8. LISTING OF SHARES :

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

1. Bombay Stock Exchange Ltd.  
Floor 25, 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.

### 9. 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.

### 10. TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.

There is no information to submit in respect of absorption of technology. The Company has not earned any foreign exchange during the year under review. However it has spent Rs. 25,16,336/- (Previous year 24.93,805/-) for import of Raw Materials.

### 11. 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 : 24th August, 2009.

For and on behalf of the Board

**P. Periwai**  
(Vice-Chairman & Mg. Director)

# 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 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 :

The Company's Board presently comprises of 5 Directors, out of which 1 is Executive Director and 4 are Non-Executive & Independent 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 2008-2009 on 30th April 2008, 30th July 2008, 24th August, 2008, 31st October, 2008 and 30th January, 2009.

#### c) Directors' attendance record and directorship held :

Name	Category	No. of Board Meetings Attended	Whether Attended last AGM held in Sept. 2008	No. of Directorship held in other Indian Public Limited Companies	No. of Committee* Positions held in other Indian Public Limited Companies.	
					Chairman	Member
Mr. P. Periwal	Vice-Chairman & Mg. Director	5	Yes	2	1	3
Mr. V. K. Periwal	Non-Executive	1	No.	0	0	0
Mr. S. K. Chandak	Independent	5	No.	1	2	3
Mr. D. K. Khatai	Independent	5	No.	—	—	—
Mrs. Neetasinha R. Saini	Independent	5	No.	—	—	—

## **NATIONAL PLYWOOD INDUSTRIES LIMITED**

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**d) Information required under Clause 49 IV-G of the Listing Agreement :**

The particulars of Directors, who are proposed to be appointed/re-appointed at the ensuing Annual General Meeting are given below pursuant to Clause 49 of the Listing Agreement :

**1) Mr. Vijay Kumar Periwal**

Qualification - B. Com

Experience - Has obtained 45 years' of experience in Administration, and Marketing.

Other Directorship – None

Other Membership – None

Mr. Vijay Kumar Periwal holds 1,78,925 Equity Shares in the Company.

**2) Mrs. Neetasinha R. Saini**

Qualification - B.A.

Experience – Has got 32 years experience in marketing and publicity line of business.

Other Directorship – None

Other Membership – None

Mrs Neetasinha R. Saini holds 200 Equity Shares in the Company.

**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 quarterly 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 2009, comprised of Three Members, namely : Mr. S. K. Chandak and Mr. P. Periwal, Mg. Director and Independent member Mr. L. K. Surolia.

Mr. P. Periwal

Mr. S. K. Chandak, Chairman

Mr. L. K. Surolia



## NATIONAL PLYWOOD INDUSTRIES LIMITED

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c) **Meetings and attendance during the year :**

The Committee met five times during the financial year ended 31st March 2009, on the following dates :

30th April, 2008, 30th July 2008, 24th August, 2008, 31st October, 2008 and 30th January, 2009. Mr. P. Periwal was granted leave of absence in respect of meeting held on 31st October, 2008. This apart, all the Committee Members on the relevant dates of the respective meetings were present in all the five meetings. Sri S. K. Chandak, Director, was the Chairman.

**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. S. K. Chandak — Director

Mr. S. K. Jain – Member

The Committee met five times during the financial year ended on 31st March, 2009 on the following dates, on 13/05/08, 30/07/08, 31/10/08, 30/01/09 and 31/03/09.

Mr. P. Periwal and Mr. S. K. Jain attended all 5 meetings. Sri S. K. Chandak could not attend meeting held on 31/03/2009.

Mr. P. Periwal and Mr. S. K. Jain were severally authorized 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 case has been given to the Committee.

All share transfer applications received up to 31st March 2009 have been processed.

During the year ended 31st March 2009, the Company received 5 complaints/queries from share-holders/investors, apart from these complaints, 7 other letters were received, which were suitably replied. Only one complaint of a shareholder is pending for want of his compliance of certain formalities.

Compliance Officer : Mr. S. K. Jain

**Remuneration Committee :**

The Remuneration Committee comprises of :

Mr. P. Periwal, Vice-Chairman

Mr. S. K. Chandak – appointed as Chairman

Mr. V. K. Periwal, Member

## NATIONAL PLYWOOD INDUSTRIES LIMITED

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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.

The Committee met once during the financial year 2008-2009 on 28th July, 2008.

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 were paid sitting fees of Rs. 1,500/- for each meeting of the Board and its Committee 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
2005-2006	Regd. Office, at Makum Road Tinsukia-786125 (Assam)	AGM	27/09/06	Wednesday	2.30 P.M.	None
2006-2007	Regd. Office, at Makum Road Tinsukia-786125 (Assam)	AGM	28/09/07	Friday	2.30 P.M.	None
2007-2008	-do-	AGM	26/09/08	Friday	2.30 P.M.	None
2008-2009	-do-	AGM	24/09/09	Thursday	2.30 P.M.	None

### 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.

## NATIONAL PLYWOOD INDUSTRIES LIMITED

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### General Shareholder Information :

#### Annual General Meeting

Date and time	:	24th September 2009, at 2.30 P.M.
Venue	:	Regd. Office at Makum Road, Tinsukia-786125, Assam
Financial Calendar	:	Year Ending — 31st March, 2010
Quarterly Results	:	First Quarter — 4th week of July 2009 Second Quarter — 4th week of October 2009 Third Quarter — 4th week of January 2009 Fourth Quarter — 4th week of April 2010
Date of Book closure	:	19th September 2009 to 24th September 2009. (Both days inclusive)
Dividend Date	:	Not applicable.
Listing on Stock Exchanges	:	(i) Bombay Stock Exchange Limited (ii) The Calcutta Stock Exchange Association Ltd. (iii) The Gauhati Stock Exchange Ltd.

Note : Annual Listing fees for the year 2008-09 have been paid to Bombay Stock Exchange Limited 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

#### Share Transfer System :

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

**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 :

58.16% of the Company's Equity Shares capital is dematerialized as on 31/03/2009. The Company's shares are traded on Bombay Stock Exchange Limited and sporadically traded on other Stock Exchanges.

## **NATIONAL PLYWOOD INDUSTRIES LIMITED**

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### **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 Directors are entitled to reimbursement of expenses incurred in performance of their duties. 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**

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### **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, 2009, 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, 2009.

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: 24th August, 2009.

# NATIONAL PLYWOOD INDUSTRIES LIMITED

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## AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of M/s. National Plywood Industries Limited as at 31st March, 2009 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 misstatements. 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 2003, 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 (2), we report that :
  - 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. 7 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, 2009. 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 : 24th August, 2009

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

## NATIONAL PLYWOOD INDUSTRIES LIMITED

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### ANNEXURE TO THE AUDITORS' REPORT

Schedule referred to in paragraph 2 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.  
(d) According to our information and explanation given to us a substantial part of the Fixed Assets has not been disposed of by the company 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 neither granted or taken any loans, secured or unsecured to/ from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
7. 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.
8. In our opinion, the transactions of purchase of goods and materials and sale of goods and materials if any 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.

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9. 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.
10. The Company has not accepted any deposits from the public as stipulated under the provisions of Section 58A & 58AA of the Companies Act, 1956 and rules framed there under.
11. The scrap generated during the period is not significant and the Company has no by-products.
12. The Company has an adequate internal control system commensurate with the size and nature of its business.
13. 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.
14. 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.
15. There are no undisputed amounts of Income Tax, Custom duty and Excise duty outstanding as on 31st March, 2009 for a period of more than six months from the date they became payable.
16. The Company has accumulated Losses at the end of the financial year and has incurred profit in the current financial year.
17. Company has defaulted in repayment of dues to banks and financial institutions.
18. The Company has not granted loans and advances on basis of security by way of pledge of shares, debentures and other securities.
19. The nature and activities of the company's does not attract any special status applicable to chit fund and nidhi / mutual benefit fund of societies
20. The Company has maintained proper records of shares, securities and debentures for transaction and contracts and timely entries have been made in these records if any and the same are hold in its own name.
21. The Company has not given any guarantees for loans taken by others from bank & financial institutions.
22. The Company has not taken any term loan during the year.
23. As per our information and explanations given to us and overall examination of the Balance Sheet of the Company, We report that the Company has not used funds raise on short term basis for long term investment.



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24. Company has not made any preferential allotment of the share to parties and companies covered in registered maintain under section 301 of the Company's Act, 1956.
25. The Company did not have any outstanding debentures during the year.
26. The Company has not raise any money through a public issued during the year.
27. Base on the Audit procedure performs and the information and explanations given by the management, We report that no fraud on or by the Company have been noticed on reported during the year.
28. 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.
29. The Company is a sick industrial company, within the meaning of clauses 3 (1) (0) of the Sick Industrial Companies (Special Provisions ) Act, 1985.
30. 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 : 24th August, 2009.

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

# NATIONAL PLYWOOD INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	AS AT		AS AT	
		2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	A	5,85,37,500		5,85,37,500	
Reserves & Surplus	B	<u>14,04,88,735</u>	19,90,26,235	<u>14,04,88,735</u>	19,90,26,235
<b>Loan Funds</b>					
Secured Loans	C	52,90,89,360		52,93,09,785	
Unsecured loans	D	<u>13,16,78,826</u>	66,07,68,186	<u>12,81,71,825</u>	65,74,81,610
	TOTAL		<u>85,97,94,421</u>		<u>85,65,07,845</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	E	39,36,14,223		39,42,81,200	
Less : Depreciation		<u>26,65,31,921</u>		<u>26,36,30,212</u>	
Net Block		<u>12,70,82,302</u>		<u>13,06,50,988</u>	
Add : Capital Work-in-progress		25,08,828	12,95,91,130	25,08,828	13,31,59,816
<b>Investments</b>					
	F		1,00,000		1,00,000
<b>Current Assets, Loans &amp; Advances</b>					
Inventories	G	6,89,58,050		6,56,33,776	
Sundry Debtors	H	7,23,98,569		5,35,08,343	
Cash & Bank Balances	I	22,33,636		39,87,747	
Loans, Advances & Deposits	J	<u>5,01,98,948</u>		<u>4,73,07,683</u>	
		<u>19,37,89,203</u>		<u>17,04,37,549</u>	
Less : Current Liabilities & Provisions	K	<u>37,64,49,133</u>		<u>36,26,19,009</u>	
		<u>37,64,49,133</u>		<u>36,26,19,009</u>	
<b>Net Current Assets</b>			(18,26,59,930)		(19,21,81,460)
<b>Miscellaneous Expenditure</b>					
(To the extent not written off or adjusted)					
Preliminary expenses			—		—
<b>Profit &amp; Loss Account</b>			<u>91,27,63,221</u>		<u>91,54,29,489</u>
	TOTAL		<u>85,97,94,421</u>		<u>85,65,07,845</u>
<b>Accounting Policies and Notes on Accounts</b>					
	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 24th August, 2009

P. PERIWAL

Vice Chairman & Managing Director

S. K. CHANDAK

Director

## NATIONAL PLYWOOD INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year ended 2008-2009	Year ended 2007-2008
		Rs.	Rs.
<b>INCOME</b>			
Sales		15,65,84,811	8,90,08,546
Other Income	L	3,36,161	93,906
Interest from Bank		9,439	—
Job Work		—	1,08,950
Sundry Balance written back (Net)		4,260	41,714
Creditors liabilities no longer payable W/off		1,33,43,898	1,47,42,537
Accretion/(Decretion) in stocks		63,40,841	20,06,980
		<b>17,66,19,410</b>	<b>10,60,02,633</b>
<b>EXPENDITURE</b>			
Purchases		6,76,06,700	3,68,67,551
Raw Materials Consumed	M	6,21,14,568	3,08,76,708
Salaries, Wages & Other			
Employees' Benefits	N	1,18,46,949	1,44,14,279
Manufacturing, Administrative &			
Selling Expenses	O	1,91,84,248	1,78,42,956
Central Excise Duty		86,36,964	57,58,614
Loss on Sale of Fixed Assets (Net)		90,765	—
Previous Year Adjustments		—	1,50,000
		<b>16,94,80,194</b>	<b>10,59,10,108</b>
Profit/(Loss) before Interest & Depreciation		71,39,216	92,525
Interest to Bank		6,98,750	13,97,500
Depreciation		36,84,772	37,14,345
Profit/(Loss) Before Taxation		<b>27,55,694</b>	<b>(50,19,320)</b>
Fringe Benefit Tax		89,426	1,48,214
Profit / (Loss) after Tax		<b>26,66,268</b>	<b>(51,67,534)</b>
Loss brought forward from Last Year		<b>(91,54,29,489)</b>	<b>(91,02,61,955)</b>
Loss carried to Balance Sheet		<b>(91,27,63,221)</b>	<b>(91,54,29,489)</b>
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 24th August, 2009

P. PERIWAL

Vice Chairman & Managing Director

S. K. CHANDAK

Director

# NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	AS AT 31.03.2009 <u>Rs.</u>	AS AT 31.03.2008 <u>Rs.</u>
<b>A. SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,00,000 (Previous year 2,50,00,000) Equity Shares of Rs. 10 each	<u>25,00,00,000</u>	<u>25,00,00,000</u>
<b>Issued, Subscribed &amp; Paid up -</b>		
58,53,750 (Previous year 58,53,750) Fully paid up Equity Shares of Rs. 10 each.	5,85,37,500	5,85,37,500
Of the above -		
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>B. RESERVES &amp; SURPLUS</b>		
General Reserve - As per Last Year	8,50,00,000	8,50,00,000
<b>Capital Reserve :-</b>		
Principal amount of secured loan settled under OTS- As per Last Year	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, 2009

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	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
	<u>                    </u>	<u>                    </u>
<b>C. SECURED LOANS</b>		
a) Term Loan -		
From Financial Institutions	15,13,89,062	15,13,89,062
Interest Accrued thereon	19,56,75,400	19,56,75,400
b) Other Loans	—	—
c) Working Capital Loans :-		
From Scheduled Banks	18,20,24,898	18,22,45,323
	<u>52,90,89,360</u>	<u>52,93,09,785</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 & spare parts, book debts and other moveable assets and personal guarantees of some of the directors of the Company.

### D. UNSECURED LOANS

From Sundry Parties	9,39,19,531	9,04,12,530
Security Deposits	31,63,546	31,63,546
Sales Tax Deferments Loan	3,45,95,749	3,45,95,749
	<u>13,16,78,826</u>	<u>12,81,71,825</u>

## NATIONAL PLYWOOD INDUSTRIES LIMITED

### SCHEDULE - E

#### SCHEDULE OF FIXED ASSETS AS AT 31ST MARCH, 2009

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	TOTAL COST AS AT 01.04.2008	ADDITIONS DURING THE YEAR	SALES/ TRANSFER	TOTAL COST AS AT 31.03.2009	UP TO 31.03.2008	ADJUST- MENTS DURING THE YEAR	FOR THE YEAR	TOTAL	AS AT 31.03.2009	AS AT 31.03.2008
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
LAND & BUILDING	5,96,72,752	—	—	5,96,72,752	2,82,98,228	—	19,93,069	3,02,91,297	2,93,81,455	3,13,74,524
PLANT & MACHINERY	23,39,67,296	3,24,194	34,570	23,42,56,920	20,79,55,988	—	2,45,294	20,82,01,282	2,60,55,638	2,60,11,307
VEHICLES	93,83,893	—	10,28,827	83,55,066	80,89,228	7,83,062	1,28,488	74,34,654	9,20,412	12,94,665
ELECTRIC FITTINGS	25,40,017	—	—	25,40,017	20,26,264	—	68,789	20,95,053	4,44,964	5,13,753
FURNITURE & FIXTURES	1,01,58,091	24,010	—	1,01,82,101	84,97,634	—	6,44,155	91,41,789	10,40,312	16,60,457
OFFICE EQUIPMENTS	1,04,60,330	48,216	—	1,05,08,546	82,99,056	—	5,72,984	88,72,040	16,36,506	21,61,274
AIR CONDITIONERS	6,71,957	—	—	6,71,957	4,47,070	—	31,918	4,78,988	1,92,969	2,24,887
CYCLES	16,864	—	—	16,864	16,743	—	75	16,818	46	121
BRAND GOODWILL	6,74,10,000	—	—	6,74,10,000	—	—	—	—	6,74,10,000	6,74,10,000
<b>TOTAL</b>	<b>39,42,81,200</b>	<b>3,96,420</b>	<b>10,63,397</b>	<b>39,36,14,223</b>	<b>26,36,30,211</b>	<b>7,83,062</b>	<b>36,84,772</b>	<b>26,65,31,921</b>	<b>12,70,82,302</b>	<b>13,06,50,988</b>
WORK IN PROGRESS	25,08,828	—	—	25,08,828	—	—	—	—	25,08,828	25,08,828
<b>TOTAL</b>	<b>39,67,90,028</b>	<b>3,96,420</b>	<b>10,63,397</b>	<b>39,61,23,051</b>	<b>26,36,30,211</b>	<b>7,83,062</b>	<b>36,84,772</b>	<b>26,65,31,921</b>	<b>12,95,91,130</b>	<b>13,31,59,816</b>
PREVIOUS YEAR	39,34,49,461	33,40,566	—	39,67,90,027	25,99,15,867	—	37,14,345	26,36,30,212	13,31,59,816	

## NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>F. INVESTMENTS</b>		
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>
 <b>G. INVENTORIES</b>		
(As per verification & valuation duly certified by the Management)		
Raw Materials	2,42,30,937	2,72,68,653
Stores, Spare Parts	95,86,345	97,73,823
Fuel	2,27,734	19,106
Finished & Semi-finished goods (including trading goods)	3,49,13,034	2,85,72,194
	<u>6,89,58,050</u>	<u>6,56,33,776</u>
 <b>H. SUNDRY DEBTORS (Unsecured)</b>		
Over six months – Considered good	2,89,56,954	20,96,830
– Considered Doubtful	15,97,179	15,97,179
Other Debts (Considered good)	4,18,44,436	4,98,14,334
	<u>7,23,98,569</u>	<u>5,35,08,343</u>

# NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>I. CASH &amp; BANK BALANCES</b>		
Cash in hand	9,17,745	7,26,645
Balance with Scheduled Banks –		
On Current Account	8,75,552	28,20,763
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>22,33,636</u>	<u>39,87,747</u>
<b>J. LOANS, ADVANCES &amp; DEPOSITS</b>		
Loans (Unsecured, Considered good)	65,84,256	65,84,256
Advances (Recoverable in cash or in kind or for value to be received)	3,99,24,788	3,70,16,095
Balance with Excise Department	14,37,764	15,64,218
Sundry Deposits	22,52,140	21,43,114
	<u>5,01,98,948</u>	<u>4,73,07,683</u>
<b>K. CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors	20,43,73,040	19,03,55,801
Credit Balances of Customers	1,22,29,813	1,27,60,433
Advance from Investors	9,00,00,000	9,00,00,000
Advance for Brand	6,74,10,000	6,74,10,000
Temporary Overdraft from Banks	18,66,767	14,64,474
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	1,88,100
Fringe Benefit Tax A/Y 2007-08	1,27,128	1,27,128
Fringe Benefit Tax A/Y 2008-09	—	1,48,214
Fringe Benefit Tax A/Y 2009-10	89,426	—
	<u>37,64,49,133</u>	<u>36,26,19,009</u>



## **NATIONAL PLYWOOD INDUSTRIES LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

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	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
	<u>Rs.</u>	<u>Rs.</u>
<b>L. OTHER INCOME</b>		
Miscellaneous Income	3,35,661	93,406
Dividend Received	500	500
	<u>3,36,161</u>	<u>93,906</u>
<b>M. RAW MATERIALS CONSUMED</b>		
Opening stock	2,72,68,653	1,57,29,963
Add : Purchases	6,28,45,194	4,30,68,483
	<u>9,01,13,847</u>	<u>5,87,98,446</u>
Less : Sales/Adjustment	37,68,343	6,53,085
	<u>8,63,45,504</u>	<u>5,81,45,361</u>
Less : Closing Stock	2,42,30,936	2,72,68,653
	<u>6,21,14,568</u>	<u>3,08,76,708</u>
<b>N. SALARIES, WAGES &amp; OTHER EMPLOYEES' BENEFITS</b>		
Salary, Wages, Bonus & Gratuity	1,06,76,440	1,32,73,562
Contribution to Provident Fund & Pension Fund	10,23,374	8,31,100
Contribution to Link Insurance	988	745
Contribution to E.S.I.	20,577	7,125
Workmen & Staff Welfare	1,25,570	3,01,747
	<u>1,18,46,949</u>	<u>1,44,14,279</u>

# NATIONAL PLYWOOD INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
<b>O. MANUFACTURING, ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Stores & Spares Parts Consumed	10,62,718	8,55,628
Power & Fuel	84,30,115	70,40,292
Rates & Taxes	2,05,360	2,26,917
Repairs & Maintenance :		
Building	—	—
Machinery	2,16,245	4,01,727
Others	<u>28,103</u>	2,32,649
Rent (Net)	8,75,918	6,44,108
Insurance	1,88,047	1,42,271
Vehicle Operating Expenses	1,76,520	5,40,803
Miscellaneous Expenses	48,22,423	53,36,977
Sales Tax	3,393	86,206
Packing & Forwarding Charges	31,40,406	23,00,378
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	—	—
	<u>1,91,84,248</u>	<u>1,78,42,956</u>

# NATIONAL PLYWOOD INDUSTRIES LIMITED

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## 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 as per specified in Schedule XIV to the Companies Act, 1956.
- ii) All fixed assets are stated at cost which includes taxes, duties and other identifiable direct expenses.
- iii) On assets required 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.

### 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 of 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.

### 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.

## NATIONAL PLYWOOD INDUSTRIES LIMITED

- 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. Appeal 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 was allowed by way of remand.
- 10) Disputed Income for Rs. 3,08,80,872/- for assessment year 1996-97 for which the appeal is pending at Kolkata High Court.
- 11) Interest on loans from Bank & Financial Institutions has not been provided for as the Company's registered with the Hon'ble BIFR and the Draft Rehabilitation Scheme (DRS) has been submitted in consultation with the Operating Agency (SASF-IDBI) to the Hon'ble BIFR on 31.05.2007.
- 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) The Company has entered in to a One Time Settlement (OTS) with its secured lenders and have already received sanction letters from SASF-(IDBI) and Standard Chartered Bank - (SCB) for ICICI Bank. Formal sanctions are awaited from State Bank of Mysore and State Bank of India. On account of the OTS entered into with all the secured lenders (Banks) the company has paid a sum of Rs. 475.00 lakh as on 31.3.2009. On payment of the balance at the interest and principal waived would be written off appropriately.
- 14) The Company has made settlement with the unsecured creditors with two options. a) A one time settlement of all outstanding of the creditor. b) Deferred payment scheme of the principal outstanding as per records of the company. This scheme would be completed in five years from 31st March 2008. As sum of Rs. 18,35,608/- was repaid to various creditors as per above settlement. The company has written off a sum of Rs. 1,33,43,898/- from the liabilities of the Company, which are outstanding at various Branches & at factories situated at Tinsukia & Margherita.
- 15) The balance of unpaid dividend account of Rs. 114694.45 relating to the year 1994-95 & 1995-96 is under reconciliation. It will be transferred to the credit to Central Government as per the provisions of the Companies Act, 1956.
- 16) In order to bring value to the company and help the company to overcome the crisis pursuant to it becoming sick, the promoter, Mr M.L. Periwal has decided to sell the "National" brand for Plywood & laminates and other allied products to the company at a cost of Rs. 674.10 lakhs arrived at as per Independent report. This justifies the sacrifices to be made by the promoter towards rehabilitation of the company through the Hon'ble BIFR. This sacrifice is part of the promoter contribution. The company proposes to issue share of the face value of Rs. 10/- each premium of Rs. 5/- per share to acquire to brand at cost. This issue of shares against the value of brand goodwill shall be part of the scheme to be approved by the Hon'ble BIFR pending which the amount shall be kept as current liability in the company as Advance against Brand. This will be distinguished from the other current liabilities and there will not be any compromise on this liability as part of the proposed scheme.
- 17) **Managing Directors' Remuneration :**
- |                    | Year ended<br>31.03.2009<br>Rs. | Year ended<br>31.03.2008<br>Rs. |
|--------------------|---------------------------------|---------------------------------|
| Salary             | 4,80,000                        | 3,20,000                        |
| P. F. Contribution | 57,600                          | 38,400                          |
- 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) Balance 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.

## 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 (M.T.)	Value (Rs.)
Installed Capacity	80,00,000 (80,00,000 )	18,00,000 (18,00,000)	1,500 (1,500)	
Production	— (—)	2,40,720 (1,56,100)	— (—)	
Purchase	— (—)	— (—)	— (—)	6,76,06,700 (3,68,67,551)
Sales / wasted	— (20,335)	2,18,777 (1,46,525)	— (—)	15,65,84,811 (8,90,08,546)
Opening Stock	124 (20,459)	13,589 (4,014)	116 (116)	2,85,72,193 (2,65,65,213)
Closing Stock	124 (124)	35,532 (13,589)	116 (116)	3,49,13,034 (2,85,72,193)

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.)	Decorative Laminate (No.)
Opening Stock	14,242 (—)	— (—)
Purchase	8,49,406 (4,08,574)	4,144 (3,920)
Sales	8,43,341 (3,94,331)	2,131 (3,920)
Closing Stock	20,307 (14,242)	2,013 (—)

c) Raw Material Consumed

i) Plywood and Blockboard

	Unit	Quantity	Value
Timber	Cu.Mtr.	— (—)	— (—)
Veneer	Sq.Mtr.	— (—)	— (—)
Chemical	M. Ton	— (—)	— (—)

## NATIONAL PLYWOOD INDUSTRIES LIMITED

	Unit	Quantity	Value
ii) Laminate			
Paper	M. Ton	817 (438)	2,55,90,181 (1,44,48,092)
Chemical	M. Ton	822 (475)	3,65,24,387 (1,64,28,616)
<hr/>			
d) Consumption of Raw Materials, store & spare and components :		Value (Rs.)	Percentage of total consumption
		<hr/>	<hr/>
i) Imported			
Raw Materials		41,49,320 (37,92,707)	6.68% (12.28%)
Stores & Spares		— (—)	— (—)
ii) Indigenous			
Raw Materials		5,79,65,248 (2,70,84,001)	93.32% (87.72%)
Stores & Spares		10,62,718 (8,55,628)	100% (100)
e) Value of Imports on CIF Basis :			
Raw Materials & Trading Goods		25,16,336 (24,93,805)	
Stores & Spares		— (—)	
Capital Goods		— (—)	
f) Expenditure in Foreign Currency :			
Travelling Expenses		— (—)	
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 24th August, 2009

P. PERIWAL  
Vice Chairman & Managing Director

S. K. CHANDAK  
Director



# NATIONAL PLYWOOD INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended 31.03.2009	For the year ended 31.03.2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) Before Tax	27,55,694	(50,19,319)
Adjustments for :		
Depreciation	36,84,772	37,14,345
Loss/(Profit) on Sale of Fixed Assets	—	—
Interest (Net)	6,98,750	13,97,500
Interest written back for earlier year	—	—
<b>Operating Profit before Working Capital changes</b>	<b>71,39,216</b>	<b>92,526</b>
Adjustments for :		
Trade and other Receivables	(2,17,81,491)	(5,88,07,903)
Inventories	(33,24,274)	(1,39,35,097)
Trade payables	1,37,40,698	5,41,36,633
Advance for brand	—	—
Term Loan	—	—
Working Capital Loan from bank	—	—
OTS Settlement	—	—
Preliminary Expenses	—	—
<b>Cash generated from operations</b>	<b>(42,25,851)</b>	<b>(1,85,13,841)</b>
Income Tax refund	—	—
Income Tax paid	—	—
Wealth Tax paid	—	—
<b>Net Cash Flow from Operating Activities</b>	<b>(42,25,851)</b>	<b>(1,85,13,841)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend Income	—	—
Purchase of Fixed Assets	(3,96,420)	(33,40,566)
Sale of Fixed Assets	2,80,334	—
Sale of Share	—	—
<b>Net Cash Flow in Investing Activities</b>	<b>(1,16,086)</b>	<b>(33,40,566)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Grant Received		
Proceeds from Long Term Borrowings	35,07,001	1,22,98,992
Decrease/Increase in Financial Lease Liability	(2,20,425)	(8,30,331)
Interest paid	(6,98,750)	(13,97,500)
<b>Net Cash Flow from Financing Activities</b>	<b>25,87,826</b>	<b>1,00,71,161</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash equivalents</b>	<b>(17,54,111)</b>	<b>(1,17,83,246)</b>
<b>Cash and Cash equivalents as on 01.04.2008</b>	<b>39,87,747</b>	<b>1,57,70,993</b>
<b>Cash and Cash equivalents as on 31.03.2009</b>	<b>22,33,636</b>	<b>39,87,747</b>

Kolkata  
Dated 24th August, 2009

**P. PERIWAL**  
*Vice Chairman & Managing Director*

**S. K. CHANDAK**  
*Director*

## AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of NATIONAL PLYWOOD INDUSTRIES LIMITED for the year ended 31st March, 2009. 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 24th August, 2009



## **NATIONAL PLYWOOD INDUSTRIES LIMITED**

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### **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.