



*91st  
Annual Report  
and Accounts  
2010-2011*

THE INDIAN WOOD PRODUCTS COMPANY LIMITED



- DIRECTORS** : K. K. MOHTA, *Chairman*  
S. K. MAHESWARY  
V. K. MAHESHWARY  
BHARAT MOHTA  
R. P. CHETANI  
K. K. DAMANI  
*Executive Director*
- BANKERS** : STATE BANK OF BIKANER & JAIPUR  
AXIS BANK LTD.
- AUDITORS** : S. K. AGRAWAL & CO.  
*Chartered Accountants*
- REGISTRAR & SHARE  
TRANSFER AGENTS** : M/S. NICHE TECHNOLOGIES PVT. LTD.  
D-511, BAGREE MARKET, 71, B. R. B. BASU SARANI  
KOLKATA - 700 001  
INS. NO. INE 586E01012
- REGISTERED OFFICE** : 9, BRABOURNE ROAD, 7TH FLOOR  
KOLKATA - 700 001
- FACTORY** : IZATNAGAR, BAREILLY, U.P.

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ANNUAL GENERAL MEETING ON

MONDAY  
26TH SEPTEMBER, 2011

AT BHARATIYA BHASHA PARISHAD  
AT 3.30 p. m.

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THE INDIAN WOOD PRODUCTS COMPANY LIMITED

## NOTICE

NOTICE is hereby given that the Ninety-first Annual General Meeting of the Members of the Company will be held at Bharatiya Bhasha Parishad, 36-A, Shakespeare Sarani, 4th Floor, Kolkata-700 017 on Monday, the 26th day of September, 2011 at 3.30 p.m. to transact the following business :

### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To declare Dividend for the accounting year ended 31st March, 2011
3. To appoint Directors in place of Mr. Sanjay Kumar Maheswary, who retires by rotation and eligible for re-election.
4. To appoint Auditors and to fix their remuneration.

Registered Office :  
Bombay Mutual Building  
9, Brabourne Road,  
Kolkata-700 001  
Dated : the 12th August, 2011

By Order of the Board  
For THE INDIAN WOOD PRODUCTS CO. LTD.  
K. K. MOHTA  
*Chairman*

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- NOTES :**
1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.
  2. The Proxy form should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time of the meeting.
  3. The Register of Member of the Company will remain closed from 16th September to 26th September, 2011 (both days inclusive)
  4. Details of Directors seeking appointment / re-appointment in forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Mr. Sanjay Kumar Maheswary born on 6th February, 1946 and a Senior Chartered Accountant, inducted in the Board on 30th January, 2004. He has over 45 years experience in the field of financial and commercial activities. Directorship in other Company-NIL.

### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants, Members who hold shares in physical form are requested to register their e-mail address with M/S. NICHE TECHNOLOGIES PVT. LTD., D-511, Bagree Market, 71, B. R. B. Basu Sarani, Kolkata-700 001, INS. No. INE 586E01012 the Registrar and Share Transfer Agents of the Company.



## DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting their 91st Annual Report together with the Audited Accounts for the year ended 31st March, 2011.

### FINANCIAL RESULTS

	2010 – 11		(Rs. in lacs) 2009 – 10	
	Rs.	Rs.	Rs.	Rs.
Profit for the year before tax adjustments		175.97		155.96
Less : Provision for taxation				
Current Year	53.00		62.50	
Earlier Year	1.25		—	
Fringe Benefit tax (excess provision written back)	Nil		(0.75)	
Deferred Tax	0.93	55.18	1.35	63.10
Profit after tax adjustments		120.79		92.86
Add : Profit brought forward from previous year		149.03		56.17
<b>Amount available for appropriation</b>		<b>269.82</b>		<b>149.03</b>
APPROPRIATIONS				
Proposed Dividend		10.74		—
Tax on Proposed Dividend		1.74		—
Transfer to General Reserve		62.51		—
Balance Carried to Balance Sheet		194.83		149.03
		<b>269.82</b>		<b>149.03</b>

### DIVIDEND

Your Directors are glad to recommended a tax free dividend of 10% on the paid up share capital of the Company.

### GENERAL

Your Directors are pleased to inform you that inspite of inflationary trend and continuing pressure on inputs costs, your Company was able to maintain its profitability and has achieved a Profit After Tax of Rs. 120.79 lacs against Rs. 92.86 lacs in the previous year. The turnover of your Company has increased to Rs. 63.48 crores as against Rs. 55.98 crores in the previous year. During the year there is a growth of 21% in production i.e. 2066 MT form 1708 MT in the previous year. The present trend is likely to continue.

### ENVIRONMENT & SAFETY

The environment, safety and pollution control measures are adequately taken.

### FIXED DEPOSITS

The Company has accepted Fixed Deposits under Section 58A of the Companies Act, 1956. During the year un-claimed deposits of Rs. 30,000/- transferred to Investors Education and Protection Fund.

### SECRETARIAL COMPLIANCE REPORT

The report in accordance with the Companies (Amendment) Act, 2000 U/s. 383A forming part of this report are given in Annexure-I.

### PARTICULARS OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement in accordance with Sec. 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of this report are given in Annexure-II.



## **DIRECTORS' REPORT** (Contd.)

### **PARTICULARS OF EMPLOYEES :**

Particulars of the employees as required under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is not applicable to the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance of Section 217 (2AA) of the Companies Act, 1956 your Directors state that :

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures :
- ii) *the Directors had 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 the Profit 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 provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

### **CORPORATE GOVERNANCE**

Corporate Governance is not mandatory for the Company. The shares of the Company are listed at The Calcutta Stock Exchange Ltd. and pursuant to Clause 38 of the listing agreement, the Company is regularly paying the listing fees.

During the year members of the Company have passed Special Resolutions through Postal ballot for according consent to the Board of Directors for further issue of shares under section 81 (1A) of the Companies Act, and for making investment or to give guarantee or to give loan U/s. 372A of the Act. The postal ballot process was carried out as per the procedure set out in Sec. 192A of the Companies Act, 1956 read with Companies (the passing of resolution by postal ballot) Rules 2001 and the scrutinizer report was duly obtained by the Company.

### **DIRECTORATE**

Under Article 103 of the Articles of Association of the Company Mr. Sanjay Kumar Maheswary retire by rotation and being eligible, offer himself for re-appointment.

### **AUDITORS**

The retiring Auditors M/s. S. K. Agrawal & Company, Chartered Accountants, being eligible offer themselves for re-appointment. The Certificate under sub-section 1B of Section 224 of the Companies Act, 1956 has been obtained as required.

The auditors remarks referred in their report vide Sl. No. 3(e) has been suitably explained in Note No. 7 of Schedule XV of the accounts.

### **PERSONNEL**

Your Directors wish to express their appreciation to all the employees of the Company for their sustained efforts and valuable contribution to the growth during the year.

### **APPRECIATION**

We place our sincere gratitude for the co-operation and assistance extended by the Govt(s), Financial Institutions, Banks and Customers.

The Board, also, takes this opportunity to express its deep gratitude for the continued co-operation and support received from the shareholders.

Kolkata

Dated : the 12th August, 2011

On behalf of the Board  
K. K. MOHTA  
Chairman



## **ANNEXURE - I TO THE DIRECTORS' REPORT SECRETARIAL COMPLIANCE CERTIFICATE**

To  
The Members,  
The Indian Wood Products Co. Ltd.  
9, Brabourne Road, 7th Floor  
Kolkata-700 001

I have examined the registers, records, books and papers of The Indian Wood Products Company Limited, 9, Brabourne Road, 7th Floor, Kolkata-700 001, as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum & Articles of Association of the Company for the financial year ended on 31st March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, within the time or with delay, prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited, comments are not required.
4. The Board of Directors duly met 4 (four) times on 31st May, 2010, 26th July, 2010, 18th October, 2010 and on 29th January, 2011, in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose including the circular resolution passed by the Company.
5. The Company has closed its Register of Members from 19th July, 2010 to 26th July, 2010 u/s 154 of the Act during the financial year and complied with the provisions of the Act.
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 26th July, 2010 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year, however special Resolutions u/s 81 (1A) & 372 (A) of the Act were passed through Postal Ballot and the result of the same was declared on 27th November, 2010 and the proceedings of the same was duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to u/s 295 of the Act.
9. The Company has not entered into any contract u/s 297 of the Act, during the financial year.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company was not required to obtain necessary approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate Share Certificates during the financial year.
13. The Company has :-
  - i) Not allotted any share however has delivered all the certificates of shares on lodgment thereof for transfer/ transmission or for any other purpose in accordance with the provisions of the Act.
  - ii) Not deposited any amount in a separate Bank Account, as no dividend was declared for the year ended 31st March, 2010.
  - iii) Not posted warrants to any member of the Company as no dividend was declared during the year.
  - iv) The Company has transferred unclaimed Fixed Deposit of Rs. 30,000/-, which were due for more than 7 years to the Investor Education and Protection fund, during the financial year under review.
  - v) Duly complied with the requirements of section 217 of the Act.



## SECRETARIAL COMPLIANCE CERTIFICATE (Contd.)

14. The Board of Directors of the company is duly constituted and there was no appointment of Directors, Additional Directors, Alternate Directors during the financial year.
15. The Company has appointed Whole-time Director, designated as Executive Director, in accordance with u/s 269 read with Schedule XIII of the Act.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued shares or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There was no transactions necessitating the company to keep in abeyance Rights to dividend, Right shares and bonus shares pending registration of transfer of shares.
23. The Company has accepted deposit including unsecured loan falling within the purview of section 58A during the financial year and the Company has filed statement in lieu of Advertisement with Registrar of Companies, West Bengal on 30th July, 2010. The Company has also filed Return of Deposit with R. O. C. However the provision of sec. 58AA is not applicable since there is no default in case of Small Depositors.
24. The amount borrowed by the Company from Banks, Financial Institution and others are within the limits of the company and that necessary resolution as per section 293(1)(d) of the Act have been passed in duly convened General Meeting held on 22nd September, 1995.
25. The Company has not made Loans and Investments or given guarantee to other bodies Corporate during the financial year consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. As informed by the management, there was no prosecution initiated against the Company and no fines or penalties or any other punishment was imposed on the Company, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both Employee's and Employer's contribution to Provident Fund with the prescribed authorities pursuant to section 418 of the Act, for the year ended 31st March, 2011.

Place : Kolkata  
Date : the 12th August, 2011

ASHOK KUMAR DAGA  
Company Secretary  
FCS-2699 & C.P. No. 2948



## SECRETARIAL COMPLIANCE CERTIFICATE (Contd.)

### ANNEXURE - A

#### Registers as maintained by the Company (Statutory Registers)

- |  |   |
|--|---|
| 1. Members Register U/S. 150                             | 2. Shareholders Index register U/S 151.     |
| 3. Register of Directors U/S 303                         | 4. Director's Shareholding Register U/S 307 |
| 5. Register of Contract (Disclosure of Interest) U/S 301 | 6. Share Transfer Register U/S 108          |
| 7. Fixed Assets Register as per Schedule VI.             | 8. Dividend Register U/S 205.               |
| 9. Document Register                                     | 10. Register of Charges U/S 143.            |
| 11. Circulation Resolution Minute Book U/S. 289.         | 12. Fixed Deposit Register U/S 58A.         |
| 13. Common Seal Register.                                | 14. Postal Ballot Register                  |
| 15. Register of Investment or Loans U/S 372A.            |   |

### ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2011

Sl. No.	Form No./ Return	Filed under section	For	Date of filing	Whether filed within prescribed time Yes/No.	If delay in filing whether requisite additional fee paid Yes/No
1.	No. 62	U/s. 58A Rule 10	Return of Deposit	24.06.2010	Yes	No
2.	No. 23	U/s. 192	Appointment of Whole time Director	24.06.2010	Yes	No
3.	No. 25C	U/s. 269	Return of Whole time Director	24.06.2010	Yes	No
4.	No. 8	U/s 135	Creation of Charge on 15.06.2010	15.07.2010	Yes	No.
5.	No. 62	U/s. 58A	SLA on 26.07.2010	30.07.2010	Yes	No
6.	No. 66	U/s. 383A	Compliance Certificate as on 31.03.2010	11.08.2010	Yes	No
7.	No. 23AC & 23ACA	U/s. 220	Annual Accounts & Directors Report as on 31st March, 2010.	25.08.2010	Yes	No
8.	No. 20B	U/s. 159	Annual Return for AGM held on 26.07.2010	21.10.2010	No	Yes
9.	No. 62	U/s. 192A	Calendar of Events for conducting Postal Ballot	22.10.2010	Yes	No
10.	No. 1	U/s. 205C	Transfer of Unclaimed Fixed Deposit to Investors Protection Fund	04.12.2010	Yes	No
11.	No. 23	U/s. 81(1A) & 372 A	Issue of Shares other than the Existing Holders & for Making Investment or to give loan or guarantee	09.12.2010	Yes	No





## ANNEXURE - II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE RULES MADE THEREIN AND FORMING PART OF THE DIRECTORS' REPORT :

### 1. CONSERVATION OF ENERGY

- During the year we have installed APFC controller to improve power factor for energy consumption. Similarly a new energy efficient DG Set has been installed. Both the action have resulted in efficient use of electrical energy leading to reduction per unit power consumption.

### 2. RESEARCH AND DEVELOPMENT (R & D) :

- Research and Development is carried out regularly to improve the quality at every stage of production.
- All existing activities will be continued and further steps will also be taken as required from time to time.

Expenditure on R & D

Capital	Rs.	42,565
Recurring	Rs.	2,30,431
	Rs.	<u>2,72,996</u>

### 3. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :

A constant track in latest developments in the field of technology is being kept and the same is put into practice. Adaptation of latest technology contributed to reduction in cost, improvement of quality of our products.

### 4. FOREIGN EXCHANGE EARNINGS AND OUTGO :

1. Earnings —	Rs.	NIL
2. Outgo —	Rs.	9,17,21,513

Kolkata  
Dated : the 12th August, 2011

On behalf of the Board  
K. K. MOHTA  
Chairman



## AUDITORS' REPORT

TO THE MEMBERS OF THE INDIAN WOOD PRODUCTS COMPANY LIMITED

1. We have audited the attached Balance Sheet of THE INDIAN WOOD PRODUCTS COMPANY LIMITED as at 31st March, 2011 and also the Profit & Loss Account for the year ended on that date both annexed thereto and the Cash Flow Statement for the year 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.

2. 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. 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.

3. We further 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 such books.
- c) The Balance Sheet, Profit & Loss Account & Cash Flow Statement referred to in this report are in agreement with the books of accounts and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
- d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Note No. 7 regarding non provision of doubtful debts amounting to Rs. 8.15 lacs and read with other 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 Balance Sheet of the State of Affairs of the Company as on 31st March, 2011; and
  - ii) In case of the Profit & Loss Account of the Profit for the year ended on that date;
  - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date

4. As required by the Companies (Auditors' Report) order 2003 as issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that;

- i) The Company has maintained proper record showing full particulars including quantitative details and situation of Fixed Assets. These fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification.
- ii) a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.



**AUDITORS' REPORT (Contd.)**

- iii) a) The Company has taken unsecured loan, from the Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loan was Rs. 17.00 lacs and Rs. Nil lacs respectively.
- b) In our opinion, the terms and conditions of such loans are not prima-facie prejudicial to the interest of the company.
- c) In respect of the aforesaid loans, there is no overdue amount.
- 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 for the purchase of inventory and fixed assets and for the sale of goods.
- v) According to the information and explanations given to us, there were transactions during the year that need to be entered into the register in pursuance of section 301 of the Act and that has been duly complied with.
- vi) In case of Public Deposits accepted by the company, the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, have been complied with.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- viii) The Central Government of India has not prescribed the maintenance of Cost records by the Company as required under Section 209 (1)(d) of the Companies Act, 1956 for any of its products.
- ix) According to the information and explanation given to us in respect of statutory and other dues :
  - a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities during the year.
  - b) The details of dues of Sales Tax, Customs Duty, Excise Duty, Employees State Insurance and Cess which have not been deposited as on 31st March, 2011 on account of disputes are given below :

Particulars	Financial year to Which the matter Pertain	Forum where the matter is pending	Amount Rs.
Central Sales Tax, Delhi	1987-88	Appellate Tribunal	22,642/-
Central Sales Tax, Delhi	2001-02	Appellate Tribunal	74,57,991/-
Central Sales Tax, Delhi	2002-03	Additional Commissioner	2,15,991/-
Local Sales Tax, Delhi	2002-03	Additional Commissioner	43,74,827/-
Mandi Samity	1997-98	Hon'ble High Court, Allahabad	23,29,265/-

**AUDITORS' REPORT (Contd.)**

- x) The Company does not have accumulated losses as at the end of the year and the company has not incurred cash losses during the current year or in the immediately preceding financial year.
  - xi) The Company has not defaulted in the repayment of dues to financial institution and banks.
  - xii) According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - xv) According to the information given to us, the company has not provided any guarantee for availing any loan by other body corporate.
  - xvi) *In our opinion, and according to the information and explanations given to us, on overall basis, the term loans have been applied for the purpose for which they were obtained.*
  - xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us on an overall basis, funds raised on short term basis have, prima-facie, not been used during the year for long term investment and vice versa.
  - xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.
- Clause nos. xiii, xiv, xviii, xix, xx of the aforesaid Order are not applicable to the Company during the year.

4A, Council House Street,  
Kolkata-700 001  
Dated : 12th August, 2011

For S. K. AGRAWAL & CO.  
*Chartered Accountants*  
J. K. CHOUDHURY  
*Partner*  
Membership No. 9367  
Firm Registration No. 306033E

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule No.	31st March, 2011		31st March, 2010	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	I	1,07,73,016		1,07,73,016	
Reserves and Surplus	II	<u>9,51,07,385</u>	10,58,80,401	<u>8,42,76,625</u>	9,50,49,641
<b>Loan Funds</b>					
Secured Loans	III	10,62,26,779		10,73,61,293	
Unsecured Loans		<u>1,13,74,427</u>	11,76,01,206	<u>1,47,77,986</u>	12,21,39,279
<b>Deferred Tax Liability (Net)</b> ( Note No. 11, Schedule XV)			<u>30,94,157</u>		<u>30,01,032</u>
			<u>22,65,75,764</u>		<u>22,01,89,952</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	IV	9,24,14,812		8,31,53,383	
Less : Depreciation		<u>3,65,40,209</u>		<u>3,24,06,411</u>	
		5,58,74,603		5,07,46,972	
Add : Capital works in process		<u>22,72,538</u>	5,81,47,141	<u>22,72,538</u>	5,30,19,510
<b>Investments</b>	V		2,024		2,024
<b>Current Assets, Loans and Advances</b>					
Inventories	VI	14,67,06,293		12,40,82,983	
Sundry Debtors	VII	12,84,28,247		13,26,67,129	
Cash and Bank Balances	VIII	1,81,16,565		1,86,12,584	
Loans and Advances	IX	<u>1,76,82,242</u>		<u>1,86,82,275</u>	
		31,09,33,347		29,40,44,971	
Less : Current Liabilities and Provisions	X				
Liabilities		11,85,58,029		10,65,22,096	
Provisions		<u>2,39,48,719</u>		<u>2,03,54,457</u>	
		14,25,06,748		12,68,76,553	
<b>Net Current Assets</b>			<u>16,84,26,599</u>		<u>16,71,68,418</u>
			<u>22,65,75,764</u>		<u>22,01,89,952</u>
<b>Notes on Accounts &amp; Significant Accounting Policies</b>	XV				

The Schedules referred to above form an integral part of the Balance Sheet.

In terms of our attached report of even date.

Kolkata  
Dated : the 12th August, 2011

For S. K. AGRAWAL & CO.  
Chartered Accountants  
J. K. CHOUDHURY  
Partner  
Membership No. 9367  
Firm Registration No. 306033E

K. K. MOHTA  
Chairman  
S. K. MAHESWARY  
Director



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	31st March, 2011		31st March, 2010	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Sales		63,47,93,302		55,98,38,839	
Less : Excise duty		4,85,638		—	
Less : Sales Charges	XI	75,14,416		76,21,308	
		<u>62,67,93,248</u>		<u>55,22,17,531</u>	
Add : Miscellaneous Income		3,37,994	62,71,31,242	10,13,092	55,32,30,623
Less : Cost of Goods Sold	XII		<u>58,41,37,399</u>		<u>51,75,60,838</u>
<b>Gross Profit</b>			<u>4,29,93,843</u>		<u>3,56,69,785</u>
Add : Interest on Fixed Deposits and Others (Gross) [Tax deducted at source - Rs. 55,788/- (2010 - Rs. 76,522/- ) Gain on foreign exchange fluctuation Liabilities no longer required written back			5,70,656		6,38,034
			<u>15,54,468</u>		<u>16,32,113</u>
			<u>10,816</u>		<u>30,719</u>
			<u>4,51,29,783</u>		<u>3,79,70,651</u>
Less : EXPENDITURE AND CHARGES					
Salaries and Wages including benefits	XIII	49,78,155		27,89,219	
Other Charges	XIV	75,61,571		63,82,167	
Interest		1,37,82,010		1,23,60,631	
Depreciation other than Factory		2,86,679		2,54,843	
Advances (including claims) written off		10,543		1,08,463	
Loss on Foreign Exchange Fluctuation		8,78,174		1,60,307	
Loss on sale of Fixed Assets		25,194		3,19,216	
Sales Tax paid for earlier years		10,746		—	
			<u>2,75,33,072</u>		<u>2,23,74,846</u>
<b>Profit before Taxation</b>			<u>1,75,96,711</u>		<u>1,55,95,805</u>
Less : Provision for Taxation					
Current Year		53,00,000		62,50,000	
Previous Year (Net)		1,24,226		—	
Fringe Benefit Tax/ Excess provision written back		—		(75,000)	
Deferred tax (Note 11, Schedule XV)		93,125	55,17,351	1,34,822	63,09,822
<b>Profit after Tax adjustments</b>			<u>1,20,79,360</u>		<u>92,85,983</u>
Profit Brought forward from Previous Year			<u>1,49,03,146</u>		<u>56,17,163</u>
<b>Profit available for appropriation</b>			<u>2,69,82,506</u>		<u>1,49,03,146</u>
Appropriation Proposed Dividend			10,74,318		—
Tax on dividend			1,74,282		—
Transfer to General Reserve			62,50,608		—
<b>Balance carried forward to Balance Sheet</b>			<u>1,94,83,298</u>		<u>1,49,03,146</u>
			<u>2,69,82,506</u>		<u>1,49,03,146</u>
Basic and diluted earnings per share (Note 15, Sch. XV)			11.24		8.64

### Notes on Accounts & Significant Accounting Policies XV

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

For S. K. AGRAWAL & CO.

Chartered Accountants

J. K. CHOUDHURY

Partner

Membership No. 9367

Firm Registration No. 306033E

K. K. MOHTA

Chairman

S. K. MAHESWARY

Director

Kolkata

Dated : the 12th August, 2011

**SCHEDULE I**

	31st March, 2011		31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
<b>SHARE CAPITAL :</b>				
<b>Authorised —</b>				
25,00,000 Ordinary Shares of Rs. 10/- each		<u>2,50,00,000</u>		<u>2,50,00,000</u>
<b>Issued and Subscribed —</b>				
10,74,318 Ordinary Shares of Rs. 10/- each	1,07,43,180		1,07,43,180	
<i>Add :</i> 5,682 Shares Forfeited (Amount originally paid-up)	<u>29,836</u>	<u>1,07,73,016</u>	<u>29,836</u>	<u>1,07,73,016</u>

Of the above 22,500 shares have been allotted as fully paid-up pursuant to a contract without payments being received in cash and 2,40,000 shares have been allotted as fully paid up Bonus Shares by way of Capitalisation of Reserves.

**SCHEDULE II****RESERVES AND SURPLUS :**

<b>Capital Reserve</b>				
Premium on Re-issue of forfeited shares		3,037		3,037
<b>Securities Premium</b>				
As per last Account		1,43,46,031		1,43,46,031
<b>Revaluation Reserve</b>				
(Note No. 6, Schedule XV)		2,92,75,019		2,92,75,019
<b>General Reserve</b>				
As per last Account	2,57,49,392		2,57,49,392	
Add : Transferred from Profit & Loss A/c.	<u>62,50,608</u>	3,20,00,000	<u>—</u>	2,57,49,392
<b>SURPLUS IN PROFIT &amp; LOSS ACCOUNT</b>		<u>1,94,83,298</u>		<u>1,49,03,146</u>
		<u>9,51,07,385</u>		<u>8,42,76,625</u>

**SCHEDULE III**

	31st March, 2011		31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
<b>SECURED LOANS :</b>				
State Bank of Bikaner and Jaipur (Note 2, Sch. XV)				
Cash Credit Account	5,84,28,886		5,81,04,782	
Working Capital Term Loan	–		4,85,000	
Term Loan	34,01,752		59,55,000	
Stand by line of Credit	<u>75,00,000</u>	<u>6,93,30,638</u>	<u>75,00,000</u>	7,20,44,782
Axis Bank Ltd. (Note 2, Sch-XV)				
Cash Credit Account	2,79,89,503		2,85,61,373	
Funded Interest Term Loan	–		34,88,200	
Working Capital Term Loan	–		6,81,800	
Temporary over draft	<u>45,50,000</u>	<u>3,25,39,503</u>	<u>–</u>	3,27,31,373
Interest Accrued and due on above term loan		89,928		2,35,863
Secured by hypothecation of Equipment & Cars				
Srei Equipment & Finance Pvt. Ltd. - Equipment (DG Set) Loan		28,86,508		–
Kotak Mahindra Prime Ltd.- Car Loan		5,61,753		5,96,358
ICICI Bank Ltd. - Car Loan		1,93,046		11,00,033
SBBJ - Car Loan		<u>6,25,403</u>		<u>6,52,884</u>
		<u>10,62,26,779</u>		<u>10,73,61,293</u>
<b>UNSECURED LOANS :</b>				
Fixed Deposits	46,42,000		20,33,000	
Short-term loans from companies	44,00,000		94,00,000	
Short-term loans from Director	23,20,000		33,20,000	
Interest accrued and due	<u>12,427</u>	<u>1,13,74,427</u>	<u>24,986</u>	<u>1,47,77,986</u>





THE INDIAN WOOD PRODUCTS COMPANY LIMITED

**SCHEDULE IV**

**FIXED ASSETS**

Particulars	GROSS BLOCK AT COST						DEPRECIATION						NET BLOCK	
	As at 31st March, 2010	Adjustments/ Additions during the Year	Sales/ Adjustments/ Transfers during the year	As at 31st March, 2011	As at 31st March, 2010	For the Year	On Assets Sold/adjusted/ transferred during the year	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Free Hold Land (Note No. 6, Schedule XV)	1,66,99,100	—	—	1,66,99,100	—	—	—	—	—	—	—	1,66,99,100	1,66,99,100	
Building	1,24,00,223	—	—	1,24,00,223	40,03,897	2,47,427	—	42,51,324	—	—	—	81,48,899	83,96,326	
Tube-Well	2,73,632	—	—	2,73,632	1,49,316	4,042	—	1,53,358	—	—	—	1,20,274	1,24,316	
Plant and Machinery	1,26,37,976	2,62,338	—	1,29,00,314	71,96,059	7,09,458	—	79,05,517	—	—	—	49,94,797	54,41,917	
Effluent Treatment Plant	20,79,012	—	—	20,79,012	19,75,061	—	—	19,75,061	—	—	—	1,03,951	1,03,951	
Electric Installation	63,17,101	66,14,452	—	1,29,31,553	32,16,396	4,34,392	—	36,50,788	—	—	—	92,80,765	31,00,705	
Weighing Scales	3,72,691	65,565	—	4,38,256	2,23,875	18,569	—	2,42,444	—	—	—	1,95,812	1,48,816	
Trolleys & Trays	26,35,881	12,80,682	—	39,16,563	25,93,580	12,80,682	—	38,74,262	—	—	—	42,301	42,301	
Laboratory Apparatus	4,57,564	8,160	—	4,65,724	2,77,287	13,307	—	2,90,594	—	—	—	1,75,130	1,80,277	
Refrigeration & Cooling System	1,45,86,101	5,71,542	—	1,51,57,643	49,18,484	6,05,449	—	55,23,933	—	—	—	96,33,710	96,67,617	
Motor Car & Vehicles	73,41,135	3,03,648	1,25,000	75,19,783	25,42,906	6,05,035	1,18,750	30,29,191	—	—	—	44,90,592	47,98,229	
Computers	26,82,800	1,28,942	86,000	27,25,742	20,89,466	1,23,816	44,308	21,68,974	—	—	—	5,56,768	5,93,334	
Furniture, Fixture & Office Equipment	46,70,167	2,37,100	—	49,07,267	32,20,084	2,54,679	—	34,74,763	—	—	—	14,32,504	14,50,083	
<b>Total</b>	<b>8,31,53,383</b>	<b>94,72,429</b>	<b>2,11,000</b>	<b>9,24,14,812</b>	<b>3,24,06,411</b>	<b>42,96,856</b>	<b>1,63,058</b>	<b>3,65,40,209</b>	<b>5,58,74,603</b>	<b>5,07,46,972</b>	<b>5,07,46,972</b>	<b>5,58,74,603</b>	<b>5,07,46,972</b>	
Previous Year	7,74,29,782	65,74,617	8,51,016	8,31,53,383	2,90,33,587	37,89,239	4,16,415	3,24,06,411	5,07,46,972	5,07,46,972	5,07,46,972	5,07,46,972	5,07,46,972	

**SCHEDULE V**

	31st March, 2011		31st March, 2010
	Rs.	Rs.	Rs.
<b>INVESTMENTS — Long Term (Quoted) :</b>			
<b>Other than Trade (At Cost)</b>			
339 Equity Shares of Rs. 10/- each fully paid in Vishnuhari Investment & Properties Ltd. [Received on amalgamation of Karuna Sindhu Financers & Investors Ltd. (640 Shares)]	<u>2,024</u>		<u>2,024</u>
Market Value	<u>4,407</u>		<u>4,407</u>

**SCHEDULE VI****INVENTORIES**

Land (Stock in Trade) (Note No. 6, Schedule XV)	1,26,15,505		1,26,15,505
Raw Materials	1,57,74,186		1,44,68,870
Work-in-process	4,44,41,625		5,70,94,518
Finished Goods (includes excise duty of Rs. 22,82,568/-)	6,40,52,017		3,10,31,098
Consumables	25,50,833		34,57,301
Stores and spare parts	72,04,091		53,57,489
Tools and Implements	68,036		58,202
	<u>14,67,06,293</u>		<u>12,40,82,983</u>

**SCHEDULE VII****SUNDRY DEBTORS****Debts outstanding for more than six months**

Unsecured - Considered Good	4,22,03,469		2,44,65,318
- Considered Doubtful	<u>8,14,525</u>	4,30,17,994	<u>11,87,900</u> 2,56,53,218
<b>Other Debts :</b>			
Secured - Considered Good	30,000		90,142
Unsecured - Considered Good	<u>8,53,80,253</u>	8,54,10,253	<u>10,69,23,769</u> 10,70,13,911
	<u>12,84,28,247</u>		<u>13,26,67,129</u>

**SCHEDULE VIII**

	31st March, 2011		31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
<b>CASH AND BANK BALANCES :</b>				
Cash in hand (Including cheques in hand)		7,61,232		1,56,973
Balances with Scheduled Banks :				
On Current Accounts	67,25,183		54,56,161	
On Fixed Deposits Accounts (Note 3(a) & (b) Schedule - XV)	<u>1,06,30,150</u>	1,73,55,333	<u>1,29,99,450</u>	1,84,55,611
[(Includes Rs. 101.08 lacs as margin money against L. C. Commitment)]				
		<u>1,81,16,565</u>		<u>1,86,12,584</u>

**SCHEDULE IX****LOANS AND ADVANCES :****Unsecured**    **Considered Good**

    Advances recoverable in cash or in kind  
    or for value to be received

1,55,31,233

1,71,26,113

**Security and other Deposits**

21,51,009

15,56,162

1,76,82,2421,86,82,275**SCHEDULE X****CURRENT LIABILITIES AND PROVISIONS :****Current Liabilities :**    **Sundry Creditors for**

    Good Supplied (other than Small Scale  
    Industrial undertaking)

9,90,07,385

8,51,90,280

    Advances from Customers and Consignees

1,32,58,554

1,35,60,639

    Other Liabilities

45,76,178

62,22,158

    Contractors' and Customers' Security Deposits

14,55,450

14,55,450

    Interest accrued but not due

2,60,462

11,85,58,029

93,569

10,65,22,096

**Provisions**

    Provision for Taxation (net of advance Tax)

58,57,906

46,64,402

    Provision for Fringe Benefit Tax  
(net of advance tax)

34,457

34,457

    Proposed Dividend

10,74,318

    Tax on Dividend

1,74,282

    Provision for Retirement benefits

        Gratuity

1,11,83,164

1,06,02,838

        Leave Encashment

56,24,592

2,39,48,719

50,52,760

2,03,54,457

14,25,06,74812,68,76,553

**SCHEDULE XI**

	2010 - 2011		2009 - 2010	
	Rs.	Rs.	Rs.	Rs.
<b>SALES CHARGES :</b>				
Rent		3,51,600		3,34,640
Freight and Transport		23,35,822		15,16,221
Commission paid to Selling Agents		-		1,03,331
Brokerage and Discount etc.		5,43,617		15,61,027
Repairs to Others		29,409		28,680
Loading & Unloading charges		17,00,429		12,44,718
Miscellaneous Expenses		25,53,539		28,32,691
		<u>75,14,416</u>		<u>76,21,308</u>

**SCHEDULE XII****COST OF GOODS SOLD :****Raw Materials Consumed :**

Opening Stock		1,44,68,870		1,32,12,443
Purchases		31,38,16,810		29,30,52,682

**Extraction Expenses -**

Salaries and Wages (Schedule XIII)	9,33,863		7,64,898	
Other Charges (Schedule XIV)	<u>50,36,621</u>	<u>59,70,484</u>	<u>45,32,516</u>	<u>52,97,414</u>

		<u>33,42,56,164</u>		<u>31,15,62,539</u>
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Less : Closing Stock		1,57,74,186		1,44,68,870
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Less : Raw Material sold		<u>20,06,400</u>		<u>-</u>
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Ram Material Consumed		<u>31,64,75,578</u>		<u>29,70,93,669</u>
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**Manufacturing Expenses -**

Stores and Spare Parts Consumed	2,26,96,123		1,73,45,645	
Consumables Consumed	8,75,26,417		9,05,67,397	
Power and Fuel	2,27,83,222		1,56,48,398	
Salaries and Wages including benefits to staff (Schedule XIII)	7,52,20,920		5,97,92,313	
Other Charges (Schedule XIV)	<u>7,35,10,420</u>	<u>28,17,37,102</u>	<u>6,58,60,907</u>	<u>24,92,14,660</u>

**Depreciation**

		40,10,177		35,34,396
--	--	-----------	--	-----------

Stock of Finished goods, and Work-in-process as at 1st April, 2010		8,81,25,616		5,58,43,729
--	--	-------------	--	-------------

		<u>69,03,48,473</u>		<u>60,56,86,454</u>
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Less : Stock of Finished Goods and Work-in-process as at 31st March, 2011		10,62,11,074		8,81,25,616
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		<u>58,41,37,399</u>		<u>51,75,60,838</u>
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**SCHEDULE XIII**

	2010 – 2011				2009 – 2010			
	Total Rs.	Head Office Account Rs.	Factory Account Rs.	Khair Wood Account Rs.	Total Rs.	Head Office Account Rs.	Factory Account Rs.	Khair Wood Account Rs.
<b>SALARIES AND WAGES INCLUDING BENEFITS TO STAFF :</b>								
Salaries, Wages, and Bonus (Including Gratuity etc.)	7,01,05,908	44,51,928	6,48,95,584	7,58,396	5,32,31,421	23,38,657	5,03,01,474	5,91,290
Contribution to Provident and Other Funds	39,22,304	2,48,156	36,17,268	56,880	35,81,729	1,94,664	33,35,081	51,984
Staff Welfare Expenses	71,04,726	2,78,071	67,08,068	1,18,587	65,33,280	2,55,898	61,55,758	1,21,624
	<b>8,11,32,938</b>	<b>49,78,155</b>	<b>7,52,20,920</b>	<b>9,33,863</b>	<b>6,33,46,430</b>	<b>27,89,219</b>	<b>5,97,92,313</b>	<b>7,64,898</b>

**SCHEDULE XIV**

**OTHER CHARGES**

Rent	3,80,842	3,12,284	68,558	—	3,28,201	2,87,101	41,100	—
Rates and Taxes	32,81,776	4,400	32,69,976	7,400	21,13,880	4,550	21,07,680	1,650
Electric Lights and Power	1,85,82,057	1,60,544	1,84,21,513	—	1,52,17,333	1,10,049	1,51,07,284	—
Insurance	2,83,877	50,675	2,33,202	—	7,24,116	2,32,224	4,91,892	—
Repairs to Building	11,90,872	—	11,90,872	—	10,04,399	—	10,04,399	—
Repairs to Machinery	23,33,401	—	23,33,401	—	20,07,278	—	20,07,278	—
Repairs to Others/Electrical	10,10,084	20,776	9,89,308	—	8,90,474	10,931	8,79,543	—
Railway Tax & Maintenance	—	—	—	—	—	—	—	—
Auditors' Remuneration (Note 4 Schedule XV)	1,15,815	1,15,815	—	—	1,15,815	1,15,815	—	—
Transport / Felling / Billeting etc.	48,57,725	—	—	48,57,725	44,20,888	—	—	44,20,888
Travelling Expenses	42,79,233	30,18,409	12,54,337	6,487	35,46,751	22,46,591	12,95,032	5,128
Directors' Fees	40,000	40,000	—	—	40,000	40,000	—	—
Machine Katha Expenses	3,57,26,661	—	3,57,26,661	—	3,54,04,520	—	3,54,04,520	—
Miscellaneous Expenses	1,40,26,269	38,38,668	1,00,22,592	1,65,009	1,09,61,935	33,34,906	75,22,179	1,04,850
	<b>8,61,08,612</b>	<b>75,61,571</b>	<b>7,35,10,420</b>	<b>50,36,621</b>	<b>7,67,75,590</b>	<b>63,82,167</b>	<b>6,58,60,907</b>	<b>45,32,516</b>



## SCHEDULE XV

### NOTES ON ACCOUNTS

#### Basis for preparation of accounts :

The accounts have been prepared to comply with all material aspects of applicable accounting principles. The Accounting Standards issued by the Institute of Chartered Accountants of India and in accordance with the Companies Act, 1956.

#### 1. ACCOUNTING POLICIES

##### a) Fixed Assets :

Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.

Depreciation on Fixed Assets is provided from the date of capitalisation under the straight line method at the rates and in the manner as per the provisions of Schedule XIV of the Companies Act, 1956.

##### b) Investments :

Long term Investments are stated at cost.

##### c) Inventories :

Inventories are valued at cost or net realisable value whichever is lower. Cost is determined as follows :

1. Raw Material and consumables - FIFO Method.
2. Finished Goods, stores, spares, work-in-progress – Weighted average method.

##### d) Retirement Benefits :

- 1) Contribution to Provident Fund is made at a predetermined rate and charged to revenue on accrual basis.
- 2) For gratuity the Company maintains Group Insurance-cum-Gratuity Scheme with Life Insurance Corporation of India. (See Note No. 10)
- i3) Year end accrued liability for leave encashment has been provided on actuarial valuation done by approved valuer.

##### e) Research and Development Expenditure :

Revenue expenditure is written off in the year in which it is incurred.

##### f) Recognition of Income and Expenditure :

Items of Income and Expenditure are recognised on accrual basis.

##### g) Foreign Currency Transaction :

Transactions in Foreign exchange are recognised at the exchange rate prevailing on date of transaction. Gain & Losses arising on account of realisation are accounted for in Profit and Loss Account.

Assets and Liabilities in foreign currency which are outstanding as at the year end and not covered by forward contracts are translated at the year end exchange rates. Gain and Losses arising on account of such deviations are accounted for in the Profit & Loss Account.

##### h) Contingent Liability :

Contingent Liabilities are not provided for in Accounts, but are disclosed by way of notes.

##### i) Borrowing Cost :

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue.



**SCHEDULE XV (Contd.)**

**j) Taxation**

The Provision for income tax expenses comprises current tax, deferred tax & fringe benefit tax. Current Tax & Fringe benefit tax are measured at the amount expected to be paid to the tax authority, in accordance with the provision of the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**k) Impairment of Assets**

Impairment of loss is recognised at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. The same is recognised and provided after estimating recoverable amount of that particular asset.

**2. SECURED LOANS**

The limits with State Bank of Bikaner and Jaipur and Axis Bank Ltd. are secured by pari passu charge on stocks of raw material, Katha and Cutch whether raw or in process of manufacture and all articles manufactured therefrom, Stores, Book debts, Plant & Machinery and certain other assets and mortgaged by deposit of title deeds of land at Bareilly measuring 90,000 square meter and also have been guaranteed by one of the Director. The amount payable against the term loans in the next one year is Rs. 21 lacs.

**3. THERE ARE CONTINGENT LIABILITIES IN RESPECT OF :**

- a) Demands for Sales Tax amounting to Rs. 1,36,60,634/- (2009-10 Rs.1,28,98,814/-) which are not acknowledged as debts. Against the same Company has paid under protest a total of Rs. 10,10,143/- (2009-10 Rs. 7,95,403/-) included in Loans and Advances and TDR of Rs. 2,36,369/- (2009-10 Rs. 2,36,369/-) are deposited with Sales Tax authorities.
- b) Aggregate year end Bank Guarantees amounts to Rs. 1,00,000/- (2009-10 Rs. 1,00,000/-) against which Fixed Deposit Receipts are being held by Banks.
- c) Mandi Samiti demand on Katha amounting to Rs. 2,37,719/- (2009-10 Rs. 2,37,719/-) has been disputed by the Company and stayed by Honourable High Court Allahabad.

**4. DETAILS OF AMOUNTS PAID OR PAYABLE TO AUDITORS :**

	Year ended 31st March, 2011 Rs.	Year ended 31st March, 2010 Rs.
Audit fee	1,10,300	1,10,300
In other capacity – for certificates	5,515	5,515
Total	<u>1,15,815</u>	<u>1,15,815</u>

**SCHEDULE XV (Contd.)****5. DIRECTORS' REMUNERATION**

	Year ended 31st March, 2011 Rs.	Year ended 31st March, 2010 Rs.
a) Remuneration paid to Whole-time Directors		
Salary	16,05,667	12,43,333
Contribution to Provident Fund	1,92,680	1,49,200
Benefits (including Estimates)	9,58,212	2,56,888
Total	<u>27,56,559</u>	<u>16,49,421</u>
b) Other Directors		
Meeting Fees	40,000	40,000

6. The free hold land at Bareilly was revalued in the year 2008-09 based on the rate as on 1.04.1981. The surplus over cost aggregating to Rs. 2.93 crores arising on revaluation was credited to Revaluation Reserve Account.

Consequently the surplus land admeasuring 112387 Sq. mtr. valuing Rs. 1.26 cores was appropriated as stock in trade.

7. Pending outcome of persuasive / legal action taken for recovery of doubtful Debts aggregating Rs. 8,14,525/- (2009-10 Rs. 11,87,900/-) no provision is considered necessary in this regard at this stage.

8. Loans and advances include Rs. 40 lacs (2009-10 40 lacs) deposited with Customs Authority under protest. Company's representation in this connection is pending before the authority, further adjustments if any will be done as and when the matter is crystallized.

9. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

**10. Defined Benefit Plan :**

As per Actuarial Valuations as on 31.03.2011 and recognised in the financial statements in respect of Employees benefit schemes.

	Gratuity (Unfunded) Amount (Rs.)
<b>A. Component of Employer expenses</b>	
1. Current service Cost	10,37,057
2. Interest Cost	12,54,611
3. Expected Return on Plan Asset	(4,49,453)
4. Actuarial Losses / (gain)	11,68,126
5. Expenses directly paid by the Company (For Current Year)	20,14,306
6. Total expenses recognised in the Statement of Profit & Loss	30,10,342
<b>B. Net Asset / (Liability) Recognised in Balance Sheet as at 31.03.2011</b>	
1. Present Obligation of Defined Benefit Obligation	1,71,43,691
2. Fair Value of Plan Asset	59,60,527
3. Funded Status [Surplus / (Deficit)]	—
4. Net Asset / (Liability) recognised in the Balance Sheet	(1,11,83,164)



**SCHEDULE XV (Contd.)**

	Gratuity (Unfunded) Amount (Rs.)
<b>C. Change in Defined Benefit Obligation during the year ended 31.03.2011</b>	
1. Present Value of DBO at Beginning of period	1,56,82,640
2. Current Services Cost	10,37,057
3. Interest Cost	12,54,611
4. Actuarial Losses/(gains)	11,83,688
5. Benefits paid	(20,14,306)
6. Present value of DBO at the end of period	1,71,43,691
<b>D. Change in Fair Value of the asset</b>	
1. Plan asset at the beginning of the period	50,79,802
2. Return on Plan Asset	4,49,500
3. Actuarial Gain	(15,562)
4. Actual Company contributions	4,15,663
5. Benefits paid	—
6. Plan Assets at the end of the period	59,60,527
<b>E. Actuarial Assumption</b>	
1. Discount Rate (%)	8.0%
2. Expected return on plan assets (%)	8.5%

The year end Gratuity liability has been provided as above and as per actuarial valuation. Though the Company's Group Gratuity Scheme with LIC was temporarily discontinued till March, 2011 and against gratuity liability of Rs. 171.44 lacs as on date an amount of Rs. 59.61 lacs is lying with LIC. However after March, 2011 the Company has started paying to LIC and a sum of Rs. 30.00 lacs has since been paid.

**11. Provision for Deferred Tax as per accounting standard — 22 (Accounting for taxes on Income).**

Deferred tax (Liabilities) on Depreciation	Rs.
Opening as at 01.04.2010	30,01,032
Debit / (Credit) During the year	93,125
Closing As at 31.03.2011	30,94,157

**12. The Principal product of the Company "Katha" was exempted from Central Excise tariff. However by a notification No. 16/2003 dt. 01.03.2003 such exemption was available to Katha excluding Gambier. The Central Excise authorities were of the view that Raw Katha (an intermediate product) produced by processing Gambier Extract is also liable to duty. The Department issued show-cause notices demanding Rs. 31.13 crores till March, 2010. The Company preferred appeal against the show-cause notices received from time to time. In one of such appeal, the appellate authority accepted the main ground of valuation of the products as per CAS 4 and have reduced demand from Rs. 7.00 crores to Rs. 2.40 crores for the period from September, 2008 to March, 2010 Accordingly on the same ground total demand of Rs. 31.13 crores would get reduced to Rs. 9.59 crores. The Company has preferred an appeal in Tribunal, against such order, which is pending.**

Consequently as per legal advice obtained departments action is not tenable based on issues including classification, exemption, valuation, time bar and allowability of cenvat credit of CV duty amounting to Rs. 9.90 crores paid while importing Gambier, is also likely to be adjusted against the said demands. Hence no provision is made at this stage; final adjustment will be made only when the matter is crystallized.

Katha, the main products of the Company was brought within the ambit of Central Excise duty w.e.f. 1st March, 2011 and the Company is regular in discharging its duty liability thereafter.



## SCHEDULE XV (Contd.)

### 13. SEGMENT REPORTING

During the Year Katha & Cutch are the only reportable business Segment and there being no other reportable segment AS-17 is not applicable.

### 14. Related Party Disclosures

#### 1. Key Management Personnel

- I. Mr. K. K. Mohta, (Chairman)
- II. Mr. K. K. Damani (Executive Director)
- iii. Mr. Bharat Mohta (Director)

#### 2. Enterprises over which key management persons and their / relatives exercise significant influence.

- I. M/s. Arvind Engineering Works Ltd.
- II. M/s. Security Company Ltd.

#### 3. Disclosures of Transaction between reporting enterprises and related parties and the status of outstanding as on 31st March, 2011.

	2010 — 2011		2009 — 2010	
	Key Management Personnel Rs.	Enterprises having Significant influence Rs.	Key Management Personnel Rs.	Enterprises having Significant Influence Rs.
a) Directors Remuneration See Note 5 (a)	27,56,559		16,49,421	
b) Advance given	NIL	NIL	NIL	47,00,000
c) Advance taken	NIL	17,00,000	33,20,000	NIL
d) Closing balance	23,20,000 (Cr.)	NIL	33,20,000 (Cr.)	NIL

### 15. Information for Earning per Share

	31st March, 2011 Rs.	31st March, 2010 Rs.
Net Profit / (Loss) after Tax but before Extra Ordinary Item as per Profit & Loss Account	1,20,79,360	92,85,983
Weighted average number of equity shares outstanding	10,74,318	10,74,318
Basic and diluted earnings per share (Face Value Rs. 10/- per share)	11.24	8.64



**SCHEDULE XV (Contd.)**

16. Information required pursuant to provisions of paragraph 3, 4C of part II of Schedule VI to the Companies Act. 1956.

	31st March, 2011			31st March, 2010		
	Unit	Quantity	Value Rs.	Unit	Quantity	Value Rs.
<b>I. Sales (including free allowance)</b>						
a) Katha	M.T.	1958.546	61,49,42,414	M.T.	1665.236	54,39,27,220
b) Cutch	M.T.	856.250	1,93,65,250	M.T.	785.500	1,59,11,619
Total			<u>63,43,07,664</u>			<u>55,98,38,839</u>
<b>II. Consumption of Raw Materials</b>						
Timber & Others	M.T.	5589.635	31,84,81,978	M.T.	5262.068	29,70,93,669
<b>III. a) Opening Stock of Finished Goods :</b>						
i) Katha	M.T.	89.792	2,69,43,054	M.T.	46.770	1,35,04,910
ii) Cutch	M.T.	191.675	40,88,044	M.T.	209.950	37,79,100
Total			<u>3,10,31,098</u>			<u>1,72,84,010</u>
<b>b) Closing Stock of Finished Goods :</b>						
i) Katha	M.T.	197.902	5,75,85,409	M.T.	89.792	2,69,43,054
ii) Cutch	M.T.	197.075	46,37,097	M.T.	191.675	40,88,044
Total			<u>6,22,22,506</u>			<u>3,10,31,098</u>
			<u>2010-11</u>			<u>2009-10</u>
<b>IV. a) Licensed Capacity :</b>						
i) Katha	M.T.		600.000			600.000
ii) Cutch	M.T.		1200.000			1200.000
<b>b) Installed Capacity :</b> (As Certified by the Management)						
i) Katha	M.T.		2000.000			2000.000
ii) Cutch	M.T.		1200.000			1200.000
<b>c) Actual Production :</b>						
i) Katha	M.T.		2066.656			1708.258
ii) Cutch	M.T.		861.650			767.225

**SCHEDULE XV (Contd.)****V. Value of Raw Materials and stores and spare parts consumed and percentage of each to total consumption :**

	31st March, 2011		31st March, 2010	
	% of Consumption	Value Rs.	% of Consumption	Value Rs.
Raw Materials–				
Indigenous	30.33	9,66,11,079	37.70	11,19,93,327
Imported	69.67	22,18,70,899	62.30	18,51,00,342
	<u>100.00</u>	<u>31,84,81,978</u>	<u>100.00</u>	<u>29,70,93,669</u>
Stores and Spare Parts–				
Indigenous	100	2,26,96,123	100	1,73,45,645
Consumable Stores–				
Indigenous	100	8,75,26,417	100	9,05,67,398
<b>VI. Earnings in foreign currency :</b>				
Export of Goods calculated on F.O.B. basis		Nil		22,72,794
<b>VII. C I F Value of Imports</b>		<b>16,99,06,433</b>		<b>14,47,80,074</b>
<b>VIII. Expenditure in foreign currency</b>				
Travelling		<b>11,35,108</b>		<b>6,67,407</b>

17. Previous Year's figures have been regrouped/rearranged where necessary.

18. Information pursuant to Schedule VI Part IV are given in Annexure A.

Signatures to Schedules I to XV

Koikata  
Dated : the 12th August, 2011

K. K. MOHTA  
Chairman  
S. K. MAHESWARY  
Director



**ANNEXURE 'A'**

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

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

**1. Registration Details**

Registration No.	<input type="text" value="03557"/>	State Code	<input type="text" value="21"/>
Balance Sheet Date	<input type="text" value="310311"/>		

**2. Capital Raised During the year**  
(Amount in Rs. Thousands)

Public Issue	<input type="text" value="NIL"/>	Right Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

**3. Position of Mobilisation and Deployment of Funds**  
(Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="369082"/>	Total Assets	<input type="text" value="369082"/>
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**Sources of Funds :**

Paid-up Capital	<input type="text" value="10773"/>	Reserves & Surplus	<input type="text" value="95107"/>
Secured Loans	<input type="text" value="106227"/>	Unsecured Loans	<input type="text" value="11374"/>
Current Liabilities and Provisions	<input type="text" value="142507"/>	Deferred tax liabilities (Net)	<input type="text" value="3094"/>

**Application of Funds**

Net Fixed Assets	<input type="text" value="58147"/>	Investments	<input type="text" value="002"/>
Current Assets	<input type="text" value="310933"/>		

**4. Performance of Company**  
(Amount in Rs. Thousands)

Turnover	<input type="text" value="634793"/>	Total Expenditure	<input type="text" value="617196"/>
Profit / (Loss) Before Tax	<input type="text" value="17597"/>	Profit After Tax	<input type="text" value="12079"/>
Earning Per Share	<input type="text" value="1124"/>	Dividend Rate	<input type="text" value="10%"/>

**5. Generic Names of Three Principal Products / Services of Company (as per monetary terms) :**

Item Code No. (ITC Code)	<input type="text" value="14049007"/>
Product Description	Katha
Item Code No. (ITC Code)	<input type="text" value="32030001"/>
Product Description	Cutch



**ANNEXURE 'A'**

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

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

**1. Registration Details**

Registration No.	03557	State Code	21
Balance Sheet Date	31 03 11		

**2. Capital Raised During the year**  
(Amount in Rs. Thousands)

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

**3. Position of Mobilisation and Deployment of Funds**  
(Amount in Rs. Thousands)

Total Liabilities	369082	Total Assets	369082
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**Sources of Funds :**

Paid-up Capital	10773	Reserves & Surplus	95107
Secured Loans	106227	Unsecured Loans	11374
Current Liabilities and Provisions	142507	Deferred tax liabilities (Net)	3094

**Application of Funds**

Net Fixed Assets	58147	Investments	002
Current Assets	310933		

**4. Performance of Company**  
(Amount in Rs. Thousands)

Turnover	634793	Total Expenditure	617196
Profit / (Loss) Before Tax	17597	Profit After Tax	12079
Earning Per Share	1124	Dividend Rate	10%

**5. Generic Names of Three Principal Products / Services of Company (as per monetary terms) :**

Item Code No. (ITC Code)	14049007
Product Description	Katha
Item Code No. (ITC Code)	32030001
Product Description	Cutch



## CASH FLOW STATEMENT PREPARED PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	31st March, 2011		31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		1,75,96,711		1,55,95,805
Adjustment for				
Depreciation	42,96,857		37,89,239	
Interest Expenses	1,37,82,009		1,23,60,631	
Interest Received	(5,70,656)		(6,38,034)	
Liabilities no Longer required written back	(10,816)		(30,719)	
Advances written off	10,543		1,08,463	
Loss/Gain on Sale of Fixed Assets	25,194	1,75,33,131	3,19,216	1,59,08,796
Operating Profit / (Loss) before working capital changes		3,51,29,842		3,15,04,601
Adjustments for				
Trade & Other receivables	52,28,372		(2,03,08,175)	
Inventories	(2,26,23,311)		(2,32,61,881)	
Trade payables	1,30,32,013	(43,62,926)	2,05,76,549	(2,29,93,507)
Cash generated from Operations		3,07,66,916		85,11,094
Direct Tax (paid) / Refund received (Net)		(42,30,722)		(20,00,543)
Cash Flow before extra Ordinary items		2,65,36,194		64,80,551
Extra Ordinary Items		—		—
NET CASH FLOW FROM OPERATING ACTIVITIES		2,65,36,194		64,80,551
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		(94,72,429)		(85,70,861)
Sale of Fixed Assets		22,748		1,15,385
Interest Received		5,70,656		6,38,034
NET CASH USED IN INVESTING ACTIVITIES		(88,79,025)		(78,17,442)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings		1,00,45,508		2,97,56,451
Repayment of Borrowings		1,44,25,086)		(82,14,000)
Interest paid		(1,37,73,610)		(1,22,75,326)
NET CASH USED IN FINANCING ACTIVITIES		(1,81,53,188)		92,67,125
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		4,96,019		79,30,234
CASH AND CASH EQUIVALENTS (Note 2 below)				
AT START OF THE YEAR		1,86,12,584		1,06,82,350
AT CLOSE OF THE YEAR		1,81,16,565		1,86,12,584



THE INDIAN WOOD PRODUCTS COMPANY LIMITED

**CASH FLOW STATEMENT PREPARED PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT (Contd.)**

NOTES : 1. The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.

2. Cash and Cash Equivalents Consists of :

	31-03-2011 Rs.	31-03-2010 Rs.
Cash in hand	7,61,232	1,56,973
Balance with Scheduled Banks	1,73,55,333	1,84,55,611
	<u>1,81,16,565</u>	<u>1,86,12,584</u>

3. Previous Year's figures have been regrouped/rearranged where necessary.

Kolkata  
Dated : 12th August, 2011

For S. K. AGRAWAL & CO.  
*Chartered Accountants*  
J. K. CHOUDHURY  
*Partner*  
Membership No. 9367  
Firm Registration No. 306033E

On behalf of the Board  
K. K. MOHTA  
*Chairman*  
S. K. MAHESWARY  
*Director*



**ATTENDANCE SLIP**

**The Indian Wood Products Co., Ltd.**

Registered Office : 9, Brabourne Road (7th Floor), Kolkata-700 001

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL  
Joint Shareholders may obtain additional Attendance Slips on request.

NAME & ADDRESS OF THE SHAREHOLDER

L. F. No.	
Client ID	
DP ID	

I hereby record my presence at the 91st ANNUAL GENERAL MEETING of the Company held at 3.30 p.m. on the 26th September, 2011 at Bharatiya Bhasha Parishad, 36-A, Shakespeare Sarani, 4th Floor, Kolkata-700 017.

SIGNATURE OF THE SHAREHOLDER OR PROXY
---------------------------------------

**PROXY FORM**

**The Indian Wood Products Co., Ltd.**

Registered Office : 9, Brabourne Road (7th Floor), Kolkata-700 001

L. F. No.	
Client ID	
DP ID	

I/We .....  
of .....being a member / members of THE INDIAN WOOD PRODUCTS CO. LTD.  
hereby appoint ..... of ..... or failing  
him ..... of ..... as my/  
our Proxy to vote for me/us and on my/our behalf, at the 91st Annual General Meeting of the Company to be held at  
3.30 p.m. on Monday, the 26th September, 2011 and at any adjournment thereof.  
As witness my/our hand(s) this..... day of..... 2011.

.....  
(Signature(s) of the Shareholder(s))

**NOTE:** The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

Affix One Rupee Revenue Stamp
--

BOOK - POST

*If undelivered, please return to :*

**THE INDIAN WOOD PRODUCTS COMPANY LIMITED**

9, BRABOURNE ROAD (7TH FLOOR)

KOLKATA - 700 001