



*94th  
Annual Report  
and Accounts  
2013-2014*

**THE INDIAN WOOD PRODUCTS COMPANY LIMITED**



**DIRECTORS** : K. K. MOHTA, *Chairman*  
S. K. MAHESWARY  
V. K. MAHESHWARY  
R. P. CHETANI  
K. K. DAMANI, *Executive Director*  
BHARAT MOHTA  
*Director Corporate Planning and Strategy*

**BANKERS** : UNION BANK OF INDIA

**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  
Phone : 033 3252 3820  
E-mail : iwpcal1@cal2.vsnl.net.in  
Website : www.iwpkatha.com  
CIN NO. : L20101WB1919PLC003557

**FACTORY** : IZATNAGAR, BAREILLY, U.P.

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ANNUAL GENERAL MEETING

ON

THURSDAY  
25TH SEPTEMBER, 2014

AT BHARATIYA BHASHA PARISHAD  
AT 3.30 p. m.

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## NOTICE

NOTICE is hereby given that the Ninety-fourth 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 Thursday the 25th day of September, 2014 at 3.30 p.m. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2014 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, 2014.
3. To appoint a Director in place of Mr. R. P. Chetani (DIN NO. 00392215) who retires by rotation and eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. K. Maheshwary (DIN NO. 02659320) who retires by rotation and eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

1. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:  

RESOLVED that subject to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions / schedules of the Companies Act, 2013 approval of members be and is hereby accorded to the re-appointment of Mr. K. K. Damani, Whole Time Director, designated as Executive Director of the Company liable to retire by rotation, for a period of 3 years (Three) years w.e.f. 15th April, 2014 on the term and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which terms shall be deemed to include any committee of the Board constituted to exercise its powers including the powers conferred by this resolution) to alter and vary such terms and conditions of re-appointment and / or remuneration, subject to the overall limits specified under Schedule XIII to the Companies Act, 1956.
2. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:  

RESOLVED that pursuant to the provisions of Section 180(1)(c) and other applicable provisions if any of the Companies Act, 2013 and the rules made there under and in supersession of all the earlier Resolutions passed in this regard under the Companies Act, 1956 (earlier in force), the consent of the Company be and is hereby accorded to the Board of Directors and / or any Committee thereof to borrow on behalf of the Company, any sum or sums of money from time to time as it may deem fit in any manner, by way of term loans, bonds, advances, credit, non-convertible debentures or otherwise in Indian Rupees or any foreign currency from any bank(s), any financial institution(s) body(ies) corporate(s) and whether the same may be secured or unsecured and if secured whether by way of mortgage, charge, hypothecation, pledge, or otherwise in any respect of all, or any, of the Company's assets notwithstanding that the money to be borrowed together with the money(s) already borrowed by the Company at any given time, will or may exceed the aggregate of its paid-up capital and free reserves of the Company apart from temporary loans obtained by Company's bankers in the ordinary course of business so however that the total amount up to which the money may be borrowed by the Board under this Resolution, at any one time shall not exceed in the aggregate, the sum of Rupees 100 crores (Rupees One hundred crores only) including foreign currency in equivalent rupees.
3. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:  

RESOLVED that pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and subject to the other approvals, if applicable or required under any statute (s) / rule(s) regulation(s) or any law for the time being in force or required from any other concerned authorities and in supersession of all earlier Resolutions passed in this regard under the Companies Act, 1956 (earlier in force) the Board of Directors of the Company and / or any Committee thereof be



## NOTICE (Contd.)

and are hereby authorised and shall be deemed to have always been so authorised to create such mortgages / charges / hypothecations and / or other encumbrances, in addition to the existing mortgages, charges, hypothecation and other encumbrances, if any created by the Company on all or any part of the immovable and /or movable properties, current and/or fixed assets, tangible or intangible assets, book debts and/or claims of the Company whose so ever situate, present and future such charge to rank either pari-passu with or second, subsequent, subservient and subordinate to all mortgages, charges, hypothecation and other encumbrances created / to be created by the Company in favour of Indian or Foreign Financial Institutions, Banks and other Lending Institutions, and/or to such other persons, if any, from whom the Company has / or proposed / proposes to borrow money / sums of moneys by way of Term Loans, Cash Credits, Overdrafts, discounting of bills, inter corporate deposits, commercial papers or such other financial instruments permitted to be used by the appropriate authorities from time to time together with interest, cost, charges and other incidental expenses in terms of agreement(s) entered / to be entered into by the Board of Directors / any Committee thereof of the Company within the overall borrowing limits fixed pursuant to Section 180(1)(c) of the Companies Act, 2013.

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

Resolved that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) a Remuneration of Rs. 50,000/- plus out of pocket expenses and applicable tax payable to Mr. Aniruddha Mukhopadhyay, Cost Auditor to conduct Audit of the Cost records of the products Manufactured by the Company for the Financial year ending 31st March, 2015 as approved by the Board of Directors be and is hereby approved.

Resolved further that the Board be and is hereby authorised to do all acts and take all such steps as may be necessary proper or expedient to give effect to this resolution.

Registered Office :  
Bombay Mutual Building  
9, Brabourne Road,  
Kolkata-700 001  
Dated : 22nd May, 2014

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 22nd September to 25th September, 2014 (both days inclusive)
  4. Explanatory Statement pursuant to Sections 102(1) of the Companies Act, 2013 relating to Special Business is annexed hereto.
  5. Members are being informed that 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 Road, Kolkata - 700 001 the Registrar and Share Transfer Agents of the Company.
  6. It is observed that a sizable number of Dividend warrants have returned undelivered with the remark as Left, Not known etc. for the year ended 31st March, 2011, 31st March, 2012 & 31st March, 2013. Members are therefore requested to furnish their Bank particulars, change of address if any to the **Registrar and Share Transfer agent** as mentioned above for timely payment of Dividend and for proper communication.



**NOTICE (Contd.)**

**7. Voting through Electronic means**

- I. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to provide the facility to the members to exercise their right to vote by electronic means. As an alternative to vote physically at the AGM, and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL)
- II. Similarly Members opting to vote physically can do the same by remaining present at the meeting and should not exercise option for e-voting. However, in case Members cast their vote exercising both the options, i.e. physically and e-voting, then votes casted through e-voting shall be only be taken into consideration and treated valid whereas votes casted physically at the meeting shall be teated as invalid. The instructions for e-voting are as under. Members are requested to follow the instruction below to cast their vote through e-voting.

**III. The instructions for shareholders voting electronically are as under :**

- i) The voting period begins on 19th September, 2014 at 10.00 a.m. and ends on 21st September, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 08-August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- iii) Click on "Shareholders" tab.
- iv) Now, select "The Indian Wood Products Co. Ltd." from the drop down menu and click on "SUBMIT".
- v) Now Enter your User ID.
  - a) For CDSL : 16 digits beneficiary ID,
  - b) For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company, excluding the special characters.
- vi) Nex enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below :

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company / Depository Participant are requested to enter in capital letters the PAN field of 10 characters as First 2 Characters of the First Holder Name followed by 8 characters consisting of Folio Number prefix by "0" (or 8 characters from right of BO-ID). No special characters or space will be taken from the name and folio number and name shall be excluded of titles like Mr / Mrs / Smt / Miss / Ms / M/s. etc.</li> </ul> <p><b>Example :</b></p> <p>(1) Mr. V. N. Swami and Folio Number is S/0245, the PAN will be VN000SO245.</p> <p>(2) M/s. Four Square Co. Ltd. and Folio Number is C-0052 the PAN will be 4S000C0052</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account with the depository or in the company records for your folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Bank Account Number as recorded in your demat account with the depository or in the company records for your folio.</p> <ul style="list-style-type: none"> <li>● Please Enter the DOB or Bank Account Number in order to Login.</li> <li>● If both the details are not recorded with the depository or company then please enter in the Dividend Bank Details field the Number of Shares Held by you as on Cut-off Date (Record Date) of 08-August, 2014</li> </ul>



## NOTICE (Contd.)

- ix) After entering these details appropriately, click on "SUBMIT" tab.
  - x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - xii) Click on the EVSN for the relevant <The Indian Wood Products Co. Ltd.> on which you choose to vote.
  - xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - xviii) If Demat account holder has forgotten the same password then Enter the User ID and the Image verification code and click on Forgot Password & enter the details as prompted by the system.
  - xix) Note for Institutional Shareholders
    - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details they have to create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
8. Mr. Ashok Kumar Daga, Company Secretary (in whole-time practice) (Membership No. FSC2948) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  9. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblocks the votes in the presence of at least two (2) witness not in the employment and made a Scrutinizers Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  10. The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizers Report shall be placed on the website of CDSL within two (2) days of passing of the resolution at the AGM of the Company and communicated to CSE.
  11. The voting right of shareholders shall be in proportion to their shares of the paid-up equity capital of the Company as on the cut-off date (record date) of August 8, 2014.



## NOTICE (Contd.)

12. Details of Directors seeking appointment / re-appointment in forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement) are as under :

Name of Director	<b>Mr. R. P. Chetani</b>	<b>Mr. V. K. Maheshwary</b>
Date of Birth	28.10.1957	30.01.1949
Date of appointment	27.04.2004	13.04.2009
Expertise in Specific functional area	Taxation & Company Law matters	Banking / Financial Consultant
Qualification	B. Com.	Bachelor of Chem. Engr.
Directorships held in other Companies (excluding foreign Companies)	1. Arvind Engg. Works Ltd. 2. Acma Industrial Project Pvt. Ltd. 3. M M Services Ltd.	NIL

## EXPLANATORY STATEMENTS PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013.

### Item No. 1

Mr. K. K. Damani, looking after day to day affairs of the Company's works at Bareilly was re-appointed as Whole time Director, designated as Executive Director of the Company for a further period of 3 years w.e.f 15th April, 2014 liable to retire by rotation on the remuneration determined by the Remuneration Committee and approved by the Board. The Broad particulars of remuneration and perquisites payable and the principal terms and conditions of his appointment are being given as under :

### REMUNERATION

- a) Salary Rs.1,15,000/- per month in the scale of Rs. 1,15,000/- Rs. 10,000/-(2) Rs.1,35,000/- for the period from 15th April, 2014 to 14th April, 2017.
- b) Perquisites:

Apart from salary Shri K. K. Damani will also be entitled to the perquisites classified into the following three categories Part A, B, and C which shall be restricted to an amount equal to the annual salary drawn by the Executive Director or Rs. 3,00,000 per annum whichever is less.

### CATEGORY 'A'

- a) Housing - The Company will provide full furnished accommodation in the factory premises of the Company situated at Izatnagar, Bareilly. (U.P.)
- b) The expenditure incurred by the Company on electricity, water and furnishings will be evaluated as per the Income Tax Rules, 1962 subject to a ceiling of 10% of the Salary of the Executive Director.
- c) Medical Reimbursement and Leave Travel Concession : The Executive Director shall be reimbursed to the extent of 15% of the salary towards expenses incurred for self and family for Medical Expenses and Leave Travel anywhere in India. However the amount so reimbursed shall be subject to Income Tax Rules.
- d) Bonus : In accordance with the Rules of the Company.
- e) Club Fees - Fees of One Club. This will not include admission and Life Membership fees.
- f) Personal Accident Insurance - Of an amount the premium of which shall not exceed Rs. 15,000/- per annum.



## EXPLANATORY STATEMENTS (Contd.)

### CATEGORY 'B'

- a) Company's contribution to Provident Fund as per Rules of the Company.
- b) Gratuity on retirement at the rate of one half month's salary for each completed year of service subject to the provisions of Gratuity Act as amended.
- c) Leave with full pay : Encashment of leave will be permitted as per Rule of the Company.

### CATEGORY 'C'

- a) Car : Provision of car for use on the Company's business provided that use of car for private purpose shall be billed by the Company to the Executive Director.
- b) Telephone – Free use of telephone at his residence provided that personal long distance call on the telephone shall be billed by the Company to the Executive Director.

The Executive Director so long as he functions as such, shall not be paid any sitting fees for attending meeting of the Board of Directors or Committees.

In case of no profits or inadequate profits in any financial year, remuneration and perquisites shall be subject to overall limits as prescribed under Part - II of Section - II of the Schedule XIII of the Companies Act, 1956 and schedule of the Companies Act, 2013.

The proposed Special resolution as set out in Item No. 1 seeks your approval for the re-appointment of Mr. K. K. Damani, Whole time Director designated as Executive Director and the remuneration payable to him.

Except Mr. K. K. Damani, no other Directors of the Company is interested or concerned in the said Resolution.

### Item No. 2 and Item No. 3

The Company already has approvals of the Shareholders of the company U/s. 293(1)(a) and 293(1)(d) of the Companies Act, 1956.

However, as per the corresponding provisions of Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, the powers of the Board are to be exercised only with the consent of the Company by Special resolutions, which were notified on 12th September, 2013. The Government of India, Ministry of Company Affairs vide General Circular No. 04/2014 dated 25th March, 2014 clarified that the Ordinary Resolution(s) passed U/s. 293 of the Companies Act, 1956 would be sufficient compliance of Sec. 180 of the Act, for a period of One year from the date of notification of Sec. 180 of the Companies Act.

Hence, in order to remain compliant with the relevant provisions on borrowings and creation of security under the 2013 Act beyond 12.09.2014, consent of the members is hereby requested by way of proposed Special Resolution(s) pursuant to Sec. 180(1)(a) and 180(1)(c) of the Companies Act.

The Board of Directors of your Company recommends the Resolution at Item No. 2 & 3 as set out in the accompanying Notice for the approval of members of the Company.

None of the Directors of the Company or their relatives is concerned or interested in the Resolutions except to the extent of their shareholding in the company, if any.

### Item No. 4

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost Auditor has to be ratified by the Members of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending on 31st March, 2015.

None of the Directors of the Company or their relatives is concerned or interested in the Resolutions except to the extent of their shareholding in the company, if any.





**The Indian Wood Products Company Ltd.**

Regd. Off. : 9 Brabourne Road, 7th Floor, Kolkata-700 001  
Tel 033 32523820, Fax No. 033 22426799 e-mail : iwpcal1@cal2.vsnl.net.in  
CIN L20101WB1919PLC003557

**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting Hall)  
(Annual General Meeting – 25th September, 2014)

I hereby record my presence at the Annual General Meeting of the Company held on Thursday 25th September, 2014 at 3.30 p.m. at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-700 017.

Full Name of the member (In BLOCK LETTERS) .....

Folio No. .... DP ID No. .... Client ID No. ....

Full Name of Proxy (in BLOCK LETTERS) .....

Member / Proxy (s) Signature .....

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**The Indian Wood Products Company Ltd.**

Regd. Off. : 9 Brabourne Road, 7th Floor, Kolkata-700 001  
CIN L20101WB1919PLC003557  
Tel 033 32523820, Fax No. 033 22426799  
Website : www.iwpkatha.com, e-mail : iwpcal1@cal2.vsnl.net.in

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 of the Companies  
(Management and Administration) Rules, 2014]

Name of the Member (s)	
Registered Address	
E-mail ID	
Folio No.	
Client ID / DP ID	

(Contd.....)

**PROXY FORM (Contd.)**

I/We, being the Member(s) holding ..... shares of the above named Company, hereby appoint	
1. Name	Address
E-mail ID	Signature
OR failing him / her	
2. Name	Address
E-mail ID	Signature
OR failing him / her	
3. Name	Address
E-mail ID	Signature
OR failing him / her	

As my/our proxy to attend and vote (on a poll) for me/us on my/our behalf at the AGM of the Company, to be held on 25th day of September, 2014 at 3.30 p.m. at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-700 017 and at any adjournment thereof in respect of such resolution(s) as are indicated below :

Sl. No.	Resolution	For	Against
<b>Ordinary Business</b>			
1.	Adoption of Audited Financial Statements for the year ended 31st March, 2014		
2.	Declaration of Dividend		
3.	Re-appointment of Mr. R. P. Chetani who retires by rotation		
4.	Re-appointment of Mr. V. K. Maheshwary who retires by rotation		
5.	Appointment of M/s. S. K. Agrawal & Co., Chartered Accountants as Statutory Auditors and to fix their remuneration.		
<b>Special Business</b>			
6.	Special Resolution for Re-appointment of Mr. K. K. Damani as as Executive Director and remuneration payable to him.		
7.	Borrowing power pursuant to Sec. U/s. 180(1)(c) of the Companies Act, 2013.		
8.	Authority to create Mortgage / charge etc. pursuant to Sec. U/s. 180(1)(a) of the Companies Act, 2013.		
9.	Ratification of Remuneration payable to Cost Auditor for 2014-15.		

Signed this ..... day of .....2014

Signature of Shareholder(s) .....

Signature of Proxyholder(s) .....

Affix  
Revenue  
Stamp

Notes : 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

**ELECTRONIC VOTING PARTICULARS**

EVSN	User ID	Password
140805034	Please refer to Note No. 7 - III in the Notice	



## DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting their 94th Annual Report together with the Audited Accounts for the year ended 31st March, 2014.

### FINANCIAL RESULTS

Particulars	₹ in lacs	
	2013 – 14	2012 – 13
Revenue from Operations	9319.11	7617.75
Operating Expenses	8697.54	7191.98
Earning before Finance Cost, Tax & Depreciation	621.57	425.77
Other Income	13.91	17.26
Finance Cost	163.48	153.29
Depreciation	101.11	58.40
Profit before tax (PBT)	370.89	231.34
Tax Expenses	144.87	88.61
Surplus / Profit for the year	226.02	142.73
Balance brought forward from previous year	371.47	275.22
Available surplus	<u>597.49</u>	<u>417.95</u>
<b>APPROPRIATIONS</b>		
Proposed Dividend	11.96	10.74
Tax on Proposed Dividend	2.03	1.74
Transfer to General Reserve	50.00	34.00
Balance Carried to Balance Sheet	<u>533.50</u>	<u>371.47</u>
	<u>597.49</u>	<u>417.95</u>

### DIVIDEND

Your Directors are pleased to maintain a tax free dividend of 10% on the increased paid up Share Capital of the Company.

### GENERAL

During the year under review, the performance of your Company showed an all round improvement in Production, Turnover as well as in Profit of the Company. The turnover of the Company increased to Rs. 93.19 crores as against Rs. 76.18 crores in the previous year i.e. a growth of 23%. Further with higher efficiency and all round efforts, your Company could achieve PBT of Rs. 370.89 lacs as against Rs. 231.34 lacs in the previous year showing an increase of 60%.

Your Directors are glad to inform that the Company is now in the process of setting up a joint venture business in Indonesia to ensure procurement of better quality Gambier extract so as to reduce the Raw Materials cost.

At present with modernization undertaken the working of the Company is satisfactory and with continuous efforts to reduce further cost and by increasing the efficiency it is expected that the same will bring in positive growth.

### ISSUE OF CAPITAL

During the year to support the Working Capital Requirements your Company with the consent of Shareholders, issued 525000 Preferential Convertible Warrants to the Promoters / Promotor Group at Rs. 55/- per Warrants out of which 121500 Warrants were converted in to equity shares of Rs. 10/- each at a premium of Rs. 45/- per share.

### ENVIRONMENT & SAFETY

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

### FIXED DEPOSITS

The Company was accepting Fixed Deposits under Section 58A of the Companies Act, 1956 till 31st March, 2014 and there are no unclaimed deposits outstanding as on that date. In view of the provisions of the Companies Act, 2013 and rules made thereunder regarding acceptance of Deposits, the Company has not accepted further Deposits from 1st April, 2014 onwards and are refunding the Deposits as and when the same are maturing and becoming due.

### 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.



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

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

Information in accordance with the provisions of Section 271(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed (Annexure - II) hereto forming part of the Report.

### **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.

### **DIRECTORATE**

Mr. K. K. Damani has been re-appointed as Executive Director for a further period of 3 (Three) years with effect from April 15, 2014 subject to the approval of the members of the Company in the ensuing Annual General Meeting.

Under Article 103 of the Articles of Association of the Company Mr. R. P. Chetani & Mr. V. K. Maheshwary, retire by rotation and being eligible, offer themselves for re-appointment.

### **AUDITORS REPORT**

Auditors' Report to the members of the Company does not contain any qualification or adverse remarks, hence does not require any further comments in this regard.

### **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.

### **COST AUDITORS**

Pursuant to the provisions of Sec. 233B of the Companies Act, 1956, and subject to the approval of the Central Government, your Company has appointed M/s. Aniruddha & Associates, a Firm of Cost Auditors to carry out the Audit of the Companies Cost record for the Financial Year 2013-14

### **ACKNOWLEDGEMENT**

Your Directors wish to convey their appreciation for the co-operation and assistance extended by the Govt.(s), Financial Institutions, Bankers & Customers.

Your Directors also wish to express their deep appreciation for the integrity and hard work of all the employees of the Company at all levels to meet the challenging market and for the growth of the Company.

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

Kolkata

Dated : the 22nd May, 2014

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, 2014. 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 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 8 (eight) times on 8th May, 2013, 9th August 2013, 24th September 2013, 14th November 2013, 18th January 2014, 13th February 2014, 26th March 2014 and on 29th March 2014, 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 17th, September, 2013 to 24th September, 2013 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, 2013 was held on 24th September, 2013 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. An Extra Ordinary General Meeting was held during the year on 27th February, 2014 for recording of Special Resolution passed through Postal Ballot U/s. 192A of the Companies Act, 1956 and complied with the provisions of the Act.
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) Allotted shares upon exercise of option by the holder of Preferential Convertible warrants, in part, during the year and issued share certificates as per provisions of the Act and has also delivered all the certificates of shares on lodgement thereof for transfer / transmission or for any other purpose in accordance with the provisions of the Act.

**ANNEXURE - I TO THE DIRECTORS' REPORT (Contd.)**

- ii) Deposited the amount of dividend declared in a separate bank account which is within five days from the date of declaration of such dividend.
  - iii) Paid warrants for dividend to all the members within a period of 30 (Thirty) days from the date of declaration and that all the unclaimed / unpaid dividend has been transferred to unpaid dividend Account of the company.
  - iv) The Company was not required to transfer any amount to the Investors Protection Education fund, as there was no unpaid dividend or other amount as specified under the Act, lying for more than 7 years during the financial year under review.
  - v) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and there was no appointment of Directors, Additional Directors, Alternate Directors, occurred during the financial year.
  15. The Company had appointed Whole-time Director, designated as Chairman, 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 issued 121500 Equity Shares of Rs. 10/- each at a premium of Rs. 45/- per share upon exercise of option by the holders of 121500 Preferential Convertible warrants out of total issued warrants of 52500 Preferential Convertible warrants of Rs. 55/- per warrant. No other securities was issued 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 25th September, 2013. 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 altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny and complied with the provisions of the Act.
  28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.



## **ANNEXURE - I TO THE DIRECTORS' REPORT (Contd.)**

29. The Company has altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has altered its Articles of Association during the financial year and complied with the provisions of the Act.
31. As informed by the management, in an earlier year the company has received a notice from the Registrar of Companies seeking clarifications on various provisions / compliance of the Act. Against which the company has suitably replied and made applications for compounding of offences before the Company Law Board. Necessary order against the compounding was duly issued by the Company law Board during the year and the Company and Directors have paid the penalty imposed as per said order.
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, 2014.

Place : Kolkata  
Date : 22nd May, 2014

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

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## **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 U/s 192A
15. Register of Investment or Loans U/S 372A.



## ANNEXURE - I TO THE DIRECTORS' REPORT (Contd.)

### 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, 2014

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 Rule10	Return of Deposit	26.06.2013	Yes	No.
2.	No. 23	U/s. 192	Re-appointment of Whole time Director (Chairman)	05.07.2013	No	Yes
3.	No. 8	U/s. 135	Modification of Charge - State Bank of Bikaner & Jaipur	08.07.2013	Yes	No
4.	No. 23	U/s. 192/310	Revision in Remuneration of Whole time Directors	26.07.2013	Yes	No
5.	No. 25C	U/s 269(2)	Return of Whole time Director (Chairman)	26.07.2013	No	Yes
6.	No. 23C	U/s 233 B	Appointment of Cost Auditor for F. Y. 2012-13	31.08.2013	No	Yes
7.	No. 21	U/s. 621A	CLB Orders for Compounding of Offences U/s. 211 & 217	09.09.2013	Yes	No
8.	No. 62	U/s. 58A	Statement in Lieu of Advertisement	25.09.2013	Yes	No
9.	No. 66	U/s. 383A	Compliance Certificate as on 31.03.2013	04.10.2013	Yes	No
10.	No. 23C	U/s. 233B	Appointment of Cost Auditor for F. Y. 2013-2014	19.10.2013	Yes	No
11.	No. 20B	U/s. 159	Annual Return for A.G.M. held on 24.9.13	22.11.2013	Yes	No
12.	No. 23AC & ACA XBRL	U/s. 220	Balance Sheet & Profit & Loss A/c as on 31.03.2013	22.11.2013	No	Yes
13.	No. 8	U/s. 125	Creation of Charge-Union Bank of India	26.11.2013	No	Yes
14.	No. 5 INV	U/s. 205C and Investor Protection Rules	Statement of unpaid Dividend upto the date of Annual General Meeting held on 24.9.2013	04.12.2013	Yes	No
15.	No. 62	U/s. 192A and Postal Ballot Rules, 2011	Calendar of Events for Postal Ballot	25.01.2014	Yes	No
16.	No. 17	U/s. 138	Satisfaction of Charge-Axis Bank	31.01.2014	Yes	No
17.	No. 23	U/s. 17, 31, 149, 81	Filing of Resolution - Passed through Postal Ballot for Issue of shares on Preferential Basis, Change of Object, amendment in Articles of Association and Commencement of New Business etc.	25.03.2014	Yes	No
18.	No. 20A	U/s. 149 (2A)	Commencement of New Business	28.03.2014	Yes	No
19.	No. 5	U/s. 94/97	Increase in Authorized Capital	26.03.2014	Yes	No
20.	No. 8	U/s. 135	Modification of Charge by mortgage of title deed - Union Bank of India	29.03.2014	Yes	No
21.	No. 2	U/s. 75	Return of Allotment of Shares	31.03.2014	Yes	No





**ANNEXURE - II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as per Section 217(1)(e) of the The Companies Act, 1956 read with the rules made therein and forming part of the Directors' Report.

**A. CONSERVATION OF ENERGY**

Company is engaged in Manufacturing of Katha being the Principal Product and the said activity does not fall under any of the Industries specified in Schedule 2 of the Companies (disclosure of particulars in the report of Board of Directors) Rule 1988. Hence the information in form of A as required is not applicable to the Company.

**B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :**

Research and Development (R & D) is carried out regularly to improve the quality at every stage of production. All existing activities will be continued and further steps for development are being taken as required from time to time.

(Rs. in lacs)

Expenditure on R & D	2013-2014	2012-2013
Capital Expenditure	Nil	Nil
Recurring Expenditure	5.05	4.02

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 has contributed to reduction in cost, improvement of quality of our products. There is no imported technology for Katha Industry.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The export market is not consistent and favourable for Katha. Moreover as per the past trend export sales compared to domestic sales is neither significant nor material. However the Company was able to export a small quantity of Katha and is regularly Importing Raw Materials for its consumption resulting in earnings / outgo as under :

1. Earnings	—	Rs. 26.54	Rs. 44.20
2. Outgo	—	Rs. 1518.89	Rs. 1924.41

Kolkata  
Dated : 22nd May, 2014

On behalf of the Board  
K. K. MOHTA  
Chairman



## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
The Indian Wood Products Company Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of M/s The Indian Wood Products Company Limited, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") (which continues to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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;



## INDEPENDENT AUDITORS' REPORT (Contd.)

- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books
- c. The Balance Sheet, Statement of Profit and Loss & Cash Flow Statement referred to in this report are in agreement with the books of accounts
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss & Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs).
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

4A, Council House Street,  
Kolkata-700 001  
Dated : 22nd May, 2014

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

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## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

1. As required by the Companies (Auditors Report) Order, 2003 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.
  - iii)
    - a) The company has not taken unsecured loan, from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 except from a director. The maximum amount involved during the year and the year-end balance of such loan was Rs. 36.00 lacs and Rs. 24.64 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.
    - d) The Company has not given any loans, Secured or Unsecured, to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - 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.



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

- 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:
- 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.
  - The details of dues of Sales Tax, Custom Duty, Excise Duty, Employees State Insurance and Cess which have not been deposited as on 31st March, 2014 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/-
U P Sales Tax	2007-2008	Appeal before Jt. Commissioner	9,407/-
Central Sales Tax	2008-2009	Appeal before Jt. Commissioner	32,000/-

- 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 explanation given to us on overall basis, the term loans have been applied for the purpose for which loans were obtained.
- xvii) According to the information and explanation given to us and an overall examination of Balance Sheet, we report that funds raised on short term basis have not been used during the year for long term Investment.
- xviii) The Company has made preferential allotment of shares to parties covered in the Register maintained under section 301 of the Companies Act 1956, during the year and the price at which shares have been issued is not prejudicial to the interest of the Company.
- 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, xix, xx of the aforesaid Order are not applicable to the Company during the year.

4A, Council House Street,  
Kolkata-700 001  
Dated : 22nd May, 2014

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

**BALANCE SHEET AS AT 31ST MARCH, 2014**

(₹ in lacs)

	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
a) Share Capital	2	119.88	107.73
b) Reserves and Surplus	3	1,474.42	1,207.71
		<b>1,594.30</b>	<b>1,315.44</b>
<b>2. Non-current Liabilities</b>			
a) Long-term borrowings	4	121.12	33.10
b) Deferred tax liabilities (Net)	5	54.95	43.58
c) Other Long term liabilities	7	124.28	124.06
d) Long-term provisions	8	118.92	103.92
		<b>419.27</b>	<b>304.66</b>
<b>3. Current Liabilities</b>			
a) Short-term borrowings	4	1,272.27	1,018.14
b) Trade payables	6	1,656.16	1,115.45
c) Other current liabilities	9	119.21	110.10
d) Short-term provisions	10	96.41	56.40
		<b>3,144.05</b>	<b>2,300.09</b>
	<b>TOTAL</b>	<b>5,157.62</b>	<b>3,920.19</b>
<b>II. ASSETS</b>			
<b>1. Non Current Assets</b>			
a) Fixed Assets			
Tangible assets	11	926.56	747.24
Capital work-in-progress		22.18	16.00
b) Non-current investments	12	0.02	0.02
c) Long-term loans and advances	13	89.52	85.38
		<b>1,038.28</b>	<b>848.64</b>
<b>2. Current Assets</b>			
a) Inventories	14	2,068.81	1,604.95
b) Trade receivables	15	1,330.21	1,061.35
c) Cash and cash equivalents	16	477.38	237.33
d) Short-term loans and advances	17	242.94	167.92
		<b>4,119.34</b>	<b>3,071.55</b>
	<b>TOTAL</b>	<b>5,157.62</b>	<b>3,920.19</b>

The accompanying notes 1 to 32 form an integral part of the financial statements

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

For and on behalf of the Board  
K. K. MOHTA, *Chairman*  
S. K. MAHESWARY, *Director*  
R. P. CHETANI, *Director*

Kolkata  
Dated : 22nd May, 2014



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

	Note No.	31st March, 2014	31st March, 2013
<b>Revenue from Operations</b>			
Sales		<b>9,789.69</b>	7,993.36
Less : Excise duty		<b>470.38</b>	375.61
		<b>9,319.31</b>	7,617.75
Other Income	18	<b>13.91</b>	17.26
<b>Total Revenue</b>		<b>9,333.22</b>	7,635.01
<b>Expenses :</b>			
Cost of materials consumed	19	<b>5,814.46</b>	4,406.37
Changes in inventories of finished goods works in progress and stock in Trade	20	<b>-395.11</b>	-31.26
Manufacturing expenses	21	<b>1,771.91</b>	1,577.56
Employee benefits expenses	22	<b>1,188.44</b>	992.51
Finance costs		<b>163.48</b>	153.29
Depreciation	11	<b>101.11</b>	58.40
Other expenses	23	<b>318.04</b>	246.80
<b>Total Expenses</b>		<b>8,962.33</b>	7,403.67
<b>Profit before tax</b>		<b>370.89</b>	231.34
Less : Current tax expenses		<b>133.50</b>	77.00
Tax for earlier year		-	0.93
Deferred tax expenses	5	<b>11.37</b>	10.68
<b>Profit for the year</b>		<b>226.02</b>	142.73
Earnings per equity share : Basic	25	<b>21.02</b>	13.29
Diluted		<b>15.38</b>	-

The accompanying notes 1 to 32 form an integral part of the financial statements

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

For and on behalf of the Board  
K. K. MOHTA, *Chairman*  
S. K. MAHESWARY, *Director*  
R. P. CHETANI, *Director*

Kolkata  
Dated : 22nd May, 2014



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of preparation of Financial Statements**

The financial statements are prepared under the historical costs convention, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act 1956.

b) **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.

c) **Investments :**

Long term Investments are stated at cost.

d) **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.

e) **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. 22)
- 3) Year end accrued liability for leave encashment has been provided on actuarial valuation done by approved valuer.

f) **Research and Development Expenditure :**

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

g) **Recognition of Income and Expenditure :**

Items of Income and Expenditure are recognised on accrual basis.

h) **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 Statement of Profit and Loss.

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 Statement of Profit & Loss.

i) **Provision and Contingent Liabilities**

Provisions are recognized in the accounts in respect of present probable obligations the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that arises from past events but their existence is confirmed from the occurrence or non occurrence of one or more uncertain future events and wholly within the control of Company.

j) **Borrowing Cost :**

Borrowing costs 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 charge to revenue.

k) **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 realized.



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### l) 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.

### m) Earning per share

The earnings in ascertaining the Company's EPS comprises the net profit after tax and includes the part tax effect of any extraordinary items. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

## 2 Share Capital

	As at March 31st, 2014	(₹ in lacs) As at March 31st, 2013
<b>Authorised</b>		
50,00,000 (25,00,000) Equity Shares of Rs. 10/- each	<b>500.00</b>	250.00
<b>Issued, Subscribed and Paid up Capital</b>		
11,95,818 (10,74,318) Equity Shares of Rs. 10/- each	<b>119.58</b>	107.43
Add : 5,682 Equity Shares forfeited (amount originally paid up)	<b>0.30</b>	0.30
	<b>119.88</b>	107.73

### 2. a) Reconcilliation of equity shares outstanding

	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Opening Balance	<b>1074318</b>	<b>107.43</b>	1074318	107.43
Change during the year	<b>121500</b>	<b>12.15</b>	—	—
Closing Balance	<b>1195818</b>	<b>119.58</b>	1074318	107.43

Note : The Company issued and allotted 525000 Preferential Convertible Warrants to the Promoters which shall be convertible at the sole option of the warrant holders at any time within a period of 18th months from the date of allotment hereof. In terms of option exercised by the warrant holders 121500 warrants converted in to 121500 equity shares of Rs. 10/- each at a premium of Rs. 45/- per Share pursuant to shareholders resolution passed by postal ballot on 27th February, 2014. The Equity Shares so allotted are subject to lock in period for 3 years from the date of allotment.

### 2. (b) Equity Shareholders holding 5% or more shares.

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	%	No. of shares	%
1. Security Company Ltd.	<b>305089</b>	<b>25.51</b>	305089	28.40
2. Avanti Mohta	<b>101404</b>	<b>8.48</b>	74404	6.93
3. Bharat Mohta	<b>102975</b>	<b>8.61</b>	75975	7.07
4. Savita Mohta	<b>86255</b>	<b>7.21</b>	39309	3.65





**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**3 Reserves & Surplus**

	As at March 31, 2014		As at March 31, 2013	
<b>Capital Reserve</b>				
Premium on reissue of forfeited shares		0.03		0.03
<b>Securities Premium Reserve</b>				
As per last account	143.46		143.46	
Add : for the year	<u>54.68</u>	198.14	<u>—</u>	143.46
<b>Revaluation Reserve</b>				
As per last account (Refer note No. 14 (a))		292.75		292.75
<b>General Reserve</b>				
As per last account	400.00		366.00	
Add : Transfer from Statement of Profit & Loss	<u>50.00</u>	450.00	<u>34.00</u>	400.00
<b>Surplus</b>				
Opening Balance	371.47		275.22	
Add : Profit for the year	<u>226.02</u>		<u>142.73</u>	
<b>Amount available for appropriation</b>	<b>597.49</b>		<b>417.95</b>	
<b>Appropriations</b>				
Proposed Dividend @ Re. 1/- per share (Re. 1/-)	(11.96)		(10.74)	
Tax on Dividend	(2.03)		(1.74)	
Transfer to General Reserve	<u>(50.00)</u>	533.50	<u>(34.00)</u>	371.47
Closing Balance		<u><b>1,474.42</b></u>		<u><b>1,207.71</b></u>

**4. Borrowings**

<b>Non-Current Liabilities</b>				
Long Term Borrowings - Secured				
Term Loan from Banks (Refer Note No. 2)		<u>121.12</u>		<u>33.10</u>
<b>Current Liabilities</b>				
Short Term Borrowings				
Secured				
Current maturities of Long term borrowings		54.98		29.66
Loan repayable on demand from banks (Refer Note No. 1)		1,033.59		863.54
Unsecured -				
From Bodies Corporate		94.13		44.12
From Directors		24.64		36.00
Deposits		<u>64.93</u>		<u>44.82</u>
		<u><b>1,272.27</b></u>		<u><b>1,018.14</b></u>

- Notes :**
- 1) Working Capital facilities from Union Bank of India, previously from State Bank of Bikaner & Jaipur and Axis Bank Ltd. are secured by charge on stocks of raw materials, katha and Cutch whether raw or in process of manufacture and all articles manufactured there from, stores, Books debts, Plant & Machinery and certain other assets and mortgage by deposit of title deeds of land at Bareilly measuring 91,600 square meter and also have been guaranteed by two Promoter Directors and also Corporate Guarantee provided by an associate company.
  - 2) Terms of repayable of Capex Term Loan and Auto Loan are  
Capex Term Loan from Union Bank of India Rs. 2.50 lacs per month. Auto Loan from VOLKS Wagon - 0.56 lacs, ICICI Bank Ltd. Rs. 1.03 lacs & State Bank of Bikaner & Jaipur Rs. 1.18 lacs per month.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd.)

	As at March 31, 2014	(₹ in lacs) As at March 31, 2013
<b>5. Provision for Deferred Tax</b>		
<b>As per accounting standard - 22 on Tangible fixed assets which arises primarily from Depreciation</b>		
Opening Balance	43.58	32.90
Add : Credit for the year	11.37	10.68
Closing Balance	<u>54.95</u>	<u>43.58</u>
<b>6. Trade Payable</b>	<u>1,656.16</u>	<u>1,115.45</u>
<b>Note :</b>		
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 payable out of the above at the year end together with interest payable thereon to these parties, are not ascertainable.		
<b>7. Other Long Term Liabilities</b>		
Contractors and Customers Security Deposits	10.13	9.94
Advance from Customers	94.18	94.16
Others	19.97	19.96
	<u>124.28</u>	<u>124.06</u>
<b>8. Provisions</b>		
<b>Long Term provisions for Employees Benefits</b>		
Gratuity (Refer Note No. 22)	12.74	15.34
Leave encashment	106.18	88.58
	<u>118.92</u>	<u>103.92</u>
<b>9. Other Current Liabilities</b>		
Interest accrued but not due	2.93	2.49
Advance from Customer	0.96	60.18
Advance from Promoters against issue of Convertible Warrants	55.48	—
Other statutory liabilities	59.84	47.43
	<u>119.21</u>	<u>110.10</u>
<b>10. Short term provisions</b>		
Provision for taxation (Net)	82.08	43.58
Provision for Fringe Benefit tax (Net)	0.34	0.34
Proposed Dividend	11.96	10.74
Tax on Dividend	2.03	1.74
	<u>96.41</u>	<u>56.40</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

THE INDIAN WOOD PRODUCTS COMPANY LIMITED



## 11. Fixed Assets

(Rs. in lacs)

Particulars	GROSS BLOCK-AT COST				DEPRECIATION			NET BLOCK	
	As at April 1, 2013	Additions	Sales/ Adjustments	As at March 31st 2014	As at April 1, 2013	Charge for the period	Sales / Adjustments	As at March 31, 2014	As at March 31, 2013
Tangible									
Free Hold Land (Ref. Note 14 (a))	166.99	—	—	166.99	—	—	—	166.99	166.99
Building	162.43	9.20	—	171.63	48.31	3.63	—	119.69	114.12
Tube-Well	2.74	—	—	2.74	1.61	0.04	—	1.09	1.13
Plant and Machinery	140.90	5.28	—	146.18	93.68	7.96	—	44.54	47.22
Effluent Treatment Plant	20.79	—	—	20.79	19.75	—	—	1.04	1.04
Electric Installation	125.99	50.49	—	176.48	50.50	11.71	—	114.27	75.49
Weighing Scales	4.76	—	—	4.76	2.89	0.15	—	1.72	1.87
Trolley & Trays	76.65	58.35	—	135.00	72.47	45.60	—	16.93	4.18
Laboratory Apparatus	4.66	—	—	4.66	3.17	0.13	—	1.36	1.49
Refrigeration & Cooling System	282.24	93.80	—	376.04	74.54	15.03	—	286.47	207.70
Motor Car & Vehicles	144.56	55.86	11.08	189.34	43.11	12.03	3.70	137.90	101.45
Computers	37.10	1.40	—	38.50	25.80	2.68	—	10.02	11.30
Furniture, Fixture & Office Equipment	51.66	13.43	—	65.09	38.40	2.15	—	24.54	13.26
<b>Total</b>	<b>1,221.47</b>	<b>287.81</b>	<b>11.08</b>	<b>1,498.20</b>	<b>474.23</b>	<b>101.11</b>	<b>3.70</b>	<b>926.56</b>	<b>747.24</b>
Previous Year	1,077.17	160.36	16.06	1,221.47	426.94	58.40	11.11	747.24	



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2014	(₹ in lacs) As at March 31, 2013
<b>12. Non Current Investments</b>		
Other investments - At Cost	<u>0.02</u>	<u>0.02</u>
339 Equity Shares of Rs. 10 each fully paid in Vishnuhari Investments & Properties Ltd. (Received on amalgamation of Karuna Sindhu Financers & Investors Ltd. (640 shares)		
Market Value	<u>0.04</u>	<u>0.04</u>
<b>13. Long Term Loans &amp; Advances</b>		
Unsecured – Considered good		
a) Security Deposit	20.76	20.75
b) Other Loans & Advances Deposit with Government Authorities	<u>68.76</u>	<u>64.63</u>
	<u>89.52</u>	<u>85.38</u>
<b>Note :</b>		
Other Loans and advance include Rs. 40.00 lacs (40.00 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.		
<b>14. Inventories</b>		
Land (Stock in trade) (Ref. Note a below)	126.15	126.15
Raw Materials	432.17	405.36
Work in Process	764.45	671.40
Finished Goods (Ref. note b below)	609.66	298.26
Consumables	15.07	5.99
Stores and Spare parts	120.51	96.99
Tools and Implements	0.80	0.80
	<u>2,068.81</u>	<u>1,604.95</u>

### Notes :

- a) The free hold land at Bareilly was revalued in the year 2008-09 based on the rate as on 01.04.1981. 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 crores was appropriated as stock in trade.
- b) Finished goods includes excise duty of Rs. 24.22 lacs (14.89 lacs)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2014	(₹ in lacs) As at March 31, 2013
<b>15 Trade Receivables</b>		
Debts outstanding for more than 6 months		
Unsecured – Considered good	<u>127.57</u>	<u>167.98</u>
Other Debts		
Secured – Considered good	7.63	4.00
Unsecured – Considered good	<u>1,195.01</u>	<u>889.37</u>
	<u>1,202.64</u>	<u>893.37</u>
	<u>1,330.21</u>	<u>1,061.35</u>
<b>16 Cash &amp; Cash Equivalents</b>		
Cash in hand	4.82	2.69
Cheques, Drafts on hand	—	—
	<u>4.82</u>	<u>2.69</u>
Balances with scheduled banks		
In current account	133.44	109.48
In Term Deposit account	65.00	—
In Deposit Account with Banks -		
Against Margin money for Letter of Credit	270.80	122.00
Against Sales tax [Ref. note No. 27 (b)]	3.32	3.16
	<u>472.56</u>	<u>234.64</u>
	<u>477.38</u>	<u>237.33</u>
<b>17. Short Term Loans &amp; Advances</b>		
Unsecured – Considered Good		
Advance to Materials Suppliers	70.02	35.97
Advance to employees	7.55	10.91
Interest receivables	4.75	19.02
Excise duty Credit	146.88	89.03
Others	13.74	12.99
	<u>242.94</u>	<u>167.92</u>

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	2013-2014	(₹ in lacs) 2012-2013
<b>18. Other Income</b>		
Interest on Fixed Deposit	10.52	12.53
Liabilities no longer required written back	0.07	2.68
Other Miscellaneous income	3.32	2.05
	<u>13.91</u>	<u>17.26</u>
<b>19 Cost of Materials consumed</b>		
Raw materials consumed		
Opening Stock	405.36	279.30
Purchases	5,691.85	4,447.40
Add : Extraction expenses	86.83	69.54
Foreign Exchange Fluctuations (Net)	62.59	33.33
	<u>6,246.63</u>	<u>4,829.57</u>
Less : Closing Stock	432.17	405.36
Less : Raw materials sold	—	17.84
Raw materials consumed	<u>5,814.46</u>	<u>4,406.37</u>
<b>20. Change in Inventory</b>		
Stock of Finished goods and Stock in process as at 1st April, 2013	954.77	923.51
Less : Stock of Finished goods and Stock in process as at 31st March, 2014	<u>1,349.88</u>	<u>954.77</u>
(Increase) / Decrease	<u>-395.11</u>	<u>-31.26</u>
<b>21. Manufacturing Expenses</b>		
Stores and Spare parts consumed	315.32	274.92
Other Consumable and Chemicals Consumed	82.02	76.90
Power and Fuel	280.03	220.40
Electric, Light & Power	297.57	208.94
Rent	0.27	0.22
Insurance	3.93	3.53
Repairs & Maintenance		
Buildings	25.64	17.96
Plant & Machinery	40.10	41.89
Others	13.32	12.39
Machine Katha Expenses	512.26	521.92
Rates & Taxes	27.03	40.56
Travelling Expenses	14.28	13.76
Misc. Expenses	160.14	144.17
	<u>1,771.91</u>	<u>1,577.56</u>

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

<b>22 Employee Benefit Expenses</b>	<b>2013-2014</b>	(₹ in lacs) 2012-2013
Salaries, Wages, Bonus & Other Benefits	<b>1,021.11</b>	858.31
Contribution to Provident Fund	<b>62.93</b>	53.14
Staff Welfare Expenses	<b>104.40</b>	81.06
	<b><u>1,188.44</u></b>	<u>992.51</u>

As per Actuarial Valuations as on 31.03.2014 and recognised in the financial statements in respect of Employees benefit schemes.

**A. Component of Employer expenses**

1. Current service Cost	28.92
2. Interest Cost	18.04
3. Expected Return on Plan Asset	-19.75
4. Actuarial Losses / (gain)	-0.74
5. Expenses directly paid by the Company (For Current Year)	—
6. Total expenses recognised in the Statement of Profit & Loss	26.47

**B. Net Asset / (Liability) Recognised in Balance Sheet as at 31.03.2014**

1. Present Obligation of Defined Benefit Obligation	264.24
2. Fair Value of Plan Asset	251.51
3. Net Asset / (Liability) recognised in the Balance Sheet	12.74

**C. Change in Defined Benefit Obligation during the year ended 31.03.2014**

1. Present Value of DBO at Beginning of period	239.01
2. Current Service Cost	28.92
3. Interest Cost	18.04
4. Actuarial Losses/(gains)	-0.74
5. Benefits paid	20.99
6. Present value of DBO at the end of period	264.24

**D. Change in Fair Value of the asset**

1. Plan asset at the beginning of the period	223.67
2. Return on Plan Asset	19.75
3. Actuarial Gain	—
4. Actual Company contributions	29.07
5. Benefits paid	-20.99
6. Plan Assets at the end of the period	251.51

**E. Actuarial Assumption**

1. Discount Rate (%)	8.80%
2. Expected return on plan assets (%)	8.75%

The year end Gratuity liability has been provided as above and as per actuarial valuation done by L I C with whom Company is maintaining Group Gratuity Scheme.



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in lacs)	
	2013-2014	2012-2013
<b>23. OTHER EXPENSES</b>		
Rent Expenses	8.41	8.09
Rates and Taxes	0.96	0.18
Insurance	0.89	1.81
Other Repairs	1.02	1.85
Travelling Expenses	74.25	69.44
Auditors Remuneration		
For Audit Fees	2.00	1.40
For Other Services	0.41	0.11
Directors sitting fees	1.28	0.48
Misc. Expenses	190.79	161.40
Advances Written off	36.72	—
Loss on Sale of Fixed Assets	1.31	2.04
	<b>318.04</b>	<b>246.80</b>

## 24. Related Party Disclosures

- Key Management Personnel
  - Mr. K. K. Mohta, (Chairman)
  - Mr. K. K. Damani (Executive Director)
  - Mr. Bharat Mohta (Director)
- Enterprises over which key management persons and their / relatives exercise significant influence.
  - M/s. Arvind Engineering Works Ltd. II. M/s. Security Company Ltd.
- Disclosures of Transaction between reporting enterprises and related parties and the status of outstanding as on 31st March, 2014.

	2013 — 2014		2012 — 2013	
	Key Management Personnel	Enterprises having Significant influence	Key Management Personnel	Enterprises having Significant Influence
a) Directors Remuneration	56.16		40.04	
b) Advance taken	36.00	NIL	42.00	NIL
c) Advance repaid	15.00	NIL	6.00	NIL
d) Closing balance	24.64	NIL	36.00	NIL

## 25 Earning per Share

	31st March, 2014	31st March, 2013
1. Net Profit attributable to equity share holders for Basic and Diluted EPS	226.02	142.73
2. Weighted average number of equity shares for basic EPS	10,75,317	10,74,318
Weighted average number of equity shares for diluted EPS	14,78,817	—
3. Nominal Value of Equity Shares	Rs. 10	Rs. 10
4. Earning per Equity Shares		
Basic	21.02	13.29
Diluted	15.28	—

## 26. Segment Reporting

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





**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**27. Contingent liabilities and Commitments**

a) Katha, the main product of the Company was brought within the Ambit of Central Excise duty w.e.f. 1st March, 2011 under Chapter 14 of Central Excise Tariff by the department For earlier years, the Central Excise authority issued show cause notice demanding Rs. 35.95 crores (till, March, 2010 Rs. 31.03 crores and from April 2010 to February 2011 Rs. 4.92 crores). Their contention is that Raw Katha produced by processing Gambier (an excisable item) is also liable to duty. Since the department's contention as well as their basis of valuation was not acceptable an appeal was preferred by the Company. Against our appeals the appellate authority not only accepted our ground of valuation of the products as per CAS4 but also reduced the demands of Rs. 11.93 crores to Rs. 4.40 crores. Accordingly on the same ground total demand of Rs. 35.95 crores would get reduced to Rs. 11.62 crores.

The Company's contention was also accepted by CESTAT New Delhi vide their order dated 31st July, 2012 and stayed the demand till disposal of the case with the observation that the appellate have prima facie case in their favour.

Further more till now the Company's principal product KATHA which was considered under Chapter 14 of Central Excise Tariff by the department and liable to excise duty @6% (5% up to 16.03.2012). The department suddenly changed its' stand and considered KATHA classifiable as tannin extract under Chapter 32 of Central Excise tariff and raised an additional demand of Rs. 7.35 crores for the period from 1st March, 2011 to 31st July, 2013. This change in the contention of the department is not acceptable to the Company and the Company preferred an appeal against the same which is also pending before tribunal. In a similar case at Kanpur Commissionerate adjudicating authority as well as appellate authority have held that product manufactured out of Gambler, as is in our case, are classifiable as KATHA is covered under Chapter 14 of Central Excise Tariff.

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. 13.80 crores paid while importing Gambier, which is to be adjusted if there is any demands. Hence no provision is made at this stage. Final adjustment will be made only when the matter is crystalized.

b) Demands for Sales Tax amounting to Rs. 131.80 lacs (Rs. 131.80 lacs ) which are not acknowledged as debts. Against the same Company has paid under protest a total of Rs. 10.17 lacs (Rs. 10.42 lacs) included in Loans and Advances and TDR of Rs. 2.48 lacs (Rs. 2.48 lacs) are deposited with the Sales Tax authorities.

c) Mandi Samiti demand on Katha amounting to Rs. 2.38 lacs (Rs. 2.38 lacs) has been disputed by the Company and stayed by Honourable High Court Allahabad.

**28. Value of raw materials and stores and spare parts consumed and percentage of each to total consumption.**

	31st March, 2014		31st March, 2013	
	% of Consumption	Value Rs. in lacs	% of Consumption	Value Rs. in lacs
Raw Materials–				
Indigenous	32.49	1,889.04	27.65	1,218.51
Imported	67.51	3,925.42	72.35	3,187.86
	<b>100</b>	<b>5,814.46</b>	<b>100.00</b>	<b>4,406.37</b>
Stores and Spare Parts–Indigenous	100	315.32	100	274.92
Consumable Stores– Indigenous	100	82.02	100	76.90

**29. Earnings in foreign currency :**

Export of Goods calculated on F.O.B. basis 26.54 44.20

**30. C I F Value of Imports** 3,051.82 2,666.87

**31. Expenditure travelling in foreign currency** 30.44 26.31

**32.** For better presentation previous year's figures have been regrouped / rearranged wherever necessary and have been shown in brackets.

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

For and on behalf of the Board  
K. K. MOHTA, *Chairman*  
S. K. MAHESWARY, *Director*  
R. P. CHETANI, *Director*

Kolkata  
Dated : 22nd May, 2014


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

(₹ in lacs)

	31st March, 2014	31st March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax</b>	<b>370.89</b>	231.34
<b>Adjustment for</b>		
Depreciation	101.11	58.39
Interest Expenses	163.48	153.29
Interest Received	(10.52)	(12.53)
Liabilities no Longer required written back	(0.07)	(2.68)
Advances written off	36.72	—
Loss/Gain on Sale of Fixed Assets	1.31	2.04
	<u>292.03</u>	<u>198.51</u>
Operating Profit/(Loss) before working capital changes	<b>662.92</b>	429.85
<b>Adjustments for</b>		
Trade & Other receivables	(384.75)	95.40
Inventories	(463.86)	(153.63)
Trade payables	559.42	172.66
	<u>(289.19)</u>	<u>114.43</u>
Cash generated from Operations	<b>373.73</b>	544.28
Direct Tax (paid) / Refund received (Net)	<b>95.00</b>	70.93
	<u>278.73</u>	<u>473.35</u>
Cash Flow before extra Ordinary items	<b>278.73</b>	473.35
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>278.73</b>	473.35
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(293.99)	(137.62)
Sale of Fixed Assets	6.07	2.90
Interest Received	10.52	12.53
	<u>(277.40)</u>	<u>(122.19)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(277.40)</b>	(122.19)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Shares	66.83	—
Proceeds from Borrowings	353.51	—
Repayment of Borrowings	(11.36)	(134.94)
Dividend / Dividend tax paid	(10.87)	(11.55)
Interest paid	(159.39)	(153.68)
	<u>238.72</u>	<u>(300.17)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>238.72</b>	(300.17)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>240.05</b>	50.99
<b>CASH AND CASH EQUIVALENTS (Note 2 below)</b>		
<b>AT START OF THE YEAR</b>	<b>237.33</b>	148.10
<b>AT CLOSE OF THE YEAR</b>	<b>477.38</b>	237.33



**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.

(₹ in lacs)

	<b>31st March, 2014</b>	31st March, 2013
2. Cash and Cash Equivalents Consists of :		
Cash in hand	<b>4.82</b>	2.69
Balance with Scheduled Banks	<b>472.56</b>	234.64
	<b>477.38</b>	237.33

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

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

For and on behalf of the Board  
K. K. MOHTA, *Chairman*  
S. K. MAHESWARY, *Director*  
R. P. CHETANI, *Director*

Kolkata  
Dated : 22nd May, 2014

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9, BRABOURNE ROAD (7TH FLOOR)

KOLKATA - 700 001