



***95th
Annual Report
and Accounts
2014-2015***

THE INDIAN WOOD PRODUCTS COMPANY LIMITED



BOARD OF DIRECTORS	: Mr. Krishna Kumar Mohta, <i>Chairman</i> Mr. Bharat Mohta, <i>Director Corporate Planning & Strategy</i> Mr. Krishna Kumar Damani, <i>Executive Director</i> Mr. Rajendra Prasad Chetani Mr. Vinod Mimani Mrs. Sunita Sarda Mr. Sanjay Kumar Maheshwary, <i>Independent Director</i> Mr. Vinod Kumar Maheshwary, <i>Independent Director</i>
CHIEF FINANCIAL OFFICER (CFO)	: Mr. Raj Kumar Agarwal
COMPANY SECRETARY	: Mr. Anup Gupta
BANKERS	: Union Bank of India, Bareilly
AUDITORS	: S. K. Agrawal & Co. Suite No. 606-608 The Chambers, Opp. Gitanjali Stadium 1865, Rajdanga Main Road, Kasba, Kolkata-700 107
REGISTRAR	: M/S. Niche Technologies Pvt. Ltd. D-511, Bagree Market, 71, B. R. B. Basu Sarani Kolkata-700 001 Tel. : (033) 2235 7270, 2234 3576 Fax : (033) 2215 6823 E-mail : nichetechpl@nichetechpl.com
REGISTERED OFFICE	: Bombay Mutual Building, 9, Brabourne Road, 7th Floor, Kolkata-700 001 CIN NO. : L20101WB1919PLC003557 Phone : (033) 3252 3820 Fax : (033) 2242-6799 E-mail : iwpcal1@cal2.vsnl.net.in Website : www.iwpkatha.com

ANNUAL GENERAL MEETING

ON

MONDAY
28TH SEPTEMBER, 2015

AT BHARATIYA BHASHA PARISHAD
AT 3.30 p. m.

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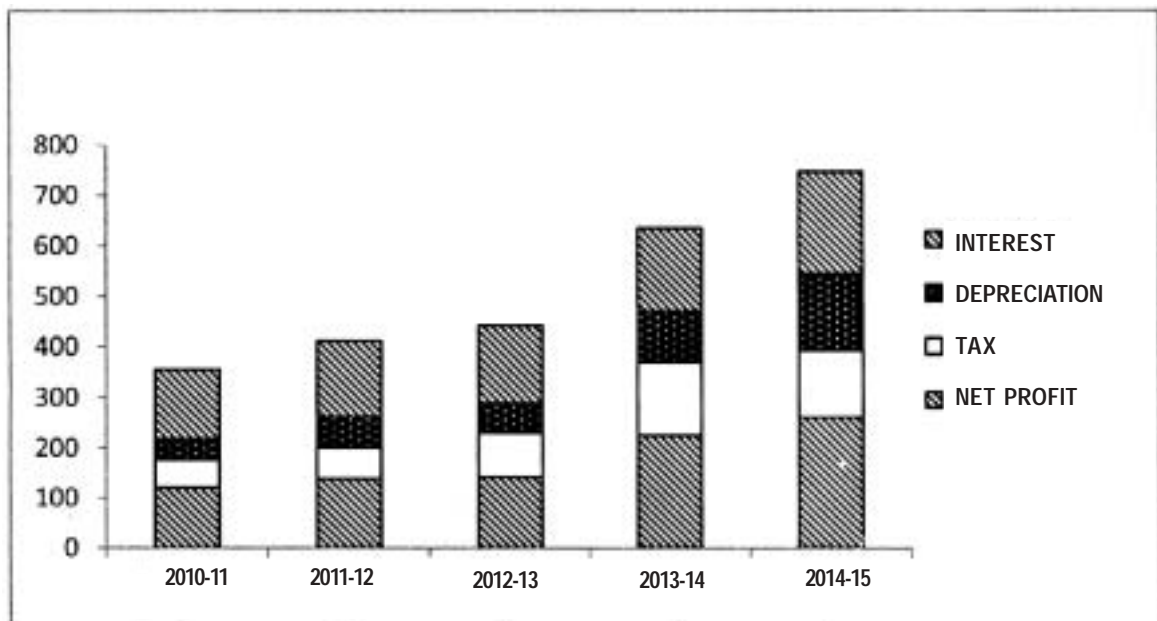
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FIVE YEAR PROGRESS AT A GLANCE

	(₹ in lacs)				
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
1. TURNOVER /REVENUE (NET)	6352.26	7518.93	7635.01	9333.22	10171.11
2. PROFIT BEFORE DEPRECIATION					
INTEREST & TAX	356.75	412.57	443.03	635.48	748.02
3. INTEREST	137.82	149.33	153.29	163.48	202.20
4. DEPRECIATION	42.97	62.41	58.40	101.11	151.86
5. PROFIT BEFORE TAX	175.96	200.83	231.34	370.89	393.96
6. TAX	55.17	61.96	88.61	144.87	131.38
7. NET PROFIT	120.79	138.87	142.73	226.02	262.58
8. DIVIDEND /DIVIDEND TAX	12.48	12.48	12.48	13.99	20.06
9. RATE OF DIVIDEND (%)	10	10	10	10	12.5
10. EQUITY	107.73	107.73	107.73	119.88	137.13
11. RESERVES & SURPLUS	951.07	1077.46	1207.71	1474.42	1773.07
12. NETWORTH	1058.80	1185.19	1315.44	1594.30	1910.20
13. EARNING PER SHARES IN Rs.	11.24	12.93	13.29	21.01	21.19

APPROPRIATION OF OPERATING PROFIT (PBIT)





DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting their 95th Annual Report together with the Audited Accounts for the year ended 31st March, 2015.

FINANCIAL RESULTS

Particulars	(₹ in lacs)	
	2014 – 15	2013 – 14
Revenue from Operations	10147.27	9319.11
Operating Expenses	9423.09	8697.54
Earning before Finance Cost, Tax & Depreciation	724.18	621.57
Other Income	23.84	13.91
Finance Cost	202.20	163.48
Depreciation	151.86	101.11
Profit before tax (PBT)	393.96	370.89
Tax Expenses	131.38	144.87
Surplus / Profit for the year	262.58	226.02
Balance brought forward from previous year	533.50	371.47
Less : Depreciation in respect of Assets whose useful life is over.	21.49	—
Available surplus	774.59	597.49
APPROPRIATIONS		
Proposed Dividend	17.10	11.96
Tax on Proposed Dividend	2.96	2.03
Transfer to General Reserve	—	50.00
Balance Carried to Balance Sheet	754.53	533.50
	774.59	597.49

DIVIDEND

Your Directors are pleased to recommend a tax free dividend of 12.5% on the enhanced paid up Share Capital of the Company.

REVIEW OF OPERATIONS AND STATE OF AFFAIRS

During the year under review, with further modernization undertaken, cost reduction activities and higher operational efficiency, the performance of the Company has been satisfactory. The EBIDTA has grown by 17%.

Overall depreciation was higher by 50% than previous year in order to Comply with Schedule II of the Companies Act, 2013. Your Company achieved a turnover of Rs. 10641.20 lacs during the current year as against Rs. 9789.69 lacs during the previous year.

At present with Modernization undertaken and efforts to reduce further cost the working of the Company is expected to be satisfactory.

As reported earlier, the Company entered into a Joint Venture for setting up a New Company in Indonesia under the name and Style "P. T. Sumatra Resources International" with a exposure of Rs. \$ 250000 being 50% Contribution of your Company. During the year to this proposed Joint Venture a sum of Rs. 30,50,000 (\$ 50000) was remitted. Necessary legal and procedural formalities are in progress.

Further to inform you that your Directors also intend to invest in another Joint Venture at Singapore for doing Trading business of Agro Products and Spices. Accordingly necessary approval for required investment is sought from the shareholders in the ensuing Annual General Meeting.

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

ISSUE OF CAPITAL

As reported earlier, your Company with the consent of Shareholders issued 525000 Preferential Convertible Warrants with an option for conversion with 18 months. Consequently to exercise their 2nd option of conversion by warrant holders 172500 warrants were converted into 172500 equity shares of Rs. 10 each at a premium of Rs. 45/- per share.



DIRECTORS' REPORT (Contd.)

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

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 84 of the Companies (Accounts) Rules 2014 is given in the Annexure - I to this Report.

CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Capital and Net worth being less than the prescribed limit, hence Compliance of Clause 49 of the listing agreement with Stock Exchange is not mandatory for the Company.

The Shares of the Company are listed at The Calcutta Stock Exchange Ltd., and the Company is regularly paying the listing fees.

For the awareness and information, the Board is pleased to inform that the Company is Complaint with Code of Practices & Fair Disclosure of Unpublished Price & Code of Conduct as per regulation 8 & 9 respectively of the SEBI (Prohibition of Insider Trading Regulations, 2015).

FIXED DEPOSITS

The Company was accepting Fixed Deposits under Section 58A of the Companies Act, 1956 till 31st March, 2014 which are being repaid on maturity as per provisions of Sec. 74 of the Companies Act, 2013. As on 31st March, 2015 a sum of Rs. 8,17,000/- remaining due for payment on subsequent period, since the Company has not accepted any fixed deposits under provisions of the Companies Act, 2013.

SECRETARIAL AUDIT REPORT

In compliance to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, the Secretarial Audit Report submitted by Company Secretary in practice for the year ended 31st March, 2015 is annexed herewith marked as Annexure-II to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark, hence does not required any further comments / clarification in this regard.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 134 (5) of the Companies Act, 2013 your Directors hereby state and confirm 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, 2013 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.
- v) That the Directors had laid down internal financial controls in the Company that are adequate and were operating effectively; and
- vi) The Directors have devised proper system to ensure Compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

NUMBER OF BOARD MEETINGS HELD

The Board of Directors duly met 7 (seven) times during the financial year from 1st April, 2014 to 31st March, 2015. The date of meeting are 22nd May, 2014, 12th August, 2014, 25th September, 2014, 13th November, 2014, 30th December, 2014, 9th February, 2015 & 28th March, 2015.

CORPORATE SOCIAL RESPONSIBILITY

Presently the Net worth, turnover and the net profit of the Company being less then the prescribed limits, hence constitution of Corporate social responsibility (CSR) Committee is not required.



DIRECTORS' REPORT (Contd.)

COMMITTEE OF THE BOARD

At present the Board has constituted the following committees and their composition and compliances are as per the applicable provisions of the Act and Rules.

a) Audit Committee – The Audit Committee was constituted to supervise all financial transactions and to report on actual or suspected fraud etc. The Committee Comprises Independent Directors namely Mr. Sanjay Kumar Maheshwary, Mr. Vinod Kumar Maheshwary and Mr. Rajendra Prasad Chetani, as other member. All the recommendations made by the Audit Committee were accepted by the Board in their various meeting held during the year.

b) Nomination and Remuneration Committee – To formulate Policy of the Company on Directors appointment & remuneration and for determining qualifications and independence as provided under Sec. 178 (3) of the Companies Act, this Committee was formed which Comprises Mr. R. P. Chetani, Mr. V. K. Maheshwary & Mr. S. K. Maheshwary, Non executive Directors of the Company. We confirm that the Remuneration paid to the Directors is as per the terms laid down and adopted in the policy of the Company. The salient features of the policy are appended as Annexure III to this report.

c) Stakeholders Relationship Committee – To consider the grievances of Security holders of the company, the committee was formed consisting of Mr. Bharat Mohta, Mr. R. P. Chetani, Mr. V. K. Maheshwary and Mr. S. K. Maheshwary, the executive and non-executive Directors of the Company who are the members of the Committee. We further affirm that there were no grievances reported during the year.

d) Risk Management Committee – The Board of Directors is overall responsible for identifying, evaluating and managing all significant risk factors faced by the Company. However during the year under review, your Company has set up a Risk Management Committee to oversee various risks, factors affecting the business and for taking suitable steps to mitigate the same.

The Company's management systems organizational structures, standards and behaviours together form risk management systems that covers how the Company is conducting its business. The Risk Management Committee (RMC) assists the Board to oversee Key risk, factors including strategic & Operational risk such as financial, credit, market, liquidity, I.T, legal etc., as well as to provide necessary guidelines & policies for monitoring and to overcome such risk. Further normal foreseeable risks of the Company's assets are adequately covered by comprehensive insurances under taken by the Company, for which risk assessment, inspection are carried out periodically.

In the opinion of the Board none of the risk faced by the Company are very serious which will affect its existence. However following are few risks, which can be considered to have a bearing on the performance of the Company.

- Increasing stringent Regulations being imposed on Sale of Tobacco based products might affect our sales marginally.
- The Company operates under the constraints of uncertainties due to political development at Central / State level coupled with frequent changes in Indirect Tax structure are the other unforeseen risks involved which might effect the working of the Company to some extent.

However the said RMC and the Company is consensus & concerned to reduce the risks and to mitigate the same as far as possible.

MEETING OF THE INDEPENDENT DIRECTORS

During the year one meeting of Independent Directors was held without the presence of the Executive Directors or Management Personnel. The purpose of the meeting was to evaluate the performance of the Whole time Directors as well as performance of the Board as a whole. The meeting also assessed the quality of flow of information at different levels.

DIRECTORATE / KEY MANAGERIAL PERSONNEL

During the year Mr. Vinod Mimani was appointed as an additional Director and on 11th May, 2015 on passing of Ordinary Resolution as approved by the Shareholders through Postal Ballot, he was confirmed as regular Director.

Your Directors further states that Mr. Vinod Mimani, possess appropriate balance of skills, expertise and knowledge hence the Board based on the recommendation of Nomination and Remuneration Committee considered the appointment of Mr. Vinod Mimani, as an Independent Director subject to approval of shareholders in the ensuing Annual General Meeting.

Mrs. Sunita Sarma was appointed as an additional Director on 28th March, 2015 and she holds office only upto the date of this Annual General Meeting of the Company, in terms of Sec.161 of the Companies Act, 2013.



DIRECTORS' REPORT (Contd.)

The Company has received 2(two) separate notices from members proposing Mr. Mimani & Mrs. Sarda, as a candidate for the office of Independent Director / Director.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and under the Articles of Association of the Company Mr. K. K. Damani and Mr. Bharat Mohta retires by rotation and being eligible offer themselves for re-appointment. During the year Mr. Anup Gupta, a qualified Company Secretary was appointed as Company Secretary of the Company. During the year Mr. R. K. Agarwal, a Sr. Executive of the Company was designated and appointed as Chief Financial Officer of the Company.

DECLARATIONS OF INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the Criteria of Independence as laid down under section 149 (6) of the Companies Act, 2013.

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

M/s. S. K. Agrawal & Co., Chartered accountants, the statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their reappointment if made would be within the prescribed limit under the Companies Act, 2013 and they are eligible for re-appointment. The Audit Committee and the Board of Directors recommend M/s. S. K. Agrawal & Co. Chartered accountant as statutory auditors of the Company for the Financial year 2015-2016 for the approval of the Shareholder.

M/s. R. K. D. S and Associates, Chartered Accountants, has been appointed to carry out Internal Audit of the Company for the financial year 2015-2016.

Mr. A. K. Daga Practicing Company Secretary has been appointed to Carry out the Secretarial Audit of the Company for the financial year 2015-2016.

COST AUDITORS

Though the appointment of M/s. Aniruddha & Associates, a Firm of Cost Auditors to carry out the Audit of the Companies Cost record for the Financial Year 2014-15 was approved by the shareholders in their Annual General Meeting held on 25th September, 2014, but now according to the provisions of the Companies (Cost Records & Audit) amendment Rules 2014 Cost Audit of the Product of the Company is not required. Hence appointment of cost Auditors is not proposed. The Cost Audit Report for the year 2013-14 has been filed under XBRL mode within the due date of filing.

BOARD EVALUATION

As required by the Companies Act, 2013 a formal Annual evaluation needs to be made by the Board of its own performance. Accordingly the Board evaluates the performance of non-executive and Independent Directors every year. All the non-executive & the Independent Directors are eminent personalities having wide experience in the field of business, Industry & Administration. Their presence in the Board is advantageous and fruitful in taking business decision.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure-IV.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has neither given any Loan, or Guarantee nor made any fresh investments except a long term investment made in an earlier year as fully described in the notes to the financial statement, and no further reporting is required Under Sec. 134 (3)(g) of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

The Company has not entered into any related party transactions U/s. 188 of the Companies Act, 2013 during the year which are to be reported Under Sec. 134 (3)(h) of the Companies Act, 2013, hence form No. AOC - 2 is not attached to this report.



DIRECTORS' REPORT (Contd.)

GOING CONCERN STATUS

No significant and material orders have been passed by the Regulators, Courts or Tribunals impacting the going concern status of the Company and its operation in the future.

REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNELS (KMP) / EMPLOYEES

The information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975 in respect of employees of the Company and Directors is furnished hereunder. **(₹ in lacs)**

Sl. No.	Name	Designation	Remuneration paid FY 2014-15	Remuneration paid FY 2013-14	Increase in remuneration from previous year	Ratio/Time per Median of employee remuneration
1.	Mr. K K Mohta	Chairman	20.83	23.89	(3.06)	6
2.	Mr. K. K. Damani	Executive Director	14.31	15.91	(1.60)	4
3.	Mr. Bharat Mohta	Director Corporate Planning and Strategy	17.65	16.36	(1.29)	5
4.	Mr. R K Agarwal	C F O (KMP) w.e.f. 01.01.2015	2.98	—	—	3
5.	Mr. Anup Gupta	Company Secretary w.e.f. 28.03.2015	0.03	—	—	—

- The number of permanent employees on the rolls of the company as on March 31, 2015 was 257.
- The median Remuneration of Employees (MRE) excluding Whole Time Directors (WTDs) was Rs. 3,51,921/- in fiscal 2015.
- The revenue growth during Fiscal 2015 over fiscal 2014 was 8.88% and net profit growth was 14.65%.

Particulars of the employees as required to be reported pursuant to section 197 read with Rules 5(2) of the Companies (Appointment & Remuneration) Rule 2014 is not applicable to the Company.

VIGIL MECHANISM

In pursuant to the provisions of section 177 (9) & (10) of the Companies Act, 2013 a Vigil Mechanism for directors and employees to report genuine concerns about unethical behaviour fraud, or violation of the codes of conduct has been established. It also provides for adequate safeguard against victimization of employee by giving them direct access to the chairman of the Audit Committee under certain circumstances. The vigil Mechanism Policy has been uploaded on the website of the Company.

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.

On behalf of the Board

Place : Kolkata
Dated : the 28th May, 2015

K. K. MOHTA
Chairman



ANNEXURE - I

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

Information on Conservation of Energy Technology absorption, Foreign Exchange Earnings and out go as required to be disclosed U/134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

A. CONSERVATION OF ENERGY

(I)	the stpes taken or impact on Conservation of energy	Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy. During the year Automation was implemented in Power Station and the Capacitor bank was modernized.
(II)	the steps taken by the Company for utilizing alternate source of energy	The Company has been utilizing spent wooden chips and spent Cashew husk as an alternative fuel to coal. To increase the ratio of these two items, the Company has started converting spent cashew husk in to Briquettes and coal is being replaced by these Briquettes.
(III)	The Capital investment on energy conservation equipments	The Company has spent around Rs. 3.49 lacs on strengthening atmospheric condensers in Ammonia section, to reduce major Power consumption, which has resulted in savings of around 10 KW / per hour.

B. TECHNOLOGY ABSORPTION

(I)	the efforts made towards technology absorption	Updation of technology is a continuous process Absorption implemented and adapted by the company. Chiller section has been renovated by introducing auto controlled freon cooling system by replacing ammonia-cooling systems to ensure consistency of temperature. In Katha drying section the Company has for the first time used desiccant technology for drying of Katha under controlled conditions, which is beneficial during monsoon and winter season.									
(II)	the benefits derived like product improvement, cost reduction, product development or import substitution	By adopting the above technology quality of Katha has improved									
(III)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	No imported technology is available for Katha Manufacturing. Hence other details are not applicable.									
(IV)	Expenditure incurred on Research and Development	<table style="width: 100%; border: none;"> <tr> <td></td> <td style="text-align: right;">2014-15 (Rs.)</td> <td style="text-align: right;">2013-14 (Rs.)</td> </tr> <tr> <td>Capital Expenditure</td> <td style="text-align: right;">37,545</td> <td style="text-align: right;">Nil</td> </tr> <tr> <td>Recurring Expenditure</td> <td style="text-align: right;">7,43,129</td> <td style="text-align: right;">5,04,750</td> </tr> </table>		2014-15 (Rs.)	2013-14 (Rs.)	Capital Expenditure	37,545	Nil	Recurring Expenditure	7,43,129	5,04,750
	2014-15 (Rs.)	2013-14 (Rs.)									
Capital Expenditure	37,545	Nil									
Recurring Expenditure	7,43,129	5,04,750									

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The export market is not consistent and favourable for Katha. Moreover, as per the past trend the ratio of Export Sales to domestic Sales of the Company is neither significant nor material. The Company did not export Katha during the year. However, Company is regularly importing Raw Materials for its consumption resulting in earnings / outgo as under.

	2014-15 (Rs.)	2013-14 (Rs.)
1. Earnings	NIL	26,54,387
2. Outgo	20,35,89,505	15,18,89,264

On behalf of the Board

Place : Kolkata
Dated : the 28th May, 2015

K. K. MOHTA
Chairman



Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
THE INDIAN WOOD PRODUCTS CO. LTD.
9, Brabourne Road, 7th Floor,
Kolkata-700 001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by THE INDIAN WOOD PRODUCTS CO. LTD. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

1. I have examined the books, papers, minutes books, forms and returns filed and other records maintained by THE INDIAN WOOD PRODUCTS CO. LTD. ("the Company") for the financial year ended on 31st March, 2015, according to the provisions of :
 - i) The Companies Act, 2013 (the Act) and the rules made there under;
 - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under ;
 - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable, since the company has not raised share capital during the year except issued 172500 equity shares of Rs. 10/- each with a premium of Rs. 45/- upon conversion of Preferential Convertible warrants issued to Promoters during the year.**
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999; **Not applicable, Since the company has not raised any such scheme during the year.**



Form No. MR-3 – (Contd.)

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable, Since the company has not issued any debt securities during the year.**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable, Since the company has not applied for delisting of shares during the year** and;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not applicable, Since the company has not bought back of shares during the year.**
- vi) Other specifically applicable laws to the Company.
 - a) Water (prevention and control of Pollution) Act, 1974 and Air (prevention And Control of pollution) Act, 1981.
 - b) Factories License under Factories Act, 1948 for its units situated in different places.
 - c) Boiler Act 1923 & Indian Boiler Regulation 1950.
 - d) License under Food Safety and standards Act, 2006.

I have also examined compliance with the applicable clauses of the following :

- i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not notified hence not applicable to the Company during the audit period.)
- ii) The Listing Agreements entered into by the Company with the Calcutta Stock Exchange Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations :

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I / we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Kolkata
Dated : the 28th May, 2015

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

**ANNEXURE - III****NOMINATION AND REMUNERATION COMMITTEE POLICY**

The INdian Wood Products Co. Ltd. (IWP), believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Constitution of the Board of Directors ensures appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively. The importance of Independent Directors in achieving the effectiveness of the Board was also recognized. The Company intends to have an optimum combination of Executive, Non-Executive and Independent Directors.

The Company has therefore formulated the remuneration policy duly approved by Board for its Directors, Key Managerial Personnel and other employees keeping in view the following objectives :

- a) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, Retain and motivate, to run the Company successfully.
- b) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- c) Ensuring that remuneration involves a balance between fixed and reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The main object of this Committee is to identify person who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance, recommended the remuneration package of both the Executive and the Non-Executive Directors of the Board and also the remuneration of Senior Management from time to time.

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company and also for recommending to the Board the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

The Nomination and Remuneration Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its Individual members. The objective is to have a Board with diverse background and experience that is relevant for the Company's operations.

In evaluating the suitability of individual Board members, the Committee may take into account factors, such as General understanding of the Company's business, Educational and professional background, Personal and professional ethics, integrity and values, willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

The proposed appointee shall also fulfill the following requirements;

- a) Shall possess a Director Identification Number;
- b) Shall not be disqualified under the Companies Act, 2013;
- c) Shall give his written consent to act as a Director;
- d) Shall endeavor to attend all Board Meetings and Committee Meetings; Wherever he is appointed.
- e) Shall disclose his concern or interest as required under the Companies Act, 2013.
- f) Such other requirements as may be prescribed from time to time, under the Companies Act, 2013.

The Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests



NOMINATION AND REMUNERATION COMMITTEE POLICY — (Contd.)

or relationships are disclosed by a Director. The Criteria of Independence, as laid down in Companies Act, 2013 should be strictly followed.

The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company.

The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration shall review and approve the remuneration payable to the Executive Directors / Key Managerial Personnel of the Company within the overall limits approved by the shareholders.

The remuneration structure to the Executive Directors and Key Managerial Personnel shall include Basic Pay, Perquisites and Allowances & Retrial Benefits. Where any insurance is taken by the Company on behalf of its managing directors, chief financial officer, the company secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Committee on review of performance of Directors, KMPs and other employees of the Company may recommend to the Board for removal of such person if they consider him not to continue further in the interest of the Company, due to any of the reasons for disqualification as provided under the Act or on any reservation about their performances.

This Policy shall be reviewed by the nomination and remuneration committee as and when changes need to be incorporated in the policy due to changes in regulation or as may be felt appropriate by the Committee. Any change or modification in the policy as recommended by the committee would be given for approval to the Board.

This policy is framed based on the provisions of the Companies Act, 2013 and rules there under and requirements of Clause 49 of the Listing agreement with the stock exchanges.

On behalf of the Board

Place : Kolkata
Dated : the 28th May, 2015

K. K. MOHTA
Chairman



FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

ANNEXURE - IV

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies
(Management and Administration) Rules, 2014]
As on the Financial Year ended 31st March, 2015

I. REGISTRATION AND OTHER DETAILS :

1. CIN	:	L20101WB1919PLC003557
2. Registration Date	:	23.12.1919
3. Name of the Company	:	THE INDIAN WOOD PRODUCTS CO. LTD.
4. Category/Sub-category of the Company	:	Company having Share Capital
5. Address of the Registered office and contact details	:	Bombay Mutual Building, 9, Brabourne Road, 7th Floor Kolkata-700 001 (West Bengal) Ph. : 033-3252 3820, Fax : 033 2242 6799
6. Whether listed Company	:	Yes with The Calcutta Stock Exchange Ltd.
7. Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Niche Technologies Pvt. Ltd. D-511, Bagree Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata-700 001 Phones : 033 22343576, 22357270 e-mail nichetechpl@nichetechpl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Katha	0325003	96.4%
2.	Cutch	0325004	3.6%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Security Company Ltd. 9, Brabourne Road, 7th Floor, Kolkata-700 001	L65929WB1948PLC016992	Associate	22.30	2(6)



FORM NO. MGT-9 – (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [as on 31-March-2014]				No. of Shares held at the end of the year [as on 31-March-2015]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	252311	121629	373940	31.27	546311	129	546440	39.94	8.67%
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	335089	15210	350299	29.29	350299	-	350299	25.60	-3.69
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other...	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)	587400	136839	724239	60.56	896610	129	896739	65.54	4.98%
B) Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	8251	1792	10043	0.84	8251	1792	10043	0.73	-0.11
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total(B)(1)	8251	1792	10043	0.84	8251	1792	10043	0.73	-0.11
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	18735	4951	23686	1.98	18735	4951	23686	1.73	-0.25
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	169131	228437	397568	33.25	195268	203380	398648	29.13	-4.12

**FORM NO. MGT-9 – (Contd.)**

Category of Shareholders	No. of Shares held at the beginning of the year [as on 31-March-2014]				No. of Shares held at the end of the year [as on 31-March-2015]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Specify)	-	-	-	-	-	-	-	-	-
Non-Resident Indians	1139	39143	40282	3.37	59	39143	39202	2.87	-0.50
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies DR	-	-	-	-	-	-	-	-	-
Sub-Total(B)(2)	189005	272531	461536	38.60	214062	247474	461536	33.73	-4.86
Total Public Shareholding(B)= (B)(1)+(B)(2)	197256	274323	471579	39.44	222313	249266	471579	34.46	-4.98
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total(A+B+C)	784656	411162	1195818	100	1118923	249395	1368318	100	

B) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of shares Pledged encumbered to total shares	
1.	Arvind Engg. Works Ltd.	15210	1.27	Nil	15210	1.11	Nil	-0.16
2.	Indian Glass & Elect. Ltd.	30000	2.51	Nil	30000	2.19	Nil	-0.32
3.	Security Co. Ltd.	305089	25.51	Nil	305089	22.30	Nil	-3.21
4.	Avanti Mohta	101404	8.48	Nil	138904	10.15	Nil	1.67
5.	Bharat Mohta	102975	8.61	Nil	140475	10.27	Nil	1.66
6.	Bharat Mohta HUF	26500	2.22	Nil	64000	4.68	Nil	2.46
7.	Krishna Kumar Mohta	44080	3.69	Nil	44080	3.22	Nil	-0.47
8.	Krishna Kumar Mohta (HUF)	7000	0.58	Nil	7000	0.51	Nil	-0.07
9.	Ram Ratan Mohta	126	0.01	Nil	126	0.01	Nil	Nil
10.	Savita Mohta	86255	7.21	Nil	145255	10.69	Nil	3.48
11.	Shree Kumar Mohta	5600	0.47	Nil	5600	0.41	Nil	-0.06
	Total	724239	60.56	Nil	896739	65.54	Nil	4.98



FORM NO. MGT-9 – (Contd.)

C) Change in Promoter's Shareholding (Please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of Shares	% of Total Shares of the Company
	At the beginning of the year 1.4.2014	724239	60.56		
	Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. allotment/transfer/bonus/ sweat equity etc) :	172500 30.12.2014 Conversion of Preference Warrants	4.98%	896739	65.54
	At the end of the year 31.03.2015	896739	65.54	896739	65.54

D. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	S.M. General Sir Kaiser Shum S Jung				
	At the beginning of the year 1.04.2014	16782	1.40	-	-
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2015	16782	1.22	16782	1.22
2.	Shri Bhupendra Prasad Shah				
	At the beginning of the year 1.04.2014	15016	1.27	-	-
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2015	15016	1.09	15016	1.09
3.	Chetna Wood Products Pvt. Ltd.				
	At the beginning of the year 1.04.2014	13900	1.16	-	-
	Increase / Decrease during the year	Nil		NIL	
	At the end of the year 31.03.2015	13900	1.02	13900	1.02

**FORM NO. MGT-9 – (Contd.)****Shareholding Pattern of top ten Shareholders (Contd.)**

Sl. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
4.	National Insurance Co. Ltd.				
	At the beginning of the year 1.04.2014	8251	0.69	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2015	8251	0.60	8251	0.60
5.	Durga Prasad Kedia				
	At the beginning of the year 1.04.2014	8100	0.68	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2015	8100	0.59	8100	0.59
6.	Jai Kishan Mohta				
	At the beginning of the year 1.04.2014	7931	0.66	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2015	7931	0.58	7931	0.58
7.	Mahendra Girdharilal				
	At the beginning of the year 1.04.2014	7462	0.62	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2015	7462	0.54	7462	0.54
8.	Sevanti Lal A Shah				
	At the beginning of the year 1.04.2014	6892	0.57	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2015	6892	0.50	6892	0.50
9.	Pinaki Chimanlal Shah				
	At the beginning of the year 1.04.2014	5985	0.50	–	–
	Increase / Decrease during the year	-3612	-0.33	-3612	-0.33
	At the end of the year 31.03.2015	2373	0.17	2373	0.17



FORM NO. MGT-9 – (Contd.)

Shareholding Pattern of top ten Shareholders (Contd.)

Sl. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
10.	Rajendra Sarda				
	At the beginning of the year 1.04.2014	6533	0.55	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2015	6533	0.48	6533	0.48

E) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
1.	Mr. Krishna Kumar Mohta				
	At the beginning of the year 1.04.2014	44080	3.69		
	At the end of the year 31.03.2015	44080	3.22	44080	3.22
2.	Mr. Krishna Kumar Mohta (HUF)				
	At the beginning of the year 1.04.2014	7000	0.58		
	At the end of the year 31.03.2015	7000	0.51	7000	0.51
3.	Mr. Bharat Mohta				
	At the beginning of the year 1.04.2014	102975	8.61		
	Allotted on conversion of Pref. Warrants on 30.12.2014	37500	1.66	140475	10.27
	At the end of the year 31.03.2015	140475	10.27	140475	10.27
4.	Mr. Bharat Mohta (HUF)				
	At the beginning of the year 1.04.2014	26500	2.22		
	Allotted on conversion of Pref. Warrants on 30.12.2014	37500	2.48	64000	4.68
	At the end of the year 31.03.2015	64000	4.68	64000	4.68

**FORM NO. MGT-9 – (Contd.)****Shareholding of Directors and Key Managerial Personnel (Contd.)**

Sl. No.	Shareholding of each Director and each Key Managerial Personnel Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
5.	Mr. Rajendra Prasad Chetani				
	At the beginning of the year 1.04.2014	114	-	-	-
	At the end of the year 31.03.2015	114	NIL	114	NIL
6.	Mr. Sanjay Kumar Maheswary				
	At the beginning of the year 1.04.2014	100	-	-	-
	At the end of the year 31.03.2015	100	NIL	100	NIL
7.	Mr. Vinod Mimani				
	At the beginning of the year 1.04.2014	300	-	-	-
	At the end of the year 31.03.2015	300	NIL	300	NIL
8.	Mrs. Sunita Sarda				
	At the beginning of the year 1.04.2014	121	-	-	-
	At the end of the year 31.03.2015	121	NIL	121	NIL
9.	Mr. Raj Kumar Agarwal				
	At the beginning of the year 1.04.2014	57	-	-	-
	At the end of the year 31.03.2015	57	NIL	57	NIL

V. INDEBTEDNESS – Indebtedness of the Company including interest outstanding / accrued but not due for payment : (₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	1209.69	115.00	64.93	1389.62
ii) Interest due but not paid	-	3.77	-	3.77
iii) Interest accrued but not due	-	-	2.93	2.93
Total (i+ii+iii)	1209.69	118.77	67.86	1396.32
Change in Indebtedness during the financial year				
* Addition	277.65	73.00	-	350.65
* Reduction	-	-	56.76	56.76
Net Change	277.65	73.00	56.76	407.41
Indebtedness at the end of the financial year				
i) Principal Amount	1487.34	188.00	8.17	1683.51
ii) Interest due but not paid	-	3.53	-	3.53
iii) Interest accrued but not due	-	-	1.52	1.52
Total (i+ii+iii)	1487.34	191.53	9.69	1688.56



FORM NO. MGT-9 – (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A Remuneration to Managing Director, Whole-time Directors and or Manager :

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. K. K. Mohta	Mr. Bharat Mohta	Mr. K. K. Damani	
1.	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.06	12.37	14.31	42.74
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.77	5.28	—	10.05
	c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961				—
2.	Stock Option				—
3.	Sweat Equity				—
4.	Commission - as % of Profit - others specify.....				—
5.	Others, please specify				—
	Total (A)	20.83	17.65	14.31	52.79

B. Remuneration to other Directors :

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. R. P. Chetani	Mr. S. K. Maheshwary	Mr. V. K. Maheswary	Mr. V. Mimani	Mrs. Sunita Sarda	
1.	Independent Directors						
	Fee for attending board / committee meetings		0.35	0.25	0.15	—	0.75
	Commission						
*	Others, please specify						
	Total (1)		0.35	0.25	0.15	—	0.75
1.	Other Non-Executive Directors						
	Fee for attending board/committe meetings	0.35				0.05	0.40
	Commission						
	Others, please specify						
	Total (2)	0.35	—	—	—	0.05	0.40
	Total (B) = (1+2)	0.35	0.35	0.25	0.15	0.05	1.15
	Total Managerial Remuneration						53.94

**FORM NO. MGT-9 – (Contd.)****C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CEO	CS	
1.	Gross Salary	Mr. R. K. Agarwal	Mr. Anup Gupta	
	a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	2.98	0.02	3.00
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	—	—	—
	c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961.	—	—	—
2.	Stock option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission	—	—	—
	- as % of Profit - others specify ...			
5.	Others, please specify	—	—	—
	Total	2.98	0.02	3.00

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
Penalty					
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

On behalf of the BoardPlace : Kolkata
Dated : the 28th May, 2015K. 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, 2015, and the Statement of Profit and Loss and the Cash Flow Statement 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

The Management and the Board of Directors of the Company are responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; design, implementation and maintenance of internal financial controls, that are operating effectively for ensuring accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. 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 the 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, but not for the purpose of expressing an opinion on whether they have in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. 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 Companies Act, 2013, in the manner so required read with notes appearing thereon 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, 2015;
- 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.



INDEPENDENT AUDITORS' REPORT (Contd.)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in term of Sub-section (11) of section 143 of the Act, we give in the Annexure a statement on matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that :
 - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the Directors as on March 31, 2015 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
 - f) In our opinion and to the best of information and according to the explanations given to us, We report as under with respect to other matters to be included in the Auditor's Report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014;
 - i) The company does not have any pending litigations which would impact its financial position.
 - ii) The company did not have any long term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investors Education and Protection Fund. The question of delay in transferring such sums does not arise.

For S. K. AGRAWAL & CO.
Chartered Accountants
Firm Registration No. 306033E
J. K. CHOUDHURY
Partner
Membership No. 009367

Place : Kolkata
Dated : 28th May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

1. 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.
2.
 - 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.
3. In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly the sub clauses (a) and (b) are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate, internal control system commensurate with the size of company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.

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

5. In case of Public Deposits accepted by the company till March 2014 under the Companies Act 1956 are being repaid on maturity as per the directives issued by the Reserve Bank of India and provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under which are being have complied with.
6. The Central Government of India has not prescribed the maintenance of Cost records by the Company as required under Section 148 (1) of the Companies Act, 2013 for any of its products.
7. According to the information and explanation given to us in respect of statutory and other dues :
- i) 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.
- ii) 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, 2015 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/-
U P VAT	2010-2011	Appeal before Deputy Commissioner	63,052/-

8. The Company does not have accumulated losses exceeding fifty percent of its net worth at the end of the financial year and the company has not incurred cash losses during the current year or in immediately preceding financial year.
9. According to the information and explanation given to us the company has not defaulted in repayment of dues to financial institutions or bank and has not issued debentures.
10. According to the information and explanations given to us, the company has not given any guarantee for loan taken by others from a bank or any other financial institution during the year.
11. To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the company were applied by the Company for the purposes for which the loans were obtained.
12. Based upon the audit procedures performed and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported by management during the year of our audit.

Place : Kolkata
Dated : 28th May, 2015

For S. K. AGRAWAL & CO.
Chartered Accountants
Firm Registration No. 306033E
J. K. CHOUDHURY
Partner
Membership No. 009367



STATEMENT
OF
ACCOUNTS



THE INDIAN WOOD PRODUCTS COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note No.	As at 31st March, 2015	(₹ in lacs) As at 31st March, 2014
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
a) Share Capital	2	137.13	119.88
b) Reserves and Surplus	3	1,773.07	1,474.42
		<u>1,910.20</u>	<u>1,594.30</u>
2. Non-current Liabilities			
a) Long-term borrowings	4	151.19	121.12
b) Deferred tax liabilities (Net)	5	62.42	54.95
c) Other Long term liabilities	7	124.30	124.28
d) Long-term provisions	8	154.45	118.92
		<u>492.36</u>	<u>419.27</u>
3. Current Liabilities			
a) Short-term borrowings	4	1,535.86	1,272.27
b) Trade payables	6	1,636.49	1,656.16
c) Other current liabilities	9	110.78	119.21
d) Short-term provisions	10	53.90	96.41
		<u>3,337.03</u>	<u>3,144.05</u>
	TOTAL	<u>5,739.59</u>	<u>5,157.62</u>
II. ASSETS			
1. Non Current Assets			
a) Fixed Assets			
Tangible assets	11	1,018.41	926.56
Capital work-in-progress		38.91	22.18
b) Non-current investments	12	0.02	0.02
c) Long-term loans and advances	13	113.91	89.52
		<u>1,171.25</u>	<u>1,038.28</u>
2. Current Assets			
a) Inventories	14	2,397.34	2,068.81
b) Trade receivables	15	1,357.64	1,330.21
c) Cash and cash equivalents	16	418.10	477.38
d) Short-term loans and advances	17	395.26	242.94
		<u>4,568.34</u>	<u>4,119.34</u>
	TOTAL	<u>5,739.59</u>	<u>5,157.62</u>
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

Firm Registration No. 306033E

J. K. CHOUDHURY

Partner

Membership No.009367

Place : Kolkata

Dated : 28th May, 2015

ANUP GUPTA
Company Secretary

R. K. AGARWAL
Chief Financial Officer

For and on behalf of the Board

K. K. MOHTA, *Chairman*
K. K. DAMANI, *Executive Director*
S. K. MAHESWARY,
Independent Director



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note No.	31st March, 2015	(₹ in lacs) 31st March, 2014
Revenue from Operations			
Sales		10,641.20	9,789.69
Less : Excise duty		493.93	470.38
		<u>10,147.27</u>	<u>9,319.31</u>
Other Income	18	23.84	13.91
Total Revenue		<u>10,171.11</u>	<u>9,333.22</u>
Expenses :			
Cost of materials consumed	19	5,890.73	5,814.46
Changes in inventories of finished goods works in progress and stock in Trade	20	-209.00	-395.11
Manufacturing expenses	21	2,071.73	1,771.91
Employee benefits expenses	22	1,405.52	1,188.44
Finance costs		202.20	163.48
Depreciation	11	151.86	101.11
Other expenses	23	264.11	318.04
Total Expenses		<u>9,777.15</u>	<u>8,962.33</u>
Profit before tax		393.96	370.89
Less : Current tax expenses		135.00	133.50
Tax for earlier year		-11.09	-
Deferred tax expenses	5	7.47	11.37
Profit for the year		<u>262.58</u>	<u>226.02</u>
Earnings per equity share : Basic	25	21.19	21.02
Diluted		17.86	15.28

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
Firm Registration No. 306033E
J. K. CHOUDHURY
Partner
Membership No.009367
Place : Kolkata
Dated : 28th May, 2015

ANUP GUPTA
Company Secretary

R. K. AGARWAL
Chief Financial Officer

For and on behalf of the Board
K. K. MOHTA, Chairman
K. K. DAMANI, Executive Director
S. K. MAHESWARY,
Independent Director



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

(₹ in lacs)

	31st March, 2015	31st March, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	393.96	370.89
Adjustment for		
Depreciation	151.86	101.11
Interest Expenses	202.20	163.48
Interest Received	(20.36)	(10.52)
Liabilities no Longer required written back	—	(0.07)
Advances written off	0.13	36.72
Loss/Gain on Sale of Fixed Assets	3.53	1.31
Loss on Currency derivaties	7.30	—
	<u>344.66</u>	<u>292.03</u>
Operating Profit/(Loss) before working capital changes	738.62	662.92
Adjustments for		
Trade & Other receivables	(204.01)	(384.75)
Inventories	(328.53)	(463.86)
Trade payables	1.13	559.42
	<u>(531.41)</u>	<u>(289.19)</u>
Cash generated from Operations	207.21	373.73
Direct Tax (paid) / Refund received (Net)	172.83	95.00
	<u>34.38</u>	<u>278.73</u>
Cash Flow before extra Ordinary items	34.38	278.73
NET CASH FLOW FROM OPERATING ACTIVITIES	34.38	278.73
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(288.36)	(293.99)
Sale of Fixed Assets	2.90	6.07
Interest Received	20.36	10.52
	<u>(265.10)</u>	<u>(277.40)</u>
NET CASH USED IN INVESTING ACTIVITIES	(265.10)	(277.40)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares	94.88	66.83
Proceeds from Borrowings	346.98	353.51
Repayment of Borrowings	(56.76)	(11.36)
Dividend / Dividend tax paid	(9.81)	(10.87)
Interest paid	(203.85)	(159.39)
	<u>171.44</u>	<u>238.72</u>
NET CASH USED IN FINANCING ACTIVITIES	171.44	238.72
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(59.28)	240.05
CASH AND CASH EQUIVALENTS (Note 2 below)		
AT START OF THE YEAR	477.38	237.33
AT CLOSE OF THE YEAR	418.10	477.38



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)

31st March, 2015

31st March, 2014

2. Cash and Cash Equivalents Consists of :

Cash in hand	54.66	4.82
Balance with Scheduled Banks	363.44	472.56
	418.10	477.38

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

For S. K. AGRAWAL & CO.
Chartered Accountants
 Firm Registration No. 306033E
 J. K. CHOUDHURY
Partner
 Membership No.009367
 Place : Kolkata
 Dated : 28th May, 2015

ANUP GUPTA
Company Secretary

R. K. AGARWAL
Chief Financial Officer

For and on behalf of the Board

K. K. MOHTA, *Chairman*
 K. K. DAMANI, *Executive Director*
 S. K. MAHESWARY,
Independent Director



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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

The financial statements are prepared and presented on accrual basis under the historical costs convention, in accordance with the generally accepted accounting principles in India and in accordance with relevant provisions of the Companies Act 1956, Companies Act 2013 and in conformity with the applicable accounting standards under the Act.

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 II of the Companies Act, 2013.

c) **Investments :**

Long term Investments are stated at cost.

d) **Inventories :**

Inventories are valued at cost or net realisable value whichever is lower. Cost formula 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. Current 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 for 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 31, 2015	(₹ in lacs) As at March 31, 2014
Authorised		
50,00,000 Equity Shares of Rs. 10/- each	500.00	500.00
Issued, Subscribed and Paid up Capital		
13,68,318 (11,95,818) Equity Shares of Rs. 10/- each	136.83	119.58
Add : 5,682 Equity Shares forfeited (amount originally paid up)	0.30	0.30
	137.13	119.88

2. a) Reconciliation of equity shares outstanding

	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Opening Balance	1195818	119.58	1074318	107.43
Change during the year	172500	17.25	121500	12.15
Closing Balance	1368318	136.83	1195818	119.58

Note : In terms of Shareholders approval vide Resolution passed on 27th February, 2014, out of 5,25,000 Preferential Cumulative Convertible Warrants Issued and Allotted to the Promoters, second option exercised by the Warrant holders during the year and 1,72,500 Warrants converted into 1,72,500 equity shares of Rs. 10/- each at a premium of Rs. 45/- per share. 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, 2015		As at March 31, 2014	
	No. of Shares	%	No. of shares	%
1. Security Company Ltd.	305089	22.29	305089	25.51
2. Avanti Mohta	138904	10.15	101404	8.48
3. Bharat Mohta	140475	10.26	102975	8.61
4. Savita Mohta	146255	10.69	86255	7.21



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3 RESERVES & SURPLUS

	As at March 31, 2015		As at March 31, 2014	
Capital Reserve				(₹ in lacs)
Premium on reissue of forfeited shares		0.03		0.03
Securities Premium Reserve				
As per last account	198.14		143.46	
Add : for the year	77.62	275.76	54.68	198.14
Revaluation Reserve				
As per last account [Refer note No. 14 (a)]		292.75		292.75
General Reserve				
As per last account	450.00		400.00	
Add : Transfer from Statement of Profit & Loss	-	450.00	50.00	450.00
Surplus				
Opening Balance	533.50		371.47	
Less : Depreciation in respect of Assets whose useful life is Over (Refer Note No. 11)	-21.49		-	
Add : Profit for the year	262.58		226.02	
Amount available for appropriation	774.59		597.49	
Appropriations				
Proposed Dividend @ Rs. 1.25 per share (Re. 1/-)	(17.10)		(11.96)	
Tax on Dividend	(2.96)		(2.03)	
Transfer to General Reserve	-		(50.00)	
Closing Balance		754.53		533.50
		<u>1,773.07</u>		<u>1,474.42</u>

4. BORROWINGS

Non-Current Liabilities

Long Term Borrowings - Secured		
Term Loan from Banks (Refer Note below)	151.19	121.12

Current Liabilities

Short Term Borrowings		
Secured		
Current maturities of Long term borrowings	139.15	54.98
Loan repayable on demand from banks (Refer Note below)	1197.01	1,033.59
Unsecured -		
From Bodies Corporate	145.00	94.13
From Directors	46.53	24.64
Deposits	8.17	64.93
	<u>1,535.86</u>	<u>1,272.27</u>

Notes : 1) Working Capital facilities and Capex Term Loan are from Union Bank of India, 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 mortgaged 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.



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

4. BORROWINGS (Contd.)

2) The Term Loan are Secured by hypothecation of related equipments / vehicles purchased and the Terms of repayment of Term Loan are – (₹ in lacs)

Particulars	Sanctioned Amount (₹ in lacs)	Period & Repayment tenure	Installment Value & terms	No. of Instalments sanctioned & due	Rate of Interest
A) Capex Terms Loan From Union Bank of India, Bareilly (Main Branch) Old	150.00	Feb 2014 to Jan 2019	2.50 / p month	60 46	Base Rate +4.50
New*	525.00	June 2015 to May 2020	8.75/p month	60 60	Base Rate +3.25
B) Auto Loan From Union Bank of India, Bareilly (Main Branch)	5.75	Dec 2014 To Nov 2019	EMI of Rs. 12,400/-	60 56	10.70%
Volkswagon Finance Pvt. Ltd.	26.00	July 2011 to June 2016	EMI of Rs. 55,894/-	60 15	10.90%
ICICI Bank, Kol	48.00	April 2014 to March 2019	EMI of Rs. 1,02,577/-	60 48	10.24%
State Bank of Bikaner & Jaipur, Bareilly	2.50 Oct 2015	Nov 2010 to Rs. 33,259/-	EMI of	60 7	13.10%
	5.40	Dec 2011 to Nov 2016	EMI of Rs. 2,21,216/-	60 20	12.10%
Kotak Mahindra Prime Ltd.	14.00	Sept 2014 to Aug 2017	EMI of Rs. 45,100/-	36 29	9.85%

* Part disbursement received with a moratorium of 6 (Six) months.

	As at March 31, 2015	As at March 31, 2014
5. PROVISION FOR DEFERRED TAX		
As per accounting standard - 22 on Tangible fixed assets which arises primarily from Depreciation		
Opening Balance	54.95	43.58
Add : Credit for the year	7.47	11.37
Closing Balance	<u>62.42</u>	<u>54.95</u>
6. TRADE PAYABLE	<u>1,636.49</u>	<u>1,656.16</u>

Note :

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.

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

	As at March 31, 2015	(₹ in lacs) As at March 31, 2014
7. OTHER LONG TERM LIABILITIES		
Contractors and Customers Security Deposits	10.13	10.13
Advance from Customers	94.20	94.18
Others	19.97	19.97
	<u>124.30</u>	<u>124.28</u>
8. PROVISIONS		
Long Term provisions for Employees Benefits		
Gratuity (Refer Note No. 22)	44.96	12.74
Leave encashment	109.49	106.18
	<u>154.45</u>	<u>118.92</u>
9. OTHER CURRENT LIABILITIES		
Interest accrued but not due	1.52	2.93
Advance from Customer	0.71	0.96
Advance from Promoters against issue of Convertible Warrants	31.76	55.48
Other statutory liabilities	76.79	59.84
	<u>110.78</u>	<u>119.21</u>
10. SHORT TERM PROVISIONS		
Provision for taxation (Net)	33.50	82.08
Provision for Fringe Benefit tax (Net)	0.34	0.34
Proposed Dividend	17.10	11.96
Tax on Dividend	2.96	2.03
	<u>53.90</u>	<u>96.41</u>



11. FIXED ASSETS

(₹ in lacs)

Particulars	GROSS BLOCK-AT COST			DEPRECIATION				NET BLOCK		
	As at April 1, 2014	Additions	Sales/ Adjustments	As at March 31, 2015	As at April 1, 2014	Charge for the period	Depreciation in respect of assets whose useful life is over	Sales/ Adjustments	As at March 31, 2015	As at March 31, 2014
Tangible										
Free Hold Land (Ref. Note 14 (a))	166.99	—	—	166.99	—	—	—	—	166.99	166.99
Building	171.63	—	—	171.63	51.94	5.51	0.28	—	113.90	119.69
Tube-Well	2.74	—	—	2.74	1.65	0.32	0.21	—	0.56	1.09
Plant and Machinery	146.18	72.01	—	218.19	101.64	7.02	—	—	109.53	44.54
Effluent Treatment Plant	20.79	—	—	20.79	19.75	—	—	—	1.04	1.04
Electric Installation	176.48	26.53	—	203.01	62.21	16.84	0.61	—	123.35	114.27
Weighing Scale	4.76	0.30	—	5.06	3.04	0.22	0.04	—	1.76	1.72
Trolley & Trays	135.00	25.61	—	160.61	118.07	1.32	—	—	41.22	16.93
Laboratory Apparatus	4.66	0.37	—	5.03	3.30	0.06	0.82	—	0.85	1.36
Refrigeration & Cooling System	376.04	116.37	—	492.41	89.57	80.18	14.04	—	308.62	286.47
Motor Car & Vehicles	189.34	23.80	12.90	200.24	51.44	28.96	—	6.47	126.31	137.90
Computers	38.50	5.19	—	43.69	28.48	4.58	2.38	—	8.25	10.02
Furniture, Fixture & Office Equipment	65.09	1.45	—	66.54	40.55	6.85	3.11	—	16.03	24.54
Total	1,498.20	271.63	12.90	1,756.93	571.64	151.86	21.49	6.47	1,018.41	926.56
Previous Year	1,221.47	287.81	11.08	1,498.20	474.23	101.11	—	3.70	926.56	571.64

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

	As at March 31, 2015	(₹ in lacs) As at March 31, 2014
12. NON CURRENT INVESTMENTS		
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>
13. LONG TERM LOANS & ADVANCES		
Unsecured – Considered good		
a) Security Deposit	25.29	20.76
b) Other Loans & Advances Deposit with Government Authorities	<u>88.62</u>	<u>68.76</u>
	<u>113.91</u>	<u>89.52</u>
Note :		
Other Loans and advance include ₹ 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.		
14. INVENTORIES		
Land (Stock in trade) (Ref. Note a below)	126.16	126.16
Raw Materials	553.78	432.17
Work in Process	814.57	764.44
Finished Goods (Ref. note b below)	780.16	609.66
Consumables	10.25	15.07
Stores and Spare parts	111.70	120.51
Tools and Implements	<u>0.72</u>	<u>0.80</u>
	<u>2,397.34</u>	<u>2,068.81</u>

Notes :

- 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 ₹ 1.26 crores was appropriated as stock in trade.
- Finished goods includes excise duty of ₹ 35.85 lacs (24.22 lacs)

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

	As at March 31, 2015	(₹ in lacs) As at March 31, 2014
15 TRADE RECEIVABLES		
Debts outstanding for more than 6 months		
Unsecured – Considered good	<u>35.65</u>	<u>127.57</u>
Other Debts		
Secured – Considered good	4.45	7.63
Unsecured – Considered good	<u>1,317.54</u>	<u>1,195.01</u>
	<u>1,321.99</u>	<u>1,202.64</u>
	<u>1,357.64</u>	<u>1,330.21</u>
16 CASH & CASH EQUIVALENTS		
Cash in hand	29.16	4.82
Cheques, Drafts on hand	<u>25.50</u>	<u>—</u>
	<u>54.66</u>	<u>4.82</u>
Balances with scheduled banks		
In current account	74.58	133.44
In Term Deposit account	—	65.00
In Deposit Account with Banks -		
Against Margin money for Letter of Credit	285.54	270.80
Against Sales tax [Ref. note No. 27 (b)]	<u>3.32</u>	<u>3.32</u>
	<u>363.44</u>	<u>472.56</u>
	<u>418.10</u>	<u>477.38</u>
17. SHORT TERM LOANS & ADVANCES		
Unsecured – Considered Good		
Advance to Materials Suppliers	91.80	70.02
Advance to employees	8.79	7.55
Interest receivables	7.90	4.75
Excise duty Credit	229.66	146.88
Others (See note (a) below)	<u>57.11</u>	<u>13.74</u>
	<u>395.26</u>	<u>242.94</u>

- a) Includes part payment of ₹ 30,50,000 (\$ 50,000) being remittance made during the year to PT Sumatra Resources International, Indonesia in terms of proposed Joint Venture and against which necessary security documents are yet to be received.

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

	2014-2015	(₹ in lacs) 2013-2014
18. OTHER INCOME		
Interest on Fixed Deposit	20.36	10.52
Liabilities no longer required written back	—	0.07
Other Miscellaneous income	3.48	3.32
	<u>23.84</u>	<u>13.91</u>
19 COST OF MATERIALS CONSUMED		
Raw materials consumed		
Opening Stock	432.17	405.36
Purchases	5,951.03	5,691.85
Add : Extraction expenses	55.77	86.83
Foreign Exchange Fluctuations (Net)	5.54	62.59
	<u>6,444.51</u>	<u>6,246.63</u>
Less : Closing Stock	553.78	432.17
Raw materials consumed	<u>5,890.73</u>	<u>5,814.46</u>
20 CHANGE IN INVENTORY		
Stock of Finished goods and Stock in process as at 1st April, 2014	1,349.88	954.77
Less : Stock of Finished goods and Stock in process as at 31st March, 2015	<u>1,558.88</u>	<u>1,349.88</u>
(Increase) / Decrease	<u>-209.00</u>	<u>-395.11</u>
21 MANUFACTURING EXPENSES		
Stores and Spare parts consumed	360.16	315.32
Other Consumable and Chemicals Consumed	104.57	82.02
Power and Fuel	325.63	280.03
Electric, Light & Power	329.69	297.57
Rent	1.25	0.27
Insurance	4.08	3.93
Repairs & Maintenance		
Buildings	16.12	25.64
Plant & Machinery	61.92	40.10
Others	16.92	13.32
Machine Katha Expenses	573.88	512.26
Rates & Taxes	37.97	27.03
Travelling Expenses	16.37	14.28
Misc. Expenses	223.17	160.14
	<u>2,071.73</u>	<u>1,771.91</u>



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

22 EMPLOYEE BENEFIT EXPENSES

	2014-2015	(₹ in lacs) 2013-2014
Salaries, Wages, Bonus & Other Benefits	1,225.98	1,021.11
Contribution to Provident Fund	72.17	62.93
Staff Welfare Expenses	<u>107.37</u>	<u>104.40</u>
	<u>1,405.52</u>	<u>1,188.44</u>

As per Actuarial Valuations as on 31.03.2015 and recognised in the financial statements in respect of Employees benefit schemes.

A. Component of Employer expenses

1. Current service Cost	16.90
2. Interest Cost	23.04
3. Expected Return on Plan Asset	—
4. Actuarial Losses / (gain)	3.50
5. Expenses directly paid by the Company (For Current Year)	—
6. Total expenses recognised in the Statement of Profit & Loss	43.43

B. Net Asset / (Liability) Recognised in Balance Sheet as at 31.03.2015

1. Present Obligation of Defined Benefit Obligation	308.49
2. Fair Value of Plan Asset	263.53
3. Net Asset / (Liability) recognised in the Balance Sheet	44.96

C. Change in Defined Benefit Obligation during the year ended 31.03.2015

1. Present Value of DBO at Beginning of period	251.51
2. Current Service Cost	16.90
3. Interest Cost	23.04
4. Actuarial Losses/(gains)	—
5. Benefits paid	22.22
6. Present value of DBO at the end of period	269.22

D. Change in Fair Value of the asset

1. Plan asset at the beginning of the period	251,51
2. Return on Plan Asset	23.04
3. Actuarial Gain	16,90
4. Actual Company contributions	—
5. Benefits paid	-22,22
6. Plan Assets at the end of the period	269,22

E. Actuarial Assumption

1. Discount Rate (%)	8.00%
2. Expected return on plan assets (%)	9.00%

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)
23. OTHER EXPENSES	2014-2015	2013-2014
Rent Expenses	9.25	8.41
Rates and Taxes	1.38	0.96
Insurance	2.29	0.89
Other Repairs	1.42	1.02
Travelling Expenses	77.78	74.25
Auditors Remuneration		
For Audit Fees	2.00	2.00
For Other Services	0.48	0.41
Directors sitting fees	1.15	1.28
Misc. Expenses	156.93	190.79
Advances Written off	0.13	36.72
Loss on Sale of Fixed Assets	3.53	1.31
Loss on Currency Derivatives	7.30	—
Sales Tax paid for Earlier year	0.47	—
	<u>264.11</u>	<u>318.04</u>

24 EARNING PER SHARE

1. Net Profit attributable to equity share holders for Basic and Diluted EPS	262.58	226.02
2. Weighted average number of equity shares for basic EPS	12,39,297	10,75,317
Weighted average number of equity shares for diluted EPS	14,70,297	14,78,817
3. Nominal Value of Equity Shares	Rs. 10	Rs. 10
4. Earning per Equity Shares		
Basic	21.19	21.02
Diluted	17.86	15.28

25 Related Party Disclosures in accordance with the Accounting Standard No. 18

1. Name of Companies in which Directors / Key Management Personnel and their relatives have significant influence
 - 1) Arvind Engineering Works Ltd.
 - 2) Security Company Limited
 - 3) Indian Glass & Electricals Ltd.
- 2) Key Management Personnel
 - a) Whole Time Directors
 - i) Mr. K. K. Mohta (Chairman)
 - ii) Mr. K. K. Damani (Executive Director)
 - iii) Mr. Bharat Mohta (Director Corporate Planning & Strategy)
 - b) Executive Officers (Effective April, 2014)
 - iv) Mr. R. K. Agarwal (Chief Financial Officer w.e.f. 01/01/2015)
 - v) Mr. Anup Gupta (Company Secretary w.e.f. 28/03/2015)



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Related Party Disclosures in accordance with the Accounting Standard No. 18 (Contd.)

- c) Disclosures of Transaction entered into with the related party and key management personnel of the Company.

	2014 — 2015		2013 — 2014	
	Key Management Personnel	Enterprises having Significant influence	Key Management Personnel	Enterprises having Significant Influence
	(₹ in lacs)			
a) Salaries and other Employees benefits	55.80		56.16	
b) Unsecured Loan				
i) Opening Balance	24.64	NIL	36.00	NIL
ii) Loan Taken	22.00	12.50	NIL	NIL
iii) Repaid during the year	3.64	2.84	15.00	NIL
iv) Interest net of TDS	3.53	0.34	3.64	NIL
v) Closing Balance including interest	46.53	10.00	24.64	NIL

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.

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 dated 8th February, 2013 and stayed the demand till disposal of the case with the observation that the appellate have prima facie case in their favour. The stay was extended Vide Order dated 22nd December, 2014.

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 Gambier, as is in our case, are classifiable as KATHA is covered under Chapter 14 of Central Excise Tariff.

The Company's contention in case of KATHA was also accepted by CESTAT, New Delhi vide their order dated 28th July, 2014 and dated 27th November, 2014 stayed the demand unconditionally.

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.



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- b) Demands for Sales Tax amounting to Rs. 131.93 lacs (Rs. 131.30 lacs)) which are not acknowledged as debts. Against the same Company has paid under protest a total of Rs. 10.17 lacs (Rs. 10.17 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, 2015		31st March, 2014	
	% of Consumption	Value ₹ in lacs	% of Consumption	Value ₹ in lacs
Raw Materials–				
Indigenous	32.24	1,899.32	32.49	1,889.04
Imported	67.76	3,991.41	67.51	3,925.42
	100	5,890.73	100	5,814.46
Stores and Spare Parts–Indigenous	100	360.16	100	315.32
Consumable Stores– Indigenous	100	104.57	100	82.02

29. EARNINGS IN FOREIGN CURRENCY :

Export of Goods calculated on F.O.B. basis **NIL** 26.54

30. C I F VALUE OF IMPORTS **3,485.42** 3,051.82

31. EXPENDITURE TRAVELLING IN FOREIGN CURRENCY **35.36** 30.44

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
Firm Registration No. 306033E
J. K. CHOUDHURY
Partner
Membership No.009367
Place : Kolkata
Dated : 28th May, 2015

ANUP GUPTA
Company Secretary

R. K. AGARWAL
Chief Financial Officer

For and on behalf of the Board
K. K. MOHTA, Chairman
K. K. DAMANI, Executive Director
S. K. MAHESWARAY,
Independent Director