

# THE INDIAN WOOD PRODUCTS COMPANY LIMITED



**97<sup>TH</sup> ANNUAL REPORT  
&  
ACCOUNTS  
2016-17**

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**ANNUAL GENERAL MEETING ON MONDAY 18TH SEPTEMBER, 2017**

**AT**

**BHARATIYA BHASHA PARISHAD AT 3.30 p. m.**



## THE INDIAN WOOD PRODUCTS COMPANY LIMITED

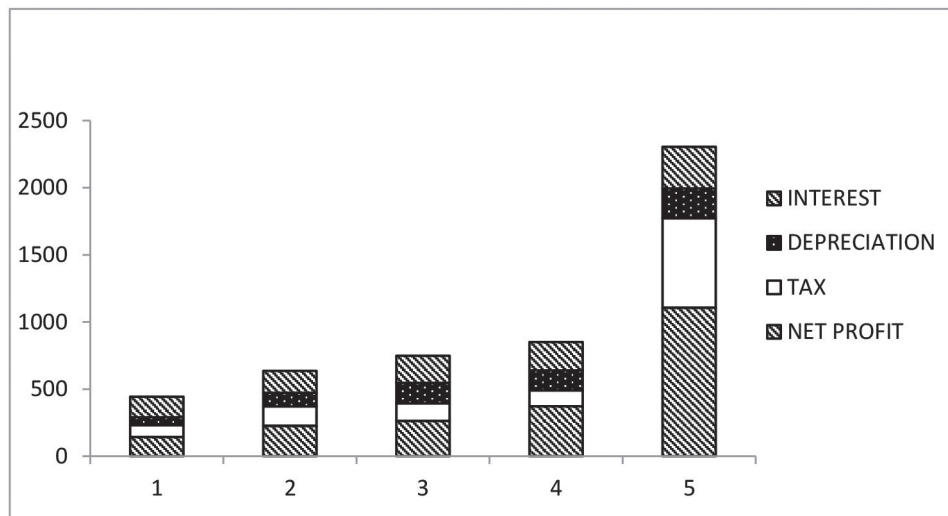
### FIVE YEAR PROGRESS AT A GLANCE

(Rs. In Lacs)

		2012 - 13	2013 - 14	2014 - 15	2015 - 16	2016 - 17
1	TURNOVER/REVENUE (NET)	7635.01	9333.22	10171.11	11964.94	<b>18021.63</b>
2	PROFIT BEFORE DEPRECIATION INTEREST & TAX	443.03	635.48	748.02	850.41	<b>2304.71</b>
3	INTEREST	153.29	163.48	202.20	210.94	<b>309.91</b>
4	DEPRECIATION	58.40	101.11	151.86	149.36	<b>223.07</b>
5	PROFIT BEFORE TAX	231.34	370.89	393.96	490.11	<b>1771.73</b>
6	TAX	88.61	144.87	131.38	118.94	<b>665.75</b>
7	NET PROFIT	142.73	226.02	262.58	371.17	<b>1105.98</b>
8	RATE OF DIVIDEND (%)	10	10	12.5	12.5	<b>6*</b>
9	EQUITY	107.73	119.88	137.13	160.23	<b>640.03</b>
10	RESERVES & SURPLUS	1207.71	1474.42	1773.07	2220.13	<b>2846.31</b>
11	NET WORTH	1315.44	1594.30	1910.20	2380.36	<b>3486.34</b>
12	EARNING PER SHARES IN Rs.	2.23	3.53	4.1	5.8	<b>17.28</b>

\*Proposed on increased capital.

### APPROPRIATION OF OPERATING PROFIT (PBIT)



## CORPORATE INFORMATION

### Board of Directors

#### *Chairman & Managing Director*

Krishna Kumar Mohta

#### *Whole Time Director & CEO*

Bharat Mohta

#### *Executive Director*

Krishna Kumar Damani

#### *Chief Financial Officer (CFO)*

Raj Kumar Agarwal

#### *Audit Committee*

Sanjay Kumar Maheswary	Chairman
Vinod Kumar Maheshwary	Member
Rajendra Prasad Chetani	Member

#### *Stakeholders Relationship Committee*

Rajendra Prasad Chetani	Chairman
Bharat Mohta	Member
Sanjay Kumar Maheswary	Member
Vinod Kumar Maheshwary	Member

#### *Bankers*

1. Union Bank of India, Bareilly      2. DBS Bank, Kolkata

#### *Statutory Auditor*

S. K. Agarwal & Co.  
Suite No. 606-608  
The Chambers,  
Opp. Gitanjali Stadium,  
1865, Rajdanga Main Road, Kasba,  
Kolkata – 700 107

#### *Registered Office*

Bombay Mutual Building  
9, Brabourne Road, 7th Floor,  
Kolkata – 700 001  
CIN L20101WB1919PLC003557  
Phone :- 8232023820  
Fax :- (033) 2242 – 6799  
Email :- iwpcal1@cal2.vsnl.net.in  
Website:- www.iwpkatha.com

#### *Registrar*

M/s Niche Technologies (P) Ltd  
D-511, Bagree Market,  
71, B. R. B. Basu Sarani  
Kolkata – 700 001  
Tel :- (033) 2235 7270, 2234 3576  
Fax :- (033) 2215 6823  
Email-nichetechpl@nichetechpl.com

#### *Non Executive Non Independent Director*

R. P. Chetani

#### *Independent Director*

Sanjay Kumar Maheswary  
Vinod Kumar Maheshwary  
Vinod Mimani  
Drisha Poddar

#### *Company Secretary (CS)*

Anup Gupta

#### *Nomination and Remuneration Committee*

Sanjay Kumar Maheswary	Chairman
Vinod Kumar Maheshwary	Member
Rajendra Prasad Chetani	Member

#### *CSR Committee*

Krishna Kumar Mohta	Chairman
Bharat Mohta	Member
Krishna Kumar Damani	Member
Vinod Mimani	Member



## MANAGEMENT DISCUSSION & ANALYSIS

FY2017 represents fiscal year 2016-17, from 1 April 2016 to 31 March 2017, and analogously for FY2016 and previously such labeled years.

### INDIAN ECONOMY OVERVIEW FY 2016-17

#### Growth

India's GDP growth decelerated from 7.6% in FY 2015-16 to 7.1% in FY 2016-17 due to lack of private investment and household consumption and also perhaps the impact of demonetisation. Contribution from agriculture increased while growth in industrial and mining sectors decelerated. Government consumption was the major source of growth through increased spending on infrastructure.

#### Inflation

Retail inflation dropped from 4.8% in March 2016 to 3.8% in March 2017. The drop in inflation was mainly led by the fall in food prices due to bumper agriculture production. Wholesale inflation, however, rebounded to 3.7% in FY 2016-17. This was mainly driven by fuel and power inflation.

### MONETARY POLICY

Continuing its accommodative stance on the monetary policy, the Reserve Bank of India delivered a total 50bps cut in FY 2016-17 in its benchmark repo rate, bringing it down to a six-year low of 6.25%. Monetary transmission also picked up pace after demonetisation as many large banks cut their lending rates by up to 80 bps, lowering the cost of borrowings.

### DEMONETISATION AND ENSUING PROCESS OF REMONETISATION

Government decided to ban the high value currency notes of ₹ 1,000 and ₹ 500 on November 8, 2016. Illiquidity created disruption in economic activity in the months of November and December 2016, particularly in the unorganised sector. Highly cash dependent sectors of the economy – land, real estate, construction, luxury items, gold etc. witnessed sharp falls in demand. However, many organised segments of the economy were close to normalcy by March 2017.

### PASSAGE OF GST BILLS

FY 2016-17, Parliament passed four Bills required to implement the Goods and Services Tax in FY 2017-18.

### ECONOMIC PROSPECTS

Economic growth is projected to remain strong and India will remain the fastest-growing G20 economy. The increase in public wages and pensions will support consumption. Private investment will recover gradually as excess capacity diminishes, and the landmark Goods and Services Tax and other measures to improve the ease of doing business are being implemented. However, large non-performing loans and high leverage of some companies are holding back investment.

Monetary policy is projected to remain tight as inflation expectations have still not fully adjusted down. The need to reduce the relatively high public-debt-to-GDP ratio leaves little room for fiscal stimulus. However, investing more in physical and social infrastructure is critical to raising living standards for all. This should be financed by a comprehensive reform of income and property taxes. Restoring credit discipline and cleaning up banks' balance sheets will be instrumental to support the credit growth needed to finance more business investment.

Trade openness has increased, partly driven by a competitive service sector. Manufacturing has lagged behind, with



limited contribution to exports and job creation, leaving many workers in low-paid jobs. Promoting quality job creation in manufacturing would require reducing further restrictions on FDI and trade, modernising labour regulations and providing better education and skills. Better infrastructure, transport and logistic services would facilitate manufacturing firms' access to global markets, particularly from remote and poorer regions.

### **INDIAN KATHA INDUSTRY**

Katha & cutch are extracted from wood of Khair tree. Acacia is the botanical name of this tree and it has different varieties like Acacia Sundra, Acacia Catechuoides & Acacia Catechu. These species of tree are mainly concentrated in Uttar Pradesh, Bihar, Rajasthan, Gujarat and Himachal Pradesh. The preferred locations are either UP or Bihar. Manufacture of Katha is an important forest-based traditional industry in India. The Forest Research Institute Dehradun has developed an improved process to manufacture Katha and cutch from Gambier (Extract of Uncaria Gambier Roxb). Manufacture of these products is simple and does not require sophisticated technology or equipments. There are many applications of these products.

Katha is bitter and is used in paan and in medicinal and ayurvedic preparations. Cutch is a by-product of Katha and is used as tanning material, as an additive and preservatives by many industries.

Katha is being produced in the country since long and it is a mass consumption item as it is used in preparation of paan all over the country. It has got medicinal values as well and is used in ayurvedic preparations as it cures itching, indigestion and bronchitis and is very effective in leprosy, ulcer, boils, piles, throat diseases etc. On the other hand, cutch has various industrial applications. It is one of the important sources of vegetable tanning materials, used extensively as an additive to the drilling mud used for oil drilling and for preservation of sailing rods, fishing nets, mail bags etc. Thus, both products are versatile with varied application.

The demand for quality Katha is growing significantly. Our company continues to be leading player in Katha industry

### **OPERATIONS**

The Company has only one business segment viz. manufacturing of Katha. Our Company is one of the leading manufacturers of Katha in India. Our company has recorded a total revenue from operation of Rs. 179.72 crores, being 100% of the turnover. We have attained over 90 years of experience in this business and are proceeding further towards realizing our objective of achieving ultimate customer satisfaction.

Achieving ultimate customer satisfaction is the prime outlook of the Company. To materialise this, the organisation has adopted stringent quality control tests from intermediate stages of input of raw materials till output of finished products. To achieve this, we have qualified team of 20 engineers & chemists who monitor the operation and the quality. We are well equipped with laboratory facilities and modern equipments such as HPTLC, GLC, Polarimeters, TLC, Spectrophotometer, Moisture meter, Hygroscopes besides Kjeldahl extractor etc.

To cater to the increasing demand for katha in 2001, we entered into exclusive job work arrangement with Kashmir katha industries in Kundli, Haryana.

In 2015, we had entered into a exclusive contract manufacturing agreement with Nanhe Mal Agro (India) Limited in Daman-UT for making katha for us.

In 2016, we took a katha manufacturing plant in Baroda on a 10 year lease agreement. The Company is expanding its capacity in the Bareilly plant on a regular basis.

The company also owns a research lab having plant & equipments for Pilot Plant scale research for improving quality & research.

**Opportunities:**

- Established Brand of over 90 years will help in growth and to expand market share
- Biggest R&D set up in the katha industry helps in technological upgradation.
- Absence of similar large players in katha industry

**Threats:**

- Growing competition from the other smaller manufacturers
- Threat of cheap import from outside countries cannot be ignored
- Government may further regulate the policy for PAN masala manufacturers, being the major consumer of Katha

**Future Outlook**

- Use of alternative raw material instead of Acacia Catechu for manufacturing Katha
- Increasing demand for quality Katha in Ayurvedic segment,

**Financial and operational Performance:**Production Performance:

The Company has only one business segment viz. manufacturing of Katha. Our Company is one of the leading manufacturers of Katha in India. Our company has recorded a total revenue from operation of Rs. 179.72 crores, being 100% of the turnover.

The operational performance of the Company during the period under review was satisfactory. We intend to achieve sustainable and profitable growth through our consistent efforts.

Operating Results:

Key highlights of financial performance for the Company for the financial year 2016-17 on standalone basis are tabulated below:

(₹ in Lacs)

Particulars	FY2017	FY2016	FY2015
Sales and Other Income	18,021.63	11,964.94	10,171.11
Earnings before interest, depreciation and amortisation	2304.71	850.41	748.02
Profit before Tax	1771.73	490.11	393.96
Profit after Tax	1105.98	371.17	262.58
EPS (In Rupees)	17.28	5.80	4.10

On consolidated basis, revenue from operations for FY 2016-17 at Rs. 19,142.06 Lacs. Profit after tax ("PAT") for the year was Rs.1111.77 crores.

**Risks and Concern**

Risk and its management: Risk accompanies prospects. As a responsible corporate, it is the endeavour of the management to minimise the risks inherent in the business with the view to maximise returns from business situations.

The architecture: At the heart of the Company's risk mitigation strategy is a comprehensive and integrated risk management framework that comprises prudential norms, structured reporting and control. This approach ensures



that the risk management discipline is centrally initiated by the senior management but prudently decentralized across the organization, percolating to managers at various organizational levels helping them mitigate risks at the transactional level.

**The discipline:** The Company has clearly identified and segregated its risks into separate components, namely operational, financial, strategic and growth execution. All the identified risks are inter-linked with the Annual Business Plans of the Company, so as to facilitate Company-wide reviews.

**The review:** A Risk Management Committee of the Board of Directors, comprising Board Members, has been constituted to review periodically updates on identified risks, implementation of mitigation plans and adequacy thereof, identification of new risk areas etc.

The Board of Directors also reviews the Risk identification process and mitigation plans regularly. A senior executive has been entrusted at all the levels of business operation in the Company whose role is not only to identify the Risk but also to educate about the identified risk and to develop Risk Management culture within the business.

**Key counter measures:** The Company has institutionalized certain risk mitigation procedures outline as under:

- Roles and responsibilities of the various entities in relation to risk management have been clearly laid down. A range of responsibilities, from the strategic to the operational, is specified therein. These role definitions, inter alia, are aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation, independent monitoring and reporting by internal audit.
- Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with proper risk profiling.
- Wherever possible and necessary, appropriate insurance cover is taken for financial risk mitigation. Confirmation of compliance with applicable statutory requirements are obtained from the respective unit/divisions and subjected to an elaborate verification process.
- Quarterly reports on statutory compliances, duly certified, are submitted to the Audit Committee as well as the Board of Directors for review.
- Status of Demand/Notices on the Company, under various Acts and Rules, as well as status of litigations are reported to the Board of Directors every quarter.

### **Internal Control Systems**

The Company has both external and internal audit systems in place. Auditors have access to all records and information of the Company. The Board recognizes the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company. The Board and the management periodically review the findings and recommendations of the statutory and internal auditors and takes corrective actions whenever necessary.

The Company maintains a system of internal controls designed to provide reasonable assurance regarding:

- Effectiveness and efficiency of operations.
- Adequacy of safeguards for assets.
- Reliability of financial controls.
- Compliance with applicable laws and regulations.





### **Corporate Social Responsibility**

Company's CSR policy covers activities in the field of eradication of extreme hunger and poverty, promotion of education, promotion of gender equality, empowerment of women, improvement of mental health, slum area development and rural development projects, employment enhancing vocational skills, ensuring environmental sustainability, sanitation including contribution to Swachh Bharat Kosh set up by the Central Government, ensuring animal welfare, contribution to the Prime Ministers National Relief Fund or any other project set up by the Central Government.

### **Human Resources and Industrial Relations**

Our employees are our core resource and the Company has continuously evolved policies to strengthen its employee value proposition. Your Company was able to attract and retain best talent in the market and the same can be felt in the past growth of the Company. The Company is constantly working on providing the best working environment to its Human Resources with a view to inculcate leadership, autonomy and towards this objective; your company spends large efforts on training. Your Company shall always place all necessary emphasis on continuous development of its Human Resources. The belief "Great People Create Great Organization" has been at the core of the Company's approach to its people.

### **Cautionary Statement**

Statements in this Management Discussion and Analysis report detailing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, raw material prices, finished goods prices, cyclical demand and pricing in the Company's products and their principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries with which the Company conducts business and other factors such as litigation and / or labour negotiations.



## BOARD'S REPORT

FY2017 represents fiscal year 2016-17, from 1 April 2016 to 31 March 2017, and analogously for FY2016 and previously such labeled years.

Dear Shareholders,

Your Directors have pleasure in presenting their 97th Annual Report together with the Audited Accounts for the year ended 31 March, 2017.

### 1. FINANCIAL HIGHLIGHTS/PERFORMANCE OF THE COMPANY

Key highlights of financial performance for the Company for the financial year 2016-17 are as under:

(₹ in lacs)

Particulars	Standalone		Consolidated	
	FY2017	FY2016	FY2017	FY2016
Revenue from Operations	17971.70	11929.94	19088.69	11929.94
Profit Before Tax (PBT)	1771.73	490.11	1777.52	486.76
Tax expenses	665.75	118.94	665.75	118.94
Profit After Tax (PAT)	1105.98	371.17	1111.77	367.82
Earnings Per Shares	17.28	5.80	17.37	5.75
Paid-up Capital	640.03	160.03	640.03	160.03
Reserves and Surplus	2846.31	2220.13	2868.88	2219.66

### 2. DIVIDEND

Your Directors are pleased to recommend a dividend of Re.0.60 per equity shares, i.e. 6% of the paid up Share Capital of the Company, for FY2017, aggregating to Rs. 38.38 lacs (20 lacs) subject to approval of the shareholders at the ensuing Annual General Meeting. The dividend, if approved at the 97th Annual General Meeting (AGM), will be paid to those shareholders whose names appear on the register of members of the Company as on 11 September 2017. The AGM is scheduled to be held on 18 September 2017.

The dividend would be tax-free in the hands of the shareholders up to Rs.10 lakhs.

### 3. RESERVES

During FY2017, the Company has not transferred any sum to the General Reserve.

### 4. REVIEW OF OPERATIONS AND STATE OF AFFAIRS

The Board of Directors of the Company are pleased to share the operational and financial results/performance of your Company for FY2017. The Company has registered a robust growth in turnover by 50% and in profitability by 197%. We have excelled in our operational and financial performance on account of higher production and operational efficiency.

There is a continuous demand of quality Katha, and to meet to such increased demand, apart from procuring Katha from Daman Unit, your Company has also set up a Unit in Baroda during the year under review.

We intend to achieve sustainable and profitable growth through our consistent efforts in the next fiscal year.

The operational performance and results are provided in Management Discussion and Analysis Report as a separate chapter in this Annual Report.



Our Company is committed to a clean environment and thus always strives to ensure the best measures are implanted to ensure environmental safety. The best of environment, safety and pollution control measures are implemented across all our operational units and that the measures adopted are adequate. The management continuously reviews the measures adopted and their efficiency to ensure environmental safety.

#### **5. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

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.

For further details on Indirect Tax cases, please refer Note No. 29 to the notes to the Accounts.

#### **6. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THIS REPORT**

No Material changes have been occurred subsequent to the close of the financial year of the Company to which the balance sheet relates till the date of this report.

#### **7. ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION**

During FY2017, the Authorised Share capital of the Company has been increased from Rs.5.00 Crores (Rupees Five Crores) divided into 50,00,000 Equity shares of Rs.10/-each to Rs.10.00 Crores (Rupees Ten Crores) divided into 1,00,00,000 Equity Shares of Rs.10/-each pursuant to the shareholders approval at their AGM held on 28 September 2016. Further, the Authorised Share Capital of the Company has been increased from Rs.10.00 Crores (Rupees 10.00 Crores) divided into 1,00,00,000 Equity Shares of Rs.10/- each to Rs.15.00 Crores (Rupees Fifteen Crores) divided into 1,00,00,000 Equity Shares of Rs. 10/-each and 5,00,000 Preference Shares of Rs. 100/- each.

Accordingly, the Memorandum of Association of the Company was altered to give effect to the aforesaid changes.

#### **8. SHARE CAPITAL**

During FY2017, the Company has issued and allotted 47,97,954 fully paid-up equity shares of face value of Rs.10/-each as Bonus Shares on 21 October 2016, in the Ratio of 3 Equity shares for every 1 Equity share held as on Record Date. The said Bonus Shares has been listed and admitted for dealing on the Calcutta Stock Exchange Limited w.e.f. 2 January 2017.

The Paid-up Share Capital of the Company as on 31 March 2017 comprises of 63,97,272 Equity shares of Rs.10/-each

#### **9. HOLDING, SUBSIDIARIES, ASSOCIATES & JOINT VENTURE**

Your Company has no holding, subsidiary & associates company as on 31 March 2017.

The Company has one overseas joint venture Agro Spice and Trading Pte Limited, Singapore, as on 31 March 2017, which is engaged in trading of spices.

During FY2017, investment in joint venture PT Sumatra International, Indonesia, was liquidated.

A statement containing the salient features of the financial statement of joint venture company in the prescribed format AOC-1 is annexed herewith as “Annexure - 1”.

Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of joint venture, are available on the website of the Company. These documents will also be available for inspection till the date of the AGM during the business hours at the Kolkata Office of the Company.



## **10. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

Internal Audit is conducted by an Independent Professional Firm of Chartered Accountants. The Internal Audit Report are also reviewed and discussed with the senior management team. Representative of Statutory Auditors and the Internal Auditors are permanent invitees to the Audit Committee meetings. The measures as suggested by the Audit Committee are implemented as per the direction of the Audit Committee.

The controls comprises of:

- a) Officials of the Company have defined authority and responsibilities within which they perform their duty;
- b) All the banking transactions are under joint authority and no individual authorization is given;
- c) Maker - checker system is in place.
- d) Any deviations from the previously approved matter require fresh prior approval.

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 2017-18.

## **11. LISTING OF SHARES**

Presently, the equity shares of the Company are listed on The Calcutta Stock Exchange Limited (CSE). However, there is no trading platform for the shareholders of the Company at the CSE and that there has been no trading in the shares of the Company at CSE for past many years.

Accordingly, to provide liquidity and active trading platform to the shareholders of the Company, the Board of the Company has initially approved and started the process for listing of the shares of the Company on the Metropolitan Stock Exchange of India Limited (MSEI), but subsequently noticed that the said stock exchange having meager activities and will not provide a suitable trading platform to the shareholders. Accordingly, the Board of Directors has decided to list the shares of the Company on BSE Limited (BSE) under BSE's Direct Listing norms as applicable for listing of equity shares of companies exclusively listed with stock exchanges having average turnover < Rs. 500 crores in Equity Segment in previous Financial Year. The Company, being in compliance with the BSE listing criteria, had made an application with BSE and the Company's application is in process.

## **12. FIXED DEPOSITS**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

However, Deposits accepted in earlier years under Section 58A of the Companies Act, 1956, were repaid on maturity. There is no outstanding deposit as on 31 March 2017.

## **13. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT**

Up to 31 March 2016, being the paid-up capital and net worth of the Company less than the prescribed limit, the compliance of various provisions as specified in chapter IV of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), were not applicable to the Company.

During FY2017, on account of the robust financial performance of the Company, the Net Worth of the Company has exceeded the prescribed limit for exemption from compliance with Corporate Governance norms of Rs.25.00 Crores. Accordingly, the provisions relating to corporate governance as specified in Listing Regulations are



applicable to the Company based on the financial for the year ended 31 March 2017. As per the Regulation 15(2) of the Listing Regulations, the Company has to comply with the corporate governance norms within 6 months from end of the financial year when it become applicable.

The Company is already in compliance with the requirements of corporate governance as specified in Listing Regulations.

The Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as separate sections in this Annual Report, together with the Certificate from practicing Company Secretary regarding compliance with the requirements of Corporate Governance as required under Listing Regulations.

#### 14. DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, your Directors hereby confirm and state that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to materials departures
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments 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 systems to ensure Compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### 15. CORPORATE SOCIAL RESPONSIBILITY

Up to 31 March 2016, the compliance with the provisions of Section 135 of the Companies Act, 2013 and the rules framed there under, relating to Corporate Social Responsibility (CSR) was not applicable to the Company.

On account of the robust financial performance of the Company, our Company has registered a net profit of Rs. 503.45 Lacs for the quarter ended 30 September 2016. Accordingly, the provisions relating to CSR become applicable to the Company. Consequently, a CSR Committee of the Board was constituted and the Policy was framed as per the provisions of Companies Act, 2013 and Rules framed there under in the line of Schedule VII to the said Act.

Company's CSR policy covers activities in the field of eradication of extreme hunger and poverty, promotion of education, promotion of gender equality, empowerment of women, improvement of mental health, slum area development and rural development projects, employment enhancing vocational skills, ensuring environmental sustainability, sanitation including contribution to Swachh Bharat Kosh set up by the Central Government, ensuring animal welfare, contribution to the Prime Ministers National Relief Fund or any other project set up by the Central Government.

During FY2017, in compliance with Section 135 of the Act, an amount of Rs.6.77 lacs had to be spent by the Company for CSR activities. However, inspite of best efforts the Company could spend only Rs.4.00 lacs as no project / programs could be taken up due to procedural issues. The balance amount of Rs.2.77 lacs has been carried forward to the next year.

The Report on CSR activities is annexed herewith as **Annexure - 2** and forms a part of this Annual Report.

## 16. DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act, 2013 and under the Articles of Association of the Company, Mr. Bharat Mohta (DIN 00392090), WTD & CEO of the Company, retire by rotation and being eligible offer himself re-appointment.

Mrs. Sunita Sarada, Director of the Company, has resigned from the Board w.e.f. 18 February 2017. The Board noted its appreciation for the valuable services and guidance's rendered by her during her tenure as a Director of the Company.

Ms. Drisha Poddar, was appointed as an Additional Director (Independent) on the Board w.e.f. 18 February 2017 and her appointment as an Independent Director has been approved by the Shareholders on 13 April 2017.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

## 17. KEY MANAGERIAL PERSONNEL

Mr. K K Mohta (DIN 00702306), Whole time Director, has been re-appointed for a further period of 1 (one) year w.e.f. 1 April 2017 and has been re-designated as Chairman & Managing Director of the Company. His re-appointment and re-designation has been approved by the Shareholders on 13 April 2017.

Mr. KK Damani (DIN 01385252), Whole time Director, has been re-appointed for a further period of 1 (one) year w.e.f. 15 April 2017 and designated as Executive Director of the Company. His reappointment has been approved by the Shareholders on 13 April 2017.

The remuneration of Mr. Bharat Mohta (DIN 00392090) has been revised for the remaining period of 1 (one) year w.e.f. 1 April 2017. He is also re-designated as CEO of the Company. His revised remuneration and re-designation has been approved by the Shareholders on 13 April 2017.

Mr. Anup Gupta, Company Secretary and Mr. R K Agarwal, Chief Financial Officer continued to function as Key Managerial Personnel's during the year under review.

## 18. DECLARATIONS OF INDEPENDENT DIRECTORS

In accordance with the provisions of Section 149(7) of the Companies Act, 2013, the Independent Directors have confirmed to the Company that he or she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (the Listing Regulations).

The details of programs or familiarization training of Independent Directors with the Company, their roles, right & responsibility, nature of the Industry in which Company operates and related matters are available on the Company's website [www.iwpkatha.com](http://www.iwpkatha.com)

## 19. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, Regulation 17(10) of the Listing Regulations and in line with our corporate governance guidelines, peer evaluation of all Board members, annual performance evaluation of its own performance, as well as the evaluation of the working of Board's Committees was undertaken. This evaluation is led by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board and its Committees. The evaluation process also considers the time spent by each of the Board members, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis



of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

## 20. MEETING OF THE BOARD OF DIRECTORS

During the year under review, the Board met 9(nine) times. The details of the Board meetings are provided in the Report on Corporate Governance, which forms a part of this Annual Report.

The intervening gap between two consecutive meetings was within the limit prescribed under the Companies Act, 2013.

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. At such meeting, the Independent Directors have discussed, among other matters, the performance of the Company, flow of information to the Board, strategy, leadership strengths, compliance, governance, HR related matters and performance of Executive Directors.

## 21. AUDIT COMMITTEE

The Audit Committee of the Board comprises of:

<b>Name of Directors</b>	<b>Category</b>
Mr. Sanjay Kumar Maheswary	Independent Director
Mr. Vinod Kumar Maheshwary	Independent Director
Mr. Rajendra Prasad Chetani	Non-Executive Non-Independent Director

During the year under review, there has been no instance where the recommendations of the Audit Committee have not been accepted by the Board. The details of the Audit Committee meetings are provided in the Report on Corporate Governance, a part of this Annual Report.

## 22. VIGIL MECHANISM

The Company has adopted a vigil mechanism named Whistle Blower Policy for directors and employees to report genuine concerns, which shall provide adequate safeguards against victimization of persons who use such mechanism. Under this policy, we encourage our employees to report any reporting of fraudulent financial or other information to the stakeholders, any conduct that results in violation of the Company's Code of Business Conduct, to management (on an anonymous basis, if employees so desire).

Likewise, under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the said investigation.

This meets the requirement under Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations.

No individual in the Company has been denied access to the Audit Committee or its Chairman.

## 23. AUDITORS AND AUDITORS' REPORT

M/s. S K Agrawal & Co, Chartered accountants, the statutory Auditors of the Company, is entitled to hold office up to the conclusion of the ensuing Annual General Meeting. As per provisions of the Companies Act, 2013 they have completed their transition period, hence, they are not eligible for re-appointment.



Accordingly, M/s. Agrawal Sanjay & Company, Chartered Accountants, 56, Bentinck Street, Kolkata – 700 069 (Firm Registration No. 329088E), has given their consent to act as Statutory Auditors of the Company and have confirmed that they are eligible for appointment and their appointment, if made, would be within the prescribed limit under the Companies Act, 2013.

The Audit Committee and the Board of Directors recommend appointment of M/s. Agrawal Sanjay & Company, Chartered Accountants, as Statutory Auditors of the Company for a period of 5 years commencing from financial year 2017-2018, subject to ratification at every Annual General Meeting.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

#### **24. SECRETARIAL AUDIT**

As per 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 Mr. Ashok Kumar Daga, Company Secretary in practice, for the year ended 31 March 2017 is annexed herewith marked as **Annexure - 3** to this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark, hence does not require any further comments /clarifications in this regard.

Mr. Md. Shahnawaz, Practicing Company Secretary (Membership No. 21427 CP No. 15076), has been appointed to carry out the Secretarial Audit of the Company for the financial year 2017-18.

#### **25. NOMINATIONS AND REMUNERATION COMMITTEE**

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

#### **26. REMUNERATION RATIO OF THE DIRECTORS/KEY MANAGERIAL PERSONNELS (KMP)/EMPLOYEES**

The particulars of Managerial remuneration as stated in section 134(3)(q) of the Companies Act, 2013 read with rules 5(1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, is annexed herewith as '**Annexure- 4**' and forms part of this Board's report.

#### **27. RISK MANAGEMENT POLICY**

Pursuant to the requirement of Regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

#### **28. EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return in prescribed Form No. MGT – 9 as required under section 92(3) of the Companies Act, 2013 is included in this report and annexed herewith as '**Annexure -5**' and forms a part of the Board's Report.

#### **29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has not given any Loan or Guarantee covered under the provisions of Section 186 of the Companies Act, 2013. The details of Investments are disclosed in the Note No.12 to the financial statements which are within prescribed statutory limits.





### 30. RELATED PARTY TRANSACTIONS

Pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contractual arrangement entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as 'Annexure – 6' and the same forms part of this report.

The details of related party disclosures form part of the notes to the financial statements provided in this Annual Report.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website [www.iwpkatha.com](http://www.iwpkatha.com)

### 31. DISCLOSURES AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESS) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the financial year 2016-17, no complain had been received.

### 32. 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 8 of the Companies (Accounts) Rules 2014 is given in the **Annexure - 7** to this Report.

### 33. HUMAN RESOURCES

Our employees are our core resource and the Company has continuously evolved policies to strengthen its employee value proposition. Your Company was able to attract and retain best talent in the market and the same can be felt in the past growth of the Company. The Company is constantly working on providing the best working environment to its Human Resources with a view to inculcate leadership, autonomy and towards this objective; your company spends large efforts on training. Your Company shall always place all necessary emphasis on continuous development of its Human Resources. The belief "Great People Create Great Organization" has been at the core of the Company's approach to its people.

### 34. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Govt(s), Financial Institutions, Bankers and Customers for their co-operation and assistance extended.

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 cope-up the challenging scenario and strive for the growth of our Company.

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

**For and on behalf of the Board**

**Kolkata**  
**30 May 2017**

**K K Damani**  
*Executive Director*

**Bharat Mohta**  
*Chief Executive Officer*



## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

#### Part "B": Associates and Joint Ventures

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of associates/Joint Ventures	M/s Agro and Spice Trading Pte Ltd, Singapore
1	Latest audited Balance Sheet Date	31.03.2017
2.	Date on which the Associates or Joint Venture was associated or acquired	18th April, 2016
3	Shares of Associate/Joint Ventures held by the company on the year end	
	No.	300050
	Amount of Investment in Associates/Joint Venture	Rs. 3,36,52,603.65
	Extend of Holding%	50%
4	Description of how there is significant influence	Through Shareholding
5	Reason why the associate/joint venture is not consolidated	Consolidated
6	Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 3,38,94,226.23
7	Profit/Loss for the year	
	i. Considered in Consolidation	Rs. 2,41,622.58
	ii. Not Considered in Consolidation	Rs. 2,41,622.58

- above named Joint Venture are yet to commence operation - NIL
- Names of joint ventures which have been liquidated or sold during the year: PT Sumatra Resources International, Indonesia

For and on behalf of the Board

Kolkata  
30 May 2017

K K Damani  
Executive Director

Bharat Mohta  
Chief Executive Officer



**Annual Report on Corporate Social Responsibility (CSR) activities  
for the financial year ended on 31st March 2017**

1	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Corporate Social Responsibility (CSR) is a public-spirited cause, which was introduced by the Companies Act, 2013, but was not applicable to the Company till March 2016. In spite of that the Company was carrying such activities through many charitable institutes by giving Donations and considered such activities as its normal obligation to the Society. However, since the CSR became applicable to the Company during the year, a CSR Committee was formed and the policy was framed in accordance with the provisions of the Companies Act, 2013 and Rules framed there under in line with Schedule VII of the said Act. Our CSR Policy covers activities in the field of health, education, environment, conservation, sustainability and social business projects. For the Financial year ended on 31st March, 2017 the Company has spent on the Projects / programs under taken by the Govt. of India. The weblink for CSR Policy is <a href="http://www.iwpkatha.com/csr_policy.pdf">http://www.iwpkatha.com/csr_policy.pdf</a>
2	The Composition of the CSR Committee	1. Mr. K K Mohta – Chairman 2. Mr.K K Damani – Executive Director 3. Mr.Bharat Mohta – Director 4. Mr.Vinod Mimani - Independent Director
3.	Average net Profit of the Company for last three financial years	Rs.338.57 lacs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs.6.77 lacs
5	Details of CSR Spent during the financial year (1) Total Amount to be spent for the Financial year (2) Amount unspent if any (3) Manner in which the amount spent during the financial year. (4) Reason for not spending	Rs.4.00 lacs Rs.2.77 lacs The manner in which the amount is spent is detailed in the Annexure A  In spite of best efforts an amount of Rs. 2.77 lacs could not be spent as no project / program could be finalized / taken up due to procedural issues. However the amount of Rs.2.77 lacs as already allocated, the amount will be spent in the Financial year 2017-18

**For and on behalf of the Board**

**Kolkata**  
**30 May 2017**

**K K Damani**  
*Executive Director*

**Bharat Mohta**  
*Chief Executive Officer*

### Annexure A

S.N	CSR Project or activity identified	Sector in which the Project is covered	Project or programs (1) Local Area or other (2) State and District where the projects programs was undertaken	Amount outlay (budget) Project or programs wise	Amount spend on the projects or programs sub-heads (1) Direct Expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Prime Ministers National Relief Fund	–	–	–	2.00 lacs	2.00 lacs	2.00 lacs Directly
2	Clean Ganga Fund	–	–	–	2.00 lacs	2.00 lacs	2.00 lacs Directly

For and on behalf of the Board

Kolkata  
30 May 2017

**K K Damani**  
*Executive Director*

**Bharat Mohta**  
*Chief Executive Officer*



**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31st, MARCH, 2017**

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

To,

The Members,

THE INDIAN WOOD PRODUCTS CO LTD  
9 BRABOURNE RD, 7TH FLOOR  
KOLKATA - 700001

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, 2017 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:

I have examined the books, papers, minute 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 2017, 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 Byelaws 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; **The company has issued 4797954 equity shares of Rs 10/-each as bonus issue, and complied with the provisions of the Act.**

- (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 as per (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 during the year.**
- (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 (Issue and Listing of Debt Securities Regulations, 2008);**
- (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) License under Food safety and standards Act, 2006
- (d) Boiler Act 1923 & Indian Boiler Regulation 1950
- I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Company has complied with the provisions of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

#### **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 30th May, 2017

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



## ANNEXURE- 4

## PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNELS) RULES, 2014

Sr. No.	Requirements of Rule 5(1)	Details
i.)	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Mr: K K Mohta – Chairman & MD 1:18 Mr. Bharat Mohta CEO 1:12.6 Mr. K K Damani *Executive Director 1: 3.79 * Leave encashment paid during the year amounting to Rs.1.02 lacs for earlier years has not been considered.
ii.)	the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<u>Directors &amp; KMP:</u> Mr: K K Mohta – Chairman & MD 16.67% Mr. Bharat Mohta CEO 6.67% Mr. K K Damani *Executive Director 14.16% Mr.R K Agarwal – CFO 4.64% Mr.Anup Gupta - Co.Secretary 12.28% * Leave encashment paid during the year amounting to Rs.1.02 lacs for earlier years has not been considered.
iii.)	the percentage increase in the median remuneration of employees in the financial year;	4.08%
iv.)	the number of permanent employees on the rolls of company	271 employees as on 31.03.2017
v.)	the explanation on the relationship between average increase in remuneration and company performance;	Profit After Tax increased by 197% & Turnover increased by 50% in financial year 2016-17. The average increase in the remuneration of all employees was 4.08% in FY2016-17, which is based on the individual employee's performance linked with the cost of living index.
vi.)	comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	The increase of remuneration of Key Managerial Personnel is based on the individual employee's performance linked with the cost of living index. There was an increase in the remuneration of the Chairman by 16.67%, CEO by 6.67%, Executive Director by 14.16%, CFO by 4.64% & Company Secretary by 12.28% as against the increase of Profit of the Company by 197% in FY 2016-17



vii.)	variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	There is no trading in the shares of the Company since 2012. Hence, market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and the percentage increase / decrease in the market quotations of the shares of the company in comparison to the rate at which the company issued Fully Convertible Warrant on Preferential basis, cannot be determined.
viii.)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average Salary increase of non-managerial employees is 4.08% and the average increase in the managerial remuneration during the year is 10.89%.  There are no exceptional circumstances for increase in the managerial remuneration.
ix.)	comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;	Same as mentioned in point no. vi
x.)	the key parameters for any variable component of remuneration availed by the directors	There is no such variable component in the remuneration of the Managing Director.
xi.)	the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and	NA
xii.)	affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid during the financial year ended 31st March, 2017 is as per the remuneration policy of the Company.

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULES 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNELS) RULES, 2014.

The Company had no employees during the year under review who draw remuneration in excess of the limit prescribed, hence the same is not applicable.

**For and on behalf of the Board**

**Kolkata**  
**30 May 2017**

**K K Damani**  
*Executive Director*

**Bharat Mohta**  
*Chief Executive Officer*





## EXTRACT OF ANNUAL RETURN FORM NO. MGT 9

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.

As on financial year ended on 31.03.2017

### I. REGISTRATION & 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 & contact details	Bombay Mutual Building 9, Brabourne Road, 7th Floor, Kolkata – 700 001 (West Bengal) Phone- 033 8232023820 Fax 033 22426799
6.	Whether listed company	Yes with The Calcutta Stock Exchange Ltd
7.	Name, Address & contact details of the Registrar & 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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Katha	0325003	98.2%
2	Cutch	0325004	1.3%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES.

S.No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associates	% of Shares held	Applicable Section
NIL					

## FORM NO. MGT 9 (Contd.)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up 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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	771711	129	771840	48.26	3086960	400	3087360	48.26	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	350299	0	350299	21.90	1401196	0	1401196	21.90	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A)</b>	<b>1122010</b>	<b>129</b>	<b>1122139</b>	<b>70.16</b>	<b>4488156</b>	<b>400</b>	<b>4488556</b>	<b>70.16</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	8251	1792	10043	0.63	33004	7168	40172	0.63	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1)</b>	<b>8251</b>	<b>1792</b>	<b>10043</b>	<b>0.63</b>	<b>33004</b>	<b>7168</b>	<b>40172</b>	<b>0.63</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	18735	4951	23686	1.48	82167	19804	101971	1.59	+0.11
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	196769	192523	389292	24.34	534730	714707	1249437	19.53	-4.81



FORM NO. MGT 9 (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% 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	14956	0	14956	0.93	334500	25828	360328	5.63	+4.70
c) Others (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	59	39143	39202	2.45	236	156572	156808	2.45	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2)</b>	<b>230519</b>	<b>236617</b>	<b>467136</b>	<b>29.21</b>	<b>951633</b>	<b>916911</b>	<b>1868544</b>	<b>29.21</b>	<b>0</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	238770	238409	477179	29.84	984637	924079	1908716	29.84	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1360780</b>	<b>238538</b>	<b>1599318</b>	<b>100</b>	<b>5472793</b>	<b>924479</b>	<b>6397272</b>	<b>100</b>	

B) Shareholding of Promoter-

SN	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	0.95	Nil	60840	0.95	Nil	-
2	Indian Glass & Ele.Ltd	30000	1.88	Nil	120000	1.88	Nil	-
3	Security Co Ltd	305089	19.08	Nil	1220356	19.08	Nil	-
4	Avanti Mohta	188154	11.77	Nil	752616	11.77	Nil	-
5	Bharat Mohta	189725	11.86	Nil	758900	11.86	Nil	-
6	Bharat Mohta HUF	113750	7.11	Nil	455000	7.11	Nil	-
7	Krishna Kumar Mohta	44080	2.75	Nil	176320	2.75	Nil	-
8	Krishna Kumar Mohta HUF	7000	0.44	Nil	28000	0.44	Nil	-
9	Ram Ratan Mohta	126	0.00	Nil	504	0	Nil	-
10	Savita Mohta	229005	14.32	Nil	916020	14.32	Nil	-
	<b>Total</b>	<b>1122139</b>	<b>70.16</b>	<b>Nil</b>	<b>4488556</b>	<b>70.16</b>	<b>Nil</b>	<b>-</b>

## FORM NO. MGT 9 (Contd.)

## C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	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 1.4.2016	1122139	70.16		
	Increase /Decrease Bonus shares issued and allotted On 21.10.2016	3366417	70.16	4488556	70.16
	At the end of the year 31.03.2017			4488556	70.16

## D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	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.Genl.Sir Kaiser Shum S Jung				
	At the beginning of the year 01.04.2016	16782	1.05		
	Change during the year Bonus allotment on 21/10/2016	50346	0.79	67128	1.05
	At the end of the year 31.03.2017			67128	1.05
2	Shri Bhupendra Prasad Shah				
	At the beginning of the year 01.04.2016	15016	0.94		
	Change during the year Bonus allotment on 21/10/2016	45048	0.70	60064	0.94
	At the end of the year 31.03.2017			60064	0.94
3	Shri Krishna Dhanuka				
	At the beginning of the year 01.04.2016	14956	0.94		
	Change during the year Bonus allotment on 21/10/2016	44868	0.70	59824	0.94
	At the end of the year 31.03.2017			59824	0.94
4	Chetna Wood Products Pvt Ltd				
	At the beginning of the year 01.04.2016	13900	0.87		
	Change during the year Bonus allotment on 21/10/2016	41700	0.65	55600	0.87
	At the end of the year 31.03.2017			55600	0.87



FORM NO. MGT 9 (Contd.)

SN	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
5	National Insurance Co Ltd				
	At the beginning of the year 01.04.2016	8251	0.52		
	Change during the year				
	Bonus allotment on 21/10/2016	24753	0.39	33004	0.52
	At the end of the year 31.03.2017			33004	0.52
6	Durga Prasad Kedia				
	At the beginning of the year 01.04.2016	8100	0.51		
	Change during the year				
	Bonus allotment on 21/10/2016	24300	0.39	32400	0.51
	At the end of the year 31.03.2017	32400	0.51	32400	0.51
7	Jai Kishan Mohta				
	At the beginning of the year 01.04.2016	7931	0.50		
	Change during the year				
	Bonus allotment on 21/10/2016	23793	0.37	31724	0.50
	At the end of the year 31.03.2017			31724	0.50
8	Mahendra Girdharilal				
	At the beginning of the year 01.04.2016	7462	0.50		
	Change during the year				
	Bonus allotment on 21/10/2016	22386	0.35	29848	0.47
	At the end of the year 31.03.2017			29848	0.47
9	Pinakin Chimanlal Shah				
	At the beginning of the year 01.04.2016	2373	0.15		
	Change during the year				
	Bonus allotment on 21/10/2016	7119	0.11	9492	0.14
	Purchase / transfer 11.11.2016	4212	0.07	13704	0.21
	Purchase / transfer 13.02.2017	12636	0.20	26340	0.41
	At the end of the year 31.03.2017			26340	0.41
10	Suman Bakliwal				
	At the beginning of the year 01.04.2016	7000	0.44		
	Change during the year				
	Sale / transfer 30.09.2016	-5000	0.31	2000	0.03
	Bonus allotment on 21/10/2016	6000	0.09	8000	0.13
	At the end of the year 31.03.2017			8000	0.13

## FORM NO. MGT 9 (Contd.)

## E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors 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
1	Mr. Krishna Kumar Mohta				
	At the beginning of the year 01.04.2016	44080	2.75		
	Change during the year				
	Bonus allotment on 21/10/2016	132240	2.75	176320	2.75
	At the end of the year 31.03.2017			176320	2.75
2	Krishna Kumar Mohta (HUF)				
	At the beginning of the year 01.04.2016	7000	0.51		
	Change during the year				
	Bonus allotment on 21/10/2016	21000	0.51	28000	0.51
	At the end of the year 31.03.2017			28000	0.51
3	Mr.Bharat Mohta				
	At the beginning of the year 01.04.2016	189725	11.86		
	Change during the year				
	Bonus allotment on 21/10/2016	569175	11.86	758900	11.86
	At the end of the year 31.03.2017			658900	11.86
4	Bharat Mohta (HUF)				
	At the beginning of the year 01.04.2016	113750	7.11		
	Change during the year				
	Bonus allotment on 21/10/2016	441250	7.11	455000	7.11
	At the end of the year 31.03.2017			455000	7,11
5	Mr.Rajendra Prasad Chetani				
	At the beginning of the year 01.04.2016	114	0		
	Change during the year				
	Bonus allotment on 21/10/2016	342	0	456	0
	At the end of the year 31.03.2017			456	0
6	Mr.Sanjay Kumar Maheswary				
	At the beginning of the year 01.04.2016	100	0		
	Change during the year				
	Bonus allotment on 21/10/2016	300	0	400	0
	At the end of the year 31.03.2017			400	0



FORM NO. MGT 9 (Contd.)

SN	Shareholding of each Directors 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	
7	Mr.Vinod Mimani					
	At the beginning of the year	01.04.2016	300	0		
	Change during the year					
	Bonus allotment on	21/10/2016	900	0	1200	0
	At the end of the year	31.03.2017			1200	0
8	Mr Vinod Kumar Maheshwry					
	At the beginning of the year	01.04.2016	0	0		
	Purchase / transfer	23/10/2016	200	0	200	0
	At the end of the year	31.03.2017			200	0
9	Mr.Raj Kumar Agarwal					
	At the beginning of the year	01.04.2016	57	0		
	Change during the year					
	Bonus allotment on	21/10/2016	171	0	228	0
	At the end of the year	31.03.2017			228	0

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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1667.09	134.00	2.04	1803.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	0.63	0.63
<b>Total (i+ii+iii)</b>	1667.09	134.00	2.67	1803.76
<b>Change in Indebtedness during the financial year</b>				
* Addition	1245.82	1114.23	-	2360.05
* Reduction			2.67	-2.67
<b>Net Change</b>				2357.38
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2910.89	1220.50	-	4131.39
ii) Interest due but not paid	2.02	-	-	2.02
iii) Interest accrued but not due	-	27.73	-	27.73
<b>Total (i+ii+iii)</b>	2912.91	1248.23	-	4161.14



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(₹ in lacs)

SN.	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	63.00	38.40	18.35	119.75
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	19.28	19.20	-	38.48
	(c) Profits in lieu of salary under section 17(3) Incometax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	82.28	57.60	18.35	158.23

### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. R P Chetani	Mr. S K Maheswary	Mr.V M Maheshwary	Mr. V Mimani	Mrs. Sunita Sarda	Mrs.D Poddar	
1	Independent Directors							
	Fee for attending board / committee meetings	-	0.55*	0.55*	0.40	-	0.05	1.56*
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	-	0.55	0.55	0.40	-	0.05	1.56
2	Other Non-Executive Directors							
	Fee for attending board / committee meetings	0.49	-	-	-	0.35	-	0.84
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	0.49	-	-	-	0.35	-	0.84
	<b>Grand Total =(1+2)</b>	0.49	0.55	0.55	0.40	0.35	0.05	2.40
	<b>Total Managerial Remuneration</b>							<b>160.63</b>

\* Rounded off





**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD** (₹ in lacs)

SN	Particulars of Remuneration	Key Managerial Personnel		
		CFO	CS	Total
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	14.19	2.56	16.75
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.26	0	2.26
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			0
2	Stock Option			0
3	Sweat Equity			0
4	Commission			0
	- as % of profit			
	- others specify			0
5	Others, please specify			0
	Total	16.45	2.56	19.01

**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					
<b>OTHER OFFICERS IN DEFAULT</b>			NIL		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Kolkata  
30 May 2017

K K Damani  
Executive Director

Bharat Mohta  
Chief Executive Officer

**FORM NO. AOC – 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transaction not at Arm's length basis.**

Sl. No.	Particulars	Details
a	Name(s) of the related party & Nature of relationship	NIL
b	Nature of Contracts/arrangements/transaction	NIL
c	Duration of the Contract/arrangement/transaction	NIL
d	Salient terms of the contracts or arrangement or transaction including the value, if any	NIL
e	Justification for entering into such contracts or arrangements or transactions'	NIL
f	Date of approval by the Board	NIL
g	Amount paid as advance, if any	NIL
e	Date on which the special resolution was passed in General Meeting as required under first proviso to section 188	NIL

**2. Details of contracts or arrangements or transactions at Arm's length basis.**

Sl. No.	Particulars	Details
a	Name(s) of the related party & Nature of relationship	Mrs. Savita Mohta Spouse of Mr. K. K. Mohta- Chairman & MD
b	Nature of contracts/arrangements/transaction	Rent Agreement
c	Duration of the contracts/arrangements/transaction	11 Months with a renewal clause
d	Salient terms of the contracts/arrangements/transaction	Rent Payable Monthly
e	Date of approval by the Board	12th November, 2016
f	Amount paid as advance, if any	NIL

For and on behalf of the Board

Kolkata  
30 May 2017

K K Damani  
Executive Director

Bharat Mohta  
Chief Executive Officer



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

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

### A. CONSERVATION OF ENERGY

(i)	the steps 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.
(ii)	the steps taken by the Company for utilising alternate Source of Energy	The Company has been utilizing spent wooden chips and spent Cashew Husk alongwith waste chips of Popular / Eucalyptus in place of Coal . A new Evaporator has been installed to save steam consumption.
(III)	The Capital Investment on energy conservation equipments	A new 4 Effect Evaporator costing to Rs. 218.07 Lac has been installed . This has increased the efficiency of Plant and reduced consumption of steam.

### B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	Updation of technology is a continuous process. Company is continuopusly adopting new technology and implementing the same.		
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	By adopting the above technology quality of Katha has improved. The 4 Effect Evaporator has resulted in improvement in quality of Liquor and reduction in cost		
(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 & Development	<b>2016-17 (Rs)</b>	<b>2015-16 (Rs)</b>	
		Capital Expenditure	40,847/-	3,790/-
		Recurring Expenditure	5,39,229/-	5,84,031/-

### 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

	2016-17 (Rs)	2015-16 (Rs)
1. Earnings	NIL	NIL
2. Outgo	68,32,82,731/-	42,31,83,208/-

For and on behalf of the Board

Kolkata  
30 May 2017

**K K Damani**  
Executive Director

**Bharat Mohta**  
Chief Executive Officer

## CORPORATE GOVERNANCE REPORT

**FY2017 represents fiscal year 2016-17, from 1 April 2016 to 31 March 2017, and analogously for FY2016 and previously such labeled years.**

### **PHILOSOPHY ON CODE OF GOVERNANCE**

The Company firmly believes that good corporate governance practices ensure efficient conduct of the affairs of the Company while upholding the core values of transparency, integrity, honesty and accountability and help the Company in its goal to maximize value for all its stakeholders. It is a system by which business corporations are directed and controlled.

Our Company is committed to the adoption of and adherence to the Corporate Governance practices at all times which are essentially aimed at ensuring transparency in all dealings and focused on enhancement of long-term shareholder value. Our Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity.

Up to 31 March 2016, being the paid-up capital and net worth of the Company less than the prescribed limit, the compliance of various provisions as specified in chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), were not applicable to the Company.

During FY2017, on account of the robust financial performance of the Company, the Net Worth of the Company has exceeded the prescribed limit for exemption from compliance with Corporate Governance norms of Rs.25.00 Crores. Accordingly, the provisions relating to Corporate Governance as specified in Listing Regulations are applicable to the Company based on the audited financial for the year ended 31 March 2017. As per the Regulation 15(2) of the Listing Regulations, the Company has to comply with the Corporate Governance norms within 6 months from end of the financial year when it become applicable.

Our Company complies with the corporate governance provisions as specified in Listing Regulations.

This chapter of the annual report together with information given under the chapters entitled 'Management Discussion and Analysis' and 'Additional Shareholders' Information' constitute the compliance report of the Company on Corporate Governance for FY 2017.

### **BOARD OF DIRECTORS**

#### **Composition of the Board**

As on March 31, 2017, the Board of Director of The Indian Wood Products Co. Limited (IWP) had 8 (eight) Directors, comprising (i) 3 (three) Executive Directors, (ii) 4 (four) Independent Directors, including a woman director, and (iii) 1 (one) Non-Executive Non-Independent Director as defined under the Companies Act, 2013 and Listing Regulations. The Chairman of the Board is an Executive Director.

The Board is entrusted with the ultimate responsibility of the management with requisite powers and duties and is headed by the Chairman and Managing Director. It comprises eminent persons with high credentials or considerable professional expertise and experience in diversified fields. Each Director informs the Company on an annual basis about the Board and Board Committee positions he/she occupies in other companies including Chairmanships and notifies changes during the term of their directorship in the Company. Table 1 gives the composition of IWP's Board, their positions, relationship with other Directors, dates of joining the Board, other Directorships and memberships of Committees held by each of them.



**Table 1 – Composition of the Board and other disclosures**

Name	Position	Relationship with other Directors	Date of Joining	Directorships u/s. 165 of the Companies Act, 2013		Committee membership(2)	Chairmanship in Committees(2)
				Public	Private		
Mr. Krishna Kumar Mohta*	Chairman & Managing Director	Father of Mr. Bharat Mohta	29-05-1980	4	-	-	-
Mr. Bharat Mohta	Whole-Time Director & CEO	Son of Mr. Krishna Kumar Mohta	30-10-2005	4	-	1	-
Mr. Krishna Kumar Damani**	Executive Director	None	15-04-1998	1	-	-	-
Mr. Vinod Mimani	Independent Director	None	30-12-2014	3	5	1	-
Mr. Rajendra Prasad Chetani	Non-Executive Non-Independent Director	None	27-04-2004	2	1	1	1
Mr. Sanjay Kumar Maheswary	Independent Director	None	30-01-2004	2	-	1	2
Mr. Vinod Kumar Maheshwary	Independent Director	None	13-04-2009	2	-	1	2
Ms. Drisha Poddar^	Independent Director (Woman)	None	18-02-2017	1	-	-	-

(1) Other Directorships are those which are not covered under Section 165 of the Companies Act, 2013.

(2) Membership / Chairmanship in Audit and Stakeholders' Relationship Committees of all public limited companies, whether listed or not, including IWP's are considered. Foreign companies, private limited companies and companies under Section 8 of the Companies Act, 2013 have been excluded.

(3) None of the Independent Directors serves as an Independent Director in more than seven listed companies.

\* Re-appointed as Chairman and Managing Director w.e.f. 1 April 2017.

\*\* Re-appointed as Executive Director w.e.f. 15 April 2017.

^ Appointed as an Independent Director w.e.f. 18 February 2017.

**TERM OF BOARD MEMBERSHIP**

The Board, on the recommendations of the Nomination and Remuneration Committee, considers the appointment and re-appointment of Directors.



Section 149 of the Companies Act, 2013, provides that an Independent Director can be appointed for a term of up to five consecutive years on the Board of a Company and shall be eligible for re-appointment on passing of special resolution by the shareholders of the Company. The Independent Directors shall not retire by rotation.

Accordingly, all the Independent Directors of the Company were appointed under Section 149 of the Companies Act, 2013, for a term ranging up to 5 years.

As per the provisions of the Companies Act, 2013, one-third of the Board members other than Independent Directors, who are subject to retire by rotation, retire every year; and approval of shareholders is sought for the re-appointment of such retiring members, if eligible.

Executive Directors are appointed by Board for a period not exceeding of three years at a time, and are eligible for re-appointment upon completion of the term. Their appointments are subsequently approved by the shareholders.

Mr. Bharat Mohta, Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible, seeks re-appointment.

### **SELECTION AND APPOINTMENT OF NEW DIRECTORS**

Induction of any new member on the Board of Directors is the responsibility of the Nomination and Remuneration Committee. Taking into account the existing composition and organization of the Board, and the requirement of new skill sets, if any, the Nomination and Remuneration Committee reviews potential candidates in terms of their expertise, skills, attributes, personal and professional backgrounds, gender and their ability to attend meetings. The potential Board member for the office of Independent Director is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations. The Committee then places the details of such candidates that meet these criteria to the Board of Directors for their consideration. If the Board approves, the person is appointed as an Additional Director, subject to the approval of shareholders in the Company's Annual General Meeting.

### **BOARD EVALUATION**

The Board has carried out an annual evaluation of its own performance, as well as the working of its Committees. The Nomination and Remuneration Committee laid down the criteria for such performance evaluation. The evaluation process was carried out internally in FY2017. The contribution and impact of individual members was evaluated on parameters such as level of engagement, independence of judgment, conflicts resolution and their contribution in enhancing the Board's overall effectiveness.

The Performance of the Chairman and Managing Director has been evaluated on key aspects of their role, which includes, inter-alia, effective leadership to the Board and adequate guidance to the each level of Management. Based on prescribed criteria as laid down, the performance of the Board, various Committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee, and Individual Director were evaluated at satisfaction level. During the year under review, the Independent Directors of your Company reviewed the performance of Non- Independent Directors and Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors. The Board as a whole is a balanced unit where diverse views are expressed and dialogued when required. All the directors are participative, interactive and communicative. The Chairman has abundant knowledge, experience, skills and understanding of the Board's functioning and processes. The information flow between your Company's Management and the Board is timely & sufficient.



## LETTER OF APPOINTMENT

The Independent Directors on the Board of the Company, upon appointment, are given a formal appointment letter, inter-alia containing the term of appointment, roles, function, duties & responsibilities, code of conduct, disclosures, confidentiality, etc. The terms and conditions of the appointment of Independent Directors are available on the Company's website.

## DIRECTORS' SHARE HOLDING IN THE COMPANY

Table 2 gives details of shares held by the Directors as on 31 March 2017.

<b>Table2: Shares held by the Directors as on 31 March 2017</b>	
<b>Name</b>	<b>No. of shares held</b>
Mr. Krishna Kumar Mohta	176320
Mr. Bharat Mohta	758900
Mr. Krishna Kumar Damani	Nil
Mr. Vinod Mimani	1200
Mr. Rajendra Prasad Chetani	456
Mr. Sanjay Kumar Maheswary	400
Mr. Vinod Kumar Maheshwary	200
Ms. Drisha Poddar	Nil

## MEETINGS OF THE BOARD

The Company plans and prepares the schedule of the Board and Board Committee meetings in advance to assist the Directors in scheduling their program. The schedule of meetings and agenda for meeting is finalized in consultation with the Directors. The agenda of the meeting is pre-circulated with detailed notes, supporting documents and executive summary wherever required.

As per the provisions of the Companies Act, 2013 read with Regulation 17(2) of the Listing Regulations and Secretarial Standard 1, the Board of Directors must meet at least four times a year, with a maximum time gap of 120 (one hundred and twenty) days between two Board meetings.

The Board meets 9 (Nine) times during the FY2017 and the gap between two meetings did not exceed 120 (one hundred and twenty) days. The dates on which the Board Meetings were held are as follows:

14 May 2016, 11 August 2016, 1 September 2016, 28 September 2016, 21 October 2016, 12 November 2016, 13 January 2017, 24 January 2017 and 18 February 2017

Details of Directors and their attendance in Board Meetings and Annual General Meeting are given in Table 3.



<b>Name</b>	<b>Meetings held in Director's tenure</b>	<b>Number of Board meetings attended</b>	<b>Attendance in last AGM on 28 September 2016</b>
Mr. Krishna Kumar Mohta	9	8	Present
Mr. Bharat Mohta	9	7	Present
Mr. Krishna Kumar Damani	9	2	Absent
Mr. Vinod Mimani	9	8	Present
Mr. Rajendra Prasad Chetani	9	8	Present
Mr. Sanjay Kumar Maheshwary	9	9	Present
Mr. Vinod Kumar Maheshwary	9	9	Present
Ms. Drisha Poddar ^	9	1	NA
Ms. Sunita Sarda *	9	7	Absent

\* Resigned w.e.f. 18 February 2017.

^ Appointed w.e.f. 18 February 2017.

The Board and its Committee meetings at IWP's typically comprise one-day session. In the course of these meetings, the business unit heads and key management personnel make presentations to the Board. The Board is updated on the discussions at the Committee meetings and their recommendations through the Chairman of the respective Committees.

### **INFORMATION GIVEN TO THE BOARD**

The Company provides the following information, inter alia, to the Board and Board-level Committees, either as part of the agenda papers in advance of the meetings or by way of presentations and discussion material during the meetings:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board of directors.
- The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.





- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

#### POST MEETING FOLLOW-UP MECHANISM

The important decisions taken at the Board /Board Committees' meetings are communicated to the concerned departments/divisions promptly. An action taken/status report on the decisions of the previous meeting(s) is placed at the next meeting of the Board/Board Committees for information and further recommended action(s), if any.

#### MEETINGS OF INDEPENDENT DIRECTORS IN EXECUTIVE SESSION

During FY2017, the Independent Directors met one time in executive sessions without the presence of management. In addition to this meeting, the Company is ready to facilitate such sessions as and when required by the Independent Directors. An Independent Director, with or without other Independent Directors, takes the lead to provide structured feedback to the Board about the key elements that emerge out of these executive sessions.

#### DIRECTOR'S REMUNERATION

The Company has a policy for the remuneration of Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs) and other employees. The remuneration of the Directors is based on the Company's size, presence, its economic and financial position, compensation paid by other companies, the qualification of the appointee(s), their experience, past performance and other relevant factors. The policy forms the part of the corporate governance report as 'Annexure – A'.

The Executive Directors of the Company, Mr. Krishna Kumar Mohta, Chairman and Managing Director, Mr. Bharat Mohta, CEO, and Mr. Krishna Kumar Damani, Executive Director, are appointed by shareholders' resolution for a period of one year. No severance fees is payable to the Executive Directors. All components of remuneration to the Executive Directors are fixed and are in line with the Company's policies.

No sitting fee is paid to Executive Directors for attending meetings of the Board and its Committees.

The remuneration paid or payable to the Directors for their services rendered during FY2017 is given in Table 4.

Table4: Remuneration paid or payable to the Directors during FY2017				(Rs. in lacs)
Name of Directors	Sitting fees	Salaries	Perquisites	Total
Mr. Krishna Kumar Mohta	Nil	63.00	19.28	82.28
Mr. Bharat Mohta	Nil	38.40	19.20	57.60
Mr. Krishna Kumar Damani	Nil	18.35	–	18.35
Mr. Vinod Mimani	0.40	–	–	0.40
Mr. Rajendra Prasad Chetani	0.49	–	–	0.49
Mr. Sanjay Kumar Maheshwary	0.55	–	–	0.55
Mr. Vinod Kumar Maheshwary	0.55	–	–	0.55
Ms. Drisha Poddar ^	0.05	–	–	0.05
Ms. Sunita Sarda *	0.36	–	–	0.36

\* Resigned w.e.f. 18 February 2017.

^ Appointed w.e.f. 18 February 2017.

**THE CRITERIA FOR MAKING PAYMENTS TO THE EXECUTIVE DIRECTORS ARE:**

- Salary, as recommended by the Nomination and Remuneration Committee and approved by the Board and the shareholders. Perquisites and retirement benefits are also paid in accordance with the Company's compensation policies, as applicable to all employees.
- Remuneration is determined keeping in view the industry benchmarks, Director's experience and performance.

**FAMILIARIZATION PROGRAM OF INDEPENDENT DIRECTOR**

To familiarize a new Independent Director with the Company, its policies and procedures, a familiarize kit containing informative documents about the Company like past five years Annual Reports, CSR Report, Memorandum and Articles of Association, Company's Code of Conduct, presentation on financial and operational highlights etc. are provided to him/her. The new Independent Director meets individually with each Board members KMPs and senior management personnel. Visits to plant location(s) are also organized for the new Director to understand the Company's product and operations.

Periodic presentations are made by senior management on business and performance updates of the Company, business risk and its mitigation strategy. The Company has uploaded its Familiarization Programme for Independent Directors on the website of the Company at [www.iwpkatha.com](http://www.iwpkatha.com).

**RISK MANAGEMENT**

The Company has an enterprise-wide risk management (ERM) system in place. An independent Risk Management Committee of the Board oversees and reviews the risk management framework, assessment of risks, and management and minimization procedures. The Committee reports its findings and observations to the Board. Risk management practices of the Company are covered in the chapter on Management Discussion and Analysis in this annual report.

**COMPLIANCE REVIEWS**

IWP's has a dedicated team under an identified Compliance Officer for overseeing compliance activities, including monitoring, and a defined framework to review the compliances with all laws applicable to the Company. The compliance status is periodically updated to the senior management team including the CEO and the CFO through review meetings. Presentations are made in the quarterly Audit Committee meetings regarding the status on compliance and the reports are also shared with Board members.

**CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

As per the Listing Regulations and the Companies Act, 2013, the Company adopted a 'The Code of Conduct for Board Members and Senior Management' which applies to all its Directors and employees, and affiliates. It is the responsibility of all Directors and employees to familiarize themselves with this Code and comply with its standards.

The Board and the Senior Management affirm compliance with the Code of Business Conduct and Ethics annually. A certificate of the Chief Executive Officer of the Company to this effect is enclosed as Annexure - B.

**RELATED PARTY TRANSACTIONS**

The details of Related Party Transactions are discussed in detail in Note No. 25 of Notes to the Financial Statements. All Related Party Transactions during the year, in the ordinary course of business or otherwise, were placed before the Audit Committee and subsequently before the Board. All related party transactions were on arm's length basis.

**SUBSIDIARY COMPANIES**

The Company does not have any subsidiary Company.



## **DISCLOSURE ON ACCOUNTING TREATMENT**

In the preparation of financial statements for FY2017, there is no treatment of any transaction different from that prescribed in the Accounting Standards notified by the Government of India under the Companies Act, 2013.

## **COMMITTEES OF THE BOARD**

The Board Committees focus on specific areas and make informed decisions within the authority delegated. Each such Committee is guided by its Charter, which defines the composition, scope and powers in line with the statutory requirements. The Committees also make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information, consideration, approval or action, as the case may be.

The Company has four Board-level Committees, namely:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

## **AUDIT COMMITTEE**

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits.

The Board of Directors has entrusted the Audit Committee with the responsibility to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

### **A. The role of the audit committee shall include the following:**

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;



6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. approval or any subsequent modification of transactions of the Company with related parties;
  9. scrutiny of inter-corporate loans and investments;
  10. valuation of undertakings or assets of the Company, wherever it is necessary;
  11. evaluation of internal financial controls and risk management systems;
  12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. discussion with internal auditors of any significant findings and follow up there on;
  15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. to review the functioning of the whistle blower mechanism;
  19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- B. The audit committee shall mandatorily review the following information:**
1. management discussion and analysis of financial condition and results of operations;
  2. statement of significant related party transactions (as defined by the audit committee), submitted by management;
  3. management letters / letters of internal control weaknesses issued by the statutory auditors;
  4. internal audit reports relating to internal control weaknesses; and
  5. the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.
  6. statement of deviations:
    - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

The Audit Committee comprises of 2 (two) Independent Directors and 1 (one) Non-Executive Non-Independent



Director. All members of the Audit Committee are financially literate and bring in expertise in the fields of finance, economics, strategy and management.

The Audit Committee met 5 (five) times during FY2017 on 14 May 2016, 11 August 2016, 12 November 2016, 13 January 2017 and 24 January 2017. It also meets the key members of finance team and internal audit team along with the CEO and the CFO to discuss matters relating to audit, compliance and accounting. During the year, the Committee also meets Statutory Auditors without the presence of the management on more than one occasion.

The Company is in compliance with the provisions of the Regulation 18 of Listing Regulations, as amended, on the time gap between any 2 (two) Audit Committee Meetings. Table 5 gives the composition and attendance record of the Audit Committee.

<b>Committee members</b>	<b>Position</b>	<b>Meetings held</b>	<b>Meetings attended</b>
Mr. Sanjay Kumar Maheswary	Chairman	5	5
Mr. Vinod Kumar Maheshwary	Member	5	5
Mr. Rajendra Prasad Chetani	Member	5	4

The Chairman and Managing Director, the CEO, the CFO and the Internal Auditor are permanent invitees to all Audit Committee meetings. The Statutory Auditors of the Company was present in all the Audit Committee meetings held during the year. The Company Secretary officiates as the secretary of the Committee.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee entirely comprises of Non- Executive Directors.

The primary functions of the Committee are to:

- Examine the structure, composition and functioning of the Board, and recommend changes, as necessary, to improve the Board's effectiveness.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Regularly examine ways to strengthen the Company's organizational health, by improving the hiring, retention, motivation, development, deployment and behavior of management and other employees.

In this context, the Committee also reviews the framework and processes for motivating and rewarding performance at all levels of the organization, reviews the resulting compensation awards, and makes appropriate proposals for Board approval. In particular, it recommends all forms of compensation to be granted to Directors, executive officers and senior management employees of the Company.



The Nomination and Remuneration Committee met 2 (two) times during FY2017 on 28 September 2016 and 13 January 2017. The CEO and the CFO are special invitees to the Nomination and Remuneration Committee meetings.

**Table 6** gives the composition and attendance record of the Nomination and Remuneration Committee.

<b>Table 6: Nomination and Remuneration Committee membership and attendance during FY2017</b>			
<b>Committee members</b>	<b>Position</b>	<b>Meetings held</b>	<b>Meetings attended</b>
Mr. S. K. Maheswary*	Chairman	2	2
Mr. V. K. Maheswary	Member	2	2
Mr. R. P. Chetani**	Member	2	2

\* Appointed as Chairman of Committee w.e.f. 30.05.2017

\*\* Chaired the Committee upto 29.05.2017

### **Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee is empowered to perform the functions of the Board relating to handling of shareholders' queries and grievances. It primarily focuses on:

- Review the process and mechanism of redressal of investor grievance and suggest measures of improving the system of redressal of investor grievances.
- Review and resolve the pending investors complaints, if any, relating to transfer of shares, non-receipt of share certificate(s), non-receipt of interest dividend warrants, non-receipt of annual report and any other grievance / complaints with Company or any officer of the Company arising out in discharge of his duties.
- Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolve them.
- Review of corporate actions related to security holders.

The Stakeholders' Relationship Committee consists of 4 (four) Directors, including two Independent Directors. The Chairman of the Committee is a Non-Executive Non-Independent Director. The Committee meets 2 (two) times during FY2017 on 30 September 2016 and 18 February 2017.

**Table 7** gives the composition and attendance record of the Committee.

<b>Table 7: Stakeholders' Relationship Committee membership attendance during FY2017</b>			
<b>Committee members</b>	<b>Position</b>	<b>Meetings held</b>	<b>Meetings attended</b>
Mr. S. K. Maheswary	Chairman	2	2
Mr. V. K. Maheswary	Member	2	2
Mr. R P Chetani	Member	2	2
Mr. Bharat Mohta	Member	2	2

The Company Secretary officiates as the secretary of the Committee. The Company has not received any complaints from the shareholders during FY2017, and that no complaints were pending at the end of the FY2017.



### Corporate Social Responsibility Committee

The Committee consists of four Directors, including 3 ( three) Executive Director. The Chairman of the Committee is an Executive Director. The CSR Committee is empowered to perform the functions of the Board relating to handling the social initiatives.

Its primary functions are to:

- Formulate, review and recommend to the Board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the initiatives as per the CSR policy.
- Provide guidance on various CSR initiatives undertaken by the Company and monitoring their progress.
- Monitor implementation and adherence to the CSR Policy of the Company from time to time.

The CSR Committee formulated and recommended the CSR policy to the Board, during the year. The Committee met 2 (two) times during FY2017 on 4 November 2016 and 30 March 2017.

**Table 8** gives the composition and attendance record of the Committee.

<b>Table 8: Corporate Social Responsibility Committee membership attendance during FY2017</b>			
<b>Committee members</b>	<b>Position</b>	<b>Meetings held</b>	<b>Meetings attended</b>
Mr. K K Mohta	Chairman	2	2
Mr. Bharat Mohta	Member	2	2
Mr. Vinod Mimani	Member	2	2
Mr. K K Damani	Member	2	Nil

### Risk Management Committee

The Company has constituted a Risk Management Committee of the Board oversee the risk management of the Company. The Committee consists of 4 (four) Directors, including two Executive Director. The Chairman of the Committee is an Executive Director. The Committee met 1 (one) time during FY2017 on 13 January 2017.

**Table 9** gives the composition and attendance record of the Committee.

<b>Table 9: Corporate Risk Management Committee membership attendance during FY2017</b>			
<b>Committee members</b>	<b>Position</b>	<b>Meetings held</b>	<b>Meetings attended</b>
Mr. Bharat Mohta	Chairman	1	1
Mr. Sanjay Kumar Maheswary	Member	1	1
Mr. V K Maheswary	Member	1	1
Mr. K K Damani	Member	1	1

The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The Board of Directors is overall responsible for identifying, evaluating, and managing all significant Risk factors faced by the Company. The Company has also laid down a procedure to inform the Board on periodic basis about the identification of Risks and the steps to be taken to mitigate and minimize the same.

A senior executive has been entrusted at all the levels of business operation in the Company whose role is not only



to identify the Risk but also to educate about the identified risk and to develop Risk Management culture within the business.

### **Management**

The management of the Company develops and implements policies, procedures and practices that attempt to translate the Company's core purpose and mission into reality. The management also identifies, measures, monitors and minimizes risk factors in the business and ensures safe, sound and efficient operation. These are internally supervised and monitored through the CEO and the CFO.

Listed below are some of the key issues that were considered by the management during the year under review:

- Company's long term strategy, growth initiatives and priorities.
- Overall Company performance, including those of various business units.
- Decision on major corporate policies.
- Discussion and sign-off on annual plans, budgets, investments and other major initiatives.
- Discussion on business alliances proposals.

### **Management Discussion and Analysis**

A separate chapter on the 'Management Discussion and Analysis' is included in this annual report constitutes a part of this report.

### **Management Disclosures**

Senior Management of the Company (Senior Manager level and above, as well as certain identified key employees) make annual disclosures to the Board relating to all material financial and commercial transactions in which they may have personal interest, if any, and which may have a potential conflict with the interest of the Company. Transactions with key managerial personnel are listed in the financial section which forms the part of this annual report under Related Party Transactions.

### **Prohibition of Insider Trading**

The Company has a policy prohibiting Insider Trading in conformity with applicable SEBI regulations. Necessary procedures have been laid down for Directors, officers and designated employees for trading in the securities of the Company. The policy and procedures are periodically communicated to the employees who are considered as insiders of the Company. Trading window closure periods, when the Directors and employees are not permitted to trade in the securities of the Company, are intimated to all Directors and employees, in advance, whenever required.

### **Internal Control Systems**

The Company has both external and internal audit systems in place. Auditors have access to all records and information of the Company. The Board recognizes the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company. The Board and the management periodically review the findings and recommendations of the statutory and internal auditors and takes corrective actions whenever necessary.

### **Internal Controls**

The Company maintains a system of internal controls designed to provide reasonable assurance regarding:

- Effectiveness and efficiency of operations.
- Adequacy of safeguards for assets.





- Reliability of financial controls.
- Compliance with applicable laws and regulations.

The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, careful selection, training and development of employees and an organization structure that segregates responsibilities. Internal Audit at IWP is an independent and objective assurance function, responsible for evaluating and improving the effectiveness of risk management, control and governance processes.

The Audit Committee of the Board monitors the performance of internal audit department on a periodic basis through review of audit plans, audit findings and speed of issue resolution through follow-ups. Each year, there are at least four meetings held, where the Audit Committee reviews internal audit findings, in addition to special meetings and discussions.

### **CEO and CFO Certification**

A certificate of the Chief Executive Officer and the Chief Financial Officer of the Company on financial statements and applicable internal controls as stipulated under Regulation 17(8) of the Listing Regulations is enclosed below as Annexure - C.

### **Statutory Audits**

For FY2017 M/s. S K Agrawal & Co., Chartered Accountants, has audited the financial statements prepared under the Indian GAAP.

### **Auditors' Fees**

During FY 2017, the Company paid Rs.3.00 Lacs to M/s. S. K. Agrawal & Co, the Statutory Auditors as audit fees.

### **Means of Communication**

1. Quarterly and annual results: Quarterly and annual results of the Company are published in widely circulated national newspapers and the local vernacular daily. These are also made available on corporate website: [www.iwpkatha.com](http://www.iwpkatha.com)
2. Website: The primary source of information regarding the operations of the Company is the corporate website: [www.iwpkatha.com](http://www.iwpkatha.com). All official news releases are posted on this website. It contains a separate dedicated section called 'Investors', where the relevant information for shareholders is available.
3. Annual report: The Company's annual report containing, inter alia, the Directors' Report, Corporate Governance Report, Management's Discussion and Analysis (MD&A) Report, Audited Annual Accounts, Auditors' Report and other important information is circulated to members and others so entitled. The annual report is also available on the website in a user-friendly and downloadable form.
4. Register to receive electronic communications: The Company has provided an option to the shareholders to register their email id either by writing to the Company or to the Registrar and Share Transfer Agent to receive electronic communications.

**For and on behalf of the Board**

**Kolkata**  
**30 May 2017**

**K K Damani**  
*Executive Director*

**Bharat Mohta**  
*Chief Executive Officer*



**Compliance with the Code of Conduct for Board Members and Senior Management**  
**[Declaration as per Regulation 34(3) Listing Regulations]**

I hereby confirm that all the members of the Board and senior management personnel have affirmed that they have complied with the Company's Code of Conduct for Board Members and Senior Management for the FY2017.

**For The Indian Wood Products Co. Limited**  
**Bharat Mohta**  
**Chief Executive Officer**

**Kolkata, 30 May 2017**

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**Certificate on Corporate Governance**

To  
**The Members of The Indian Wood Products Co Ltd.**

We have examined the relevant records of The Indian Wood Products Co Ltd ("the Company") for the purpose of certifying compliance of conditions of Corporate Governance as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the period from 1 April 2016 to 31 March 2017. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company was exempted from the compliance of conditions of Corporate Governance as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Listing Regulations during the period from 1 April 2016 to 31 March 2017.

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

**M Shahnawaz & Associates**  
*Practicing Company Secretary*

**Md. Shahnawaz**  
*Proprietor*  
Membership No.: 21427  
CP No.: 15076

**Kolkata, May 30, 2017**



**Annexure – A**

**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, recommend 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 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 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 Listing Regulations.



**Annexure – B**

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)  
CERTIFICATION**

**{Pursuant to Regulation 17(8) of the Listing Regulations}**

We, Bharat Mohta, Chief Executive Officer (CEO), Raj Kumar Agarwal, Chief Financial Officer (CFO), of the Company, to the best of our knowledge and belief, hereby certify that :

- a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ending March 31, 2017 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d)
  - (i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - (ii) Significant changes in Accounting Policies during the year have been approved by the Audit Committee and disclosed in the Financial Statement.
  - (iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**For and on behalf of the Board**

**Kolkata  
30 May 2017**

**R K Agarwal**                      **Bharat Mohta**  
*Chief Financial Officer*        *Chief Executive Officer*



## ADDITIONAL SHAREHOLDER INFORMATION

FY2017 represents fiscal year 2016-17, from 1 April 2016 to 31 March 2017, and analogously for FY2016 and previously such labeled years.

### 1. General Body Meetings

Below table gives the details of date, time, location and business transacted through special resolution at last three Annual General Meetings.

Financial Year	Date & Time	Location	Special resolution(s) passed
2015-16	September 28, 2016 at 3.30 P.M	Bharatiya Bhasha Parishad 36A Shakespeare Sarani Kolkata – 700 017	1. Re-appointment of Mr. K K Mohta, as Whole time Director designated as Chairman 2. Issue of Bonus shares in the Ratio Three Bonus shares for every One share held
2014-15	September 28, 2015 at 3.30 P.M	Bharatiya Bhasha Parishad 36A Shakespeare Sarani Kolkata – 700 017	1. Authority to Board to give Loan / Guarantee or to make investment under section 186 of the Companies Act, 2013 2. Adoption of New Articles of Association
2013-14	September 25, 2014 at 3.30 P.M	Bharatiya Bhasha Parishad 36A Shakespeare Sarani Kolkata – 700 017	1. Appointment of Mr.K K Damani as Whole time Director, designated as Executive Director 2. Authority to the Board to borrow up to 100 Crores under section 180(1)(c) of the Companies Act, 2013 3. Authority to the Board to create mortgage / charge/hypothecation within the overall borrowing limits under section 180(1)(a) of the Companies Act 2013.

Postal Ballot: During the FY2017, no Special Resolution has been passed through Postal Ballot under Section 110 of the Companies Act, 2013. However, the Company has proposed special resolutions through postal ballot vide Postal Ballot Notice dated 1 March 2017. The required details will be disclosed in the next Annual Report.

There is no proposal to conduct postal ballot for any matter is proposed.

### 2. Annual General Meeting (AGM)

Day, Date & Time: Monday, September 18, 2017 at 3.30 P.M.

Venue: Bharatiya Bhasha Parishad  
36A Shakespeare Sarani  
Kolkata – 700 017

Last date for receipt of proxy Forms Saturday, September 16, 2017



**3. Book Closure Date:**

The dates of book closure are from September 12, 2017 to September 18, 2017 ( Both days inclusive) for the purpose of payment of dividend.

**4. Dividend payment date**

Dividend shall be paid to all the shareholders holding shares on 11 September 2017.

**5. Financial Calendar**

The financial year of the Company starts on 1 April every year and ends on 31 March subsequent year.

Indicative calendar of events for the financial year 2017-18 are as under

For the quarter ending 30 June 2017	Second week of August 2017
For the quarter and half-year ending 30 September 2017	Second week of November 2017
For the quarter and nine months ending 31 December 2017	Second week of February 2018
For the year ending 31 March 2018	Fourth week of May 2018
AGM for the year ending 31 March 2018	In September 2018

**6. Listing on Stock Exchanges and Stock Codes**

Stock Exchange	Scrip Code
The Calcutta Stock Exchange Limited	019055

Listing fees to The Calcutta Stock Exchange Limited for listing of equity shares have been paid for the FY2018.

The equity shares of the Company are not suspended from trading at The Calcutta Stock Exchange Limited during FY2017.

**7. The International Security Identification Number (ISIN)**

ISIN is an unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialised securities of the Company. The ISIN of the Company's equity Shares is **INE586E01012**.

**8. Market Price data**

The equity shares of the Company are presently listed on The Calcutta Stock Exchange Limited (CSE). There was no trading in the equity shares of the Company on CSE during FY2017. Hence, no market price data are available.

**9. Performance in comparison to board based indices**

The equity shares of the Company are presently listed on The Calcutta Stock Exchange Limited (CSE). There was no trading in the equity shares of the Company on CSE during FY2017. Hence, performance comparison of the stock to board based indices is not available.

**10. Registrar and Share Transfer Agent**

M/s. Niche Technologies Pvt. Ltd., D-511, Bagree Market, 71, B R B Basu Road, Kolkata – 700001, is the Registrar and Share Transfer Agent of the Company, both for Physical & Demat Segments.



Accordingly, all communications on matters relating to Share Transfers, Dividend etc. may be sent directly to them. Complaints, if any, on these matters may also be sent to the Compliance Officer of the Company.

#### 11. Share Transfer System

The share transfers/transmission/splits and/or issue of duplicate share certificates are processed on behalf of the Company by the Registrar and Transfer Agents, M/s Niche Technologies Pvt. Ltd. and is then placed before the Share Transfer Committee who has been delegated by Stakeholders Relationship Committee to approve transfers. The Company Secretary addresses all the requests fortnightly.

All queries and requests relating to share / debenture transfers / transmissions may be addressed to our Registrar and Transfer Agents.

The Company periodically reviews the operations of its Registrar and Transfer Agent.

#### 12. Description of Voting Rights

All shares issued by the Company carry the equal voting rights, and one share confirms one vote.

#### 13. Nomination Facility

Shareholders / Debentureholders holding physical shares / debentures may, if they so desire, may send their nominations in Form SH13 to the Registrars & Transfer Agents of the Company. Those holding shares in dematerialised form may contact their respective Depository Participant (DP) to avail nomination facility.

#### 14. Shareholding Pattern as on March 31, 2017:

Category	No. of Shares	% of holding
Promoter & Promoter Group	44,88,556	70.16
Financial Institutions/Banks	33,004	0.63
Foreign Institutional Investors	-	-
Public	17,18,904	26.76
Non-Resident Individulas	1,56,808	2.45
Clearing Members	-	-
Total	63,97,272	100.00%

#### 15. Distribution of shareholding as on March 31, 2017

Range	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares
Upto – 500	1,286	68.92	250	3.91
501 – 1000	166	8.90	1,26,888	1.98
1001 – 2000	246	13.18	3,69,509	5.78
2001 – 3000	57	3.05	1,40,366	2.19
3001 – 4000	33	1.77	1,18,628	1.85
4001 – 5000	10	0.54	46,844	0.73
5001 – 10000	40	2.15	2,80,720	4.39
10001 & Above	28	1.50	50,64,176	79.16



**16. Outstanding ADR's & GDR's, Warrants or any other convertible instruments, conversion date and likely impact on equity shares**

During FY2017, the Company has not issued any ADR's, GDR's, Warrants or any other convertible instruments. The Company has at present no outstanding ADR's/GDR's/Warrants to be converted that has an impact on the equity shares of the Company.

**17. Commodity Price Risk or Foreign Exchange Risk**

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through forward booking Inventory management and proactive vendor development practices. The Company's reputation for quality, products differentiation, coupled with existence of powerful brand image with robust marketing network mitigates the impact of price risk on finished goods.

**18. Dematerialisation of Shares**

The Company's scrip forms part of the compulsory dematerialization segment for all investors. To facilitate easy access of the dematerialized system to the investors, the Company has signed up with both the depositories — namely the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") — and has established connectivity with the depositories through its Registrar and Transfer Agent, Niche Technologies Pvt. Ltd.

Dematerialization of shares is done through Niche Technologies Pvt. Ltd. and on an average the dematerialization process is completed within 10 days from the date of receipt of a valid dematerialization request along with the relevant documents.

The breakup of dematerialized shares and shares in certificate form as on 31 March 2017 are as under:

Particulars	Physical	NSDL	CDSL
No. of shares	924479	5282501	190292
% of holding	14.45	82.57	2.98

**19. Other Disclosures****Disclosures on materially significant related party transaction**

The statements containing the transactions with related parties were submitted periodically to the Audit Committee. The details of Related Party Transactions are discussed in detail in Note No. 25 of Notes to the Financial Statements.

**Details of non-compliance(s) by the Company**

No penalties have been imposed or strictures have been issued by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets during the last three years against the non-compliance relating to the matter aforesaid.

**Whistle Blower Policy/ Vigil Mechanism**

The Board of Directors of the Company has adopted Whistle Blower Policy. The management of the Company, through the policy envisages encouraging the employees of the Company to report to the higher authorities any



unethical, improper, illegal or questionable acts, deeds & things which the management or any superior may indulge in. This policy has been circulated to employees of the Company. However, no employee has been denied access to the Audit Committee.

#### **Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with the mandatory requirements of Corporate Governance under Listing Regulations and is in the process of implementation of non-mandatory requirements.

#### **Disclosure of Accounting Treatment**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the Act 1956"), as applicable. These financial statements have been prepared on an accrual basis and under the historical cost conventions.

#### **20. Name, Designation & Address of Compliance Officer and RTA for Complaints & Correspondence**

##### **Mr. Anup Gupta**

Company Secretary & Compliance Officer  
The Indian Wood Products Co Ltd  
9 Brabourne Road, 7th floor,  
Kolkata – 700001  
Tel: 82320 23820

##### **Registered / Corporate Office Address for Correspondence**

The Indian Wood Products Co Ltd  
9 Brabourne Road, 7th floor,  
Kolkata – 700001  
Phone: 82320 23820  
Email Id: iwpcal1@cal2.vsnl.net.in  
CIN: L20101WB1919PLC003557

##### **Registrar & Share Transfer Agent**

M/s. Niche Technologies Pvt Ltd.  
D-511, Bagree Market,  
71, B.R.B. Basu Road,  
Kolkata – 700 001  
Tel: 033 2235-7270/ 7271, 2234-3576, Fax: 033 2215-6823  
Email: nichetechpl@nichetechpl.com  
URL: www.nichetechpl.com

**21. Plant Locations:****Manufacturing Plants****Bareilly**

Izatnagar, Barielly (UP)  
Pin Code - 243122  
Phone :09027695554

**Baroda**

The Indian Wood Products Co Ltd  
C/o. Bhagyoday Katha Products Pvt Ltd  
PO: Asoj, Dist. Vadodara  
Phone: 9816141231

**Daman (Contractual Manufacturing)**

The Indian Wood Products Co Ltd  
C/o.Nanhemal Agro (India) Ltd  
Diwali Nagar, Daman  
Phone: 09825128720

**Kundli (Job Work)**

GT Karnal Road, Near Nidhu Cinema  
Kundli, Sonapat, Haryana  
Phone: 09311104967

**22. Disclosures with respect to demat suspense account/ unclaimed suspense account**

SI No.	Particulars	Applicability
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying the beginning of the year	Nil
2	Number of shareholders who approached the company for transfer of shares from suspense account during the year	Nil
3	Number of shareholders to whom shares were transferred from suspense account during the year	Nil
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	Nil
5	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	Nil

For and on behalf of the Board

Kolkata  
30 May 2017

**K K Damani**  
*Executive Director*

**Bharat Mohta**  
*Chief Executive Officer*



## 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 ('the Company'), which comprises of the Balance Sheet as at March 31, 2017, 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 Director's of the Company are responsible for the matter stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation and presentation 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 Standard specified in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the maintenance of adequate accounting records in accordance with 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 were operating effectively for ensuring accuracy and completeness of 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 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 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view 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 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, 2017.
- 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, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the 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 and 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 the Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g) In our opinion and to the best of information and according to the explanations given to us, we report as under with respect to the other matters to be included in the Auditor's Report in accordance with 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 does 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.
    - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

**Date: 30th May, 2017**  
**Place: Kolkata**

For **S. K. AGRAWAL & CO.**  
Chartered Accountants  
Firm's Registration No. - 306033E  
(J. K. Choudhury)  
Partner  
Membership No.009367

## “Annexure A” to the Independent Auditors’ Report

- 1) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) According to information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- 2) The inventories have been physically verified during the year by the management at regular intervals. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on physical verification.
- 3) 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 explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of investments, guarantees and securities.
- 5) In case of Public Deposits accepted by the company till March 2014 under the Companies Act, 1956 have been repaid fully on maturity No new deposits have been accepted by the company under the provisions of the Companies Act, 2013.
- 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 explanations given to us in respect of statutory and other dues and on the basis of our examination of the books of account and records:
  - a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty Cess and other statutory dues with the appropriate authorities during the year.
  - b) The details of dues of Sales Tax, Custom Duty, Excise Duty, Employees State Insurance and Cess which have not been deposited as on March 31, 2017 on account of disputes are given below:

Particulars	Financial Year to which the matter pertains	Forum where the matter is pending	Amount (₹)
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	2007-08	Appeal before Joint Commissioner	9,407/-
Central Sales Tax	2008-09	Appeal before Joint Commissioner	32,000/-
UP VAT	2010-11	Appeal before Deputy Commissioner	63,052/-



## “Annexure A” to the Independent Auditors’ Report *(Contd.)*

- 8) 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.
- 9) 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.
- 10) 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.
- 11) To the best of our knowledge and belief and according to the information and explanation given to us, managerial remunerations has been paid/provided in accordance with the requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Act.
- 12) In our opinion and according to the information and explanations given to us, the company is not a nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
- 13) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) According to the information and explanations given to us and based on our examination of the records, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15) According to the information and explanations given to us and based on our examination of the records, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly paragraph 3 (xv) of the order is not applicable.
- 16) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **S. K. AGRAWAL & CO.**

Chartered Accountants

Firm’s Registration No. - 306033E

(J. K. Choudhury)

Partner

Membership No.009367

Date: 30th May, 2017

Place: Kolkata

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## “Annexure B” to the Independent Auditor’s Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of M/s The Indian Wood Products Company Limited (“the Company”) as of 31 March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.



## “Annexure B” to the Independent Auditors’ Report *(Contd.)*

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Date: 30th May, 2017**

**Place: Kolkata**

For **S. K. AGRAWAL & CO.**  
Chartered Accountants  
Firm’s Registration No. - 306033E  
(J. K. Choudhury)  
Partner  
Membership No.009367



**STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2017**

(₹ in Lacs)

	Note No.	As at March 31, 2017	As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	640.03	160.23
(b) Reserves and surplus	3	2,846.31	2,220.13
		<b>3,486.34</b>	<b>2,380.36</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	446.31	215.04
(b) Deferred tax liabilities (Net)	5	85.33	61.27
(c) Other Long term liabilities	6	124.59	124.32
(d) Long-term provisions	8	210.27	125.01
		<b>866.50</b>	<b>525.64</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	4	4,161.14	1,588.09
(b) Trade payables	7	3,652.15	1,344.76
(c) Other current liabilities	9	162.24	76.76
(d) Short-term provisions	10	455.00	44.06
		<b>8,430.53</b>	<b>3,053.67</b>
		<b>12,783.37</b>	<b>5,959.67</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
Tangible assets	11	1,852.79	1,273.24
Capital work-in-progress		67.15	9.86
(b) Non-current investments	12	336.55	30.27
(c) Long-term loans and advances	13	108.80	113.77
		<b>2,365.29</b>	<b>1,427.14</b>
<b>2 Current assets</b>			
(a) Inventories	14	4,748.54	1,870.76
(b) Trade receivables	15	4,063.25	1,750.34
(c) Cash and cash equivalents	16	309.73	393.11
(d) Short-term loans and advances	17	1,296.56	518.32
		<b>10,418.08</b>	<b>4,532.53</b>
		<b>12,783.37</b>	<b>5,959.67</b>

The accompanying notes 1 to 34 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 : 30th May, 2017

For and on Behalf of the Board

**K. K. Damani**  
Executive Director

**Bharat Mohta**  
Chief Executive Officer

**R. K. Agarwal**  
Chief Financial Officer

**R. P. Chetani**  
Director

**Anup Gupta**  
Company Secretary

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**  
(₹ in Lacs)

	Note No.	31st March, 2017	31st March, 2016
<b>Revenue from operations</b>			
Sales		18,789.38	12,505.95
Less: Excise duty		817.68	576.01
		<u>17,971.70</u>	<u>11,929.94</u>
Other income	18	49.93	35.00
<b>Total Revenue</b>		<u>18,021.63</u>	<u>11,964.94</u>
<b>Expenses:</b>			
Cost of materials consumed	19	11,860.83	6,518.38
Changes in inventories of finished goods works in progress and stock in Trade	20	-1,524.49	470.21
Manufacturing Expense	21	2,972.63	2,189.67
Employee benefits expense	22	1,917.18	1,629.12
Finance costs		309.91	210.94
Depreciation	11	223.07	149.36
Other expenses	23	490.77	307.15
Total expenses		<u>16,249.90</u>	<u>11,474.83</u>
<b>Profit before tax</b>		<u>1,771.73</u>	<u>490.11</u>
Less: Current tax expenses		650.00	155.00
Tax for earlier year		-8.31	-34.84
FBT Excess Provision Written Back		-	-0.07
Deferred tax expenses	5	24.06	-1.15
<b>Profit for the year</b>		<u>1,105.98</u>	<u>371.17</u>
<b>Earnings per equity share: Basic</b>	24	17.28	5.80
<b>Diluted</b>		17.28	5.80

The accompanying notes 1 to 34 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 : 30th May, 2017**

For and on Behalf of the Board  
**K. K. Damani**  
*Executive Director*

**Bharat Mohta**  
*Chief Executive Officer*

**R. K. Agarwal**  
*Chief Financial Officer*

**R. P. Chetani**  
*Director*

**Anup Gupta**  
*Company Secretary*



## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(₹ in Lacs)

	31st March, 2017		31st March, 2016	
	Rs.	Rs.	Rs.	Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax		1771.73		490.11
<b>Adjustment for</b>				
Depreciation	223.07		149.36	
Interest Expenses	309.91		210.94	
Interest Received	(14.73)		(28.85)	
Liabilities no longer required written back	(5.43)		(2.97)	
Advances written off	–		14.21	
Loss / Gain on sale of Fixed Assets	3.32		–	
Profit on Foreign Exchange	(36.79)	479.35	8.42	351.11
Operating Profit/(Loss) before working capital changes		2251.08		841.22
<b>Adjustment for</b>				
Trade & Other Receivables	(3055.82)		(479.31)	
Inventories	(2877.78)		526.48	
Trade Payables	2469.94	(3463.66)	(364.12)	(316.95)
Cash generated for operations		(1212.58)		524.27
Direct Tax Paid		187.10		150.00
Cash Flow before extra ordinary items		(1399.68)		374.27
NET CASH FLOW FROM OPERATING ACTIVITIES		(1399.68)		374.27
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment in shares		(336.53)		(30.25)
Purchase of Fixed Assets		(871.53)		(375.13)
Sale of Fixed Assets		8.30		–
Interest Received		14.73		28.85
NET CASH USED IN INVESTING ACTIVITIES		(1185.03)		(376.53)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Shares		–		95.29
Proceeds from Borrowings		2808.85		179.74
Repayment of Borrowings		(4.54)		(60.13)
Dividend / Dividend tax paid		(22.20)		(22.26)
Interest paid		(280.78)		(215.37)
NET CASH USED IN FINANCING ACTIVITIES		2501.33		(22.73)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(83.38)		(24.99)

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

(₹ in Lacs)

CASH AND CASH EQUIVALENTS (Note 2 below)  
AT START OF THE YEAR  
AT CLOSE OF THE YEAR

393.11

418.10

309.73

393.11

**NOTE:**

1 The above cash flow statement has been prepared under the indirect method as set out in the accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India

2 Cash and cash equivalents consists of

31.03.2017

31.03.2016

Rs.

Rs.

Cash / Cheques in Hand

61.84

51.95

Balance with Scheduled Bank

247.89

341.16

309.73

393.11

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 : 30th May, 2017

For and on Behalf of the Board

**K. K. Damani***Executive Director***Bharat Mohta***Chief Executive Officer***R. K. Agarwal***Chief Financial Officer***R. P. Chetani***Director***Anup Gupta***Company Secretary*



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

### 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 capitalization 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 Investment are stated at cost

#### (d) Inventories:

Inventories are valued at Cost or Net Relisable Value, whichever is lower. Cost Formula is determined below:

- 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 recognized on accrual basis

#### (h) Foreign Currency Transaction:

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



## NOTES ON FINANCIAL STATEMENTS *(Contd.)*

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gain or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

**(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 arise 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 capitalized as part of the cost of such assets. All other borrowing costs are charged 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 recognized, 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 periods. Deferred tax assets are recognized 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.

**(l) Impairment of Assets :**

Impairment of loss is recognized 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 recognized 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.



## NOTES ON FINANCIAL STATEMENTS (Contd.)

### 2 Share Capital

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<b>Authorised Share Capital :</b>		
10000000 Equity Shares of Rs 10/- each	1,000.00	500.00
<b>Issued , Subscribed &amp; Paid Up Capital</b>		
6397272 (1599318) Equity Shares of Rs 10/- each	639.73	159.93
Add: 5682 Equity Shares Forfeited (amount originally paid up)	0.30	0.30
	<b>640.03</b>	<b>160.23</b>

#### 2 (a) Reconciliation of Equity Shares outstanding

	As at March 31st, 2017		As at March 31st, 2016	
	No. of Shares	Amount	No. of shares	Amount
Equity Shares				
Opening Balance	1,599,318	159.93	1,368,318	136.83
Change during the year*	4,797,954	479.80	231,000	23.10
Closing Balance	6,397,272	639.73	1,599,318	159.93

\* During the year the Company has allotted 4797954 fully paid up Bonus Shares of face Value of Rs. 10/- each on 21.10.2016 in the ratio of 3 Shares for every 1 share held.

\* In the previous year with shareholders approval 231000 Preferential Cumulative convertible warrant issued and allotted to the Promoters were converted into equity shares of Rs. 10/- each at a premium of Rs. 45/- per share.

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

	As at March 31st, 2017		As at March 31st, 2016	
	No. of Shares	%	No. of Shares	%
1 Security Company Ltd.	1,220,356	19.08	305,089	19.08
2 Avanti Mohta	752,616	11.76	188,154	11.76
3 Bharat Mohta	758,900	11.86	189,725	11.86
4 Savita Mohta	916,020	14.32	229,005	14.32


**NOTES ON FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<b>3. Reserve &amp; Surplus</b>		
<b>Capital Reserve</b>	<b>0.03</b>	0.03
Premium on reissue of Forfeited shares		
<b>Securities Premium Reserve</b>		
As per last Account	<b>379.71</b>	275.76
Add : for the year	-	103.95
Less: Amount Utilized for issue of Bonus Shares	<b>379.71</b> -	-      379.71
<b>Revaluation Reserve</b>		
As per last Account	<b>292.75</b>	292.75
<b>General Reserve</b>		
As per last Account	<b>450.00</b>	450.00
Less: Amount Utilized for issue of Bonus Shares	<b>100.09</b> <b>349.91</b>	-      450.00
<b>Surplus</b>		
Opening Balance	<b>1,097.64</b>	754.53
Add : Profit for the year	<b>1,105.98</b>	371.17
Amount available for appropriation	<b>2,203.62</b>	1,125.70
Proposed Dividend		
For the year -Refer Note Below (Rs.1.25)	-	(24.06)
Tax on Dividend for the Year	-	(4.00)
Closing Balance	<b>2,203.62</b>	1,097.64
	<b>2,846.31</b>	2,220.13

**Note:** The Board of Director has recommended a dividend of Rs. 0.60/- per equity shares of Rs. 10/ each subject to the approval of shareholders in the ensuing Annual general Meeting. Proposed dividend as above amounting to Rs. 38.38 Lacs for the Financial Year 2016 - 17 and dividend distribution tax thereon, has not been recognized as liability as on 31.03.2017 in terms of revised Accounting Standard – 4 'Contingencies and events occurring after Balance Sheet' as notified by Ministry of Corporate Affairs through Companies (Accounting Standards) Amendment Rules, 2016 dated 30.03.2016. Consequently the same has not been appropriated from surplus during the year.

**4. Borrowings**
**Non-Current Liabilities :**

Long Tem Borrowings - Secured  
Term Loan from Banks and Financial  
Institution (Refer Note No. 2)

**446.31**
**215.04**
**Current liabilities :**

Short term Borrowings - Secured  
    Current maturities of Long term borrowings  
    Loan repayable on demand from banks (Refer Note No. 1)  
Unsecured -  
    From Bodies Corporate  
    From Directors  
    Deposits

**248.78**
**99.19**
**2,664.13**
**1,352.86**
**1,247.96**
**131.50**
**0.27**
**2.50**
**-**
**2.04**
**4,161.14**
**1,588.09**





**NOTES ON FINANCIAL STATEMENTS** (Contd.)

**Note:**

- Working Capital facilities and Capex Term Loan including LC & Buyers Credit Limit are from Union Bank of India (Rs. 21.25 lacs) and DBS Bank (Rs. 28.95 lacs), on multiple banking system Secured by charge of stocks of Raw material, Katha and Cutch whether Raw or in process of manufacture and all articles manufactured there from, Stores, Book debts, Plant & Machinery and certain other assets and mortgaged by deposit of title deeds of Land at Bareilly measuring 91,600 square meter on pari - passu basis and also have been guaranteed by two Promoter Directors. Additionally a corporate guarantee provided by an associate Company
- The Term Loan are Secured by hypothecation of related equipments /vehicles purchased and the Terms of repayment of Term Loan are –

Particulars	Sanctioned Amount (Rs. In lacs)	Period & Repayment tenure	Installment value & terms	No. of Installment sanctioned & due	Rate of Interest
Capex Term Loan from Union Bank of India, Bareilly (Main Branch)					
Old	150.00	Feb '14 to Jan' 19	Rs. 2.50/- P.M.	60      22	MCLR + 1.05%
New*	500.00	April' '17 to Jan' 21	Rs. 31.25/- P. Qtr	16      16	MCLR + 1.05%
Capex Term Loan from DBS Bank Ltd., Kolkata (Main Branch)	290.00	Nov '15 to Oct '19	Rs. 6.33/-P.M.	48      31	11.85%
Auto loan from Union bank of India, Bareilly (Main Branch)	5.75	Dec'14 to Nov'19	EMI Rs. 12,400/ P.M.	60      32	10.70%
HDFC Bank, Kolkata	11.25	Aug '16 to July '21	EMI of Rs 23,627/-P.M.	60      52	9.50%
ICICI Bank , Kolkata	48.00	Apr '14 to Mar '19	EMI of Rs 1,02,577 /-P.M.	60      24	10.24%
Kotak Mahindra Prime Ltd	14.00	Sep '14 to Aug '17	EMI of Rs. 45,100/-P.M.	36      5	9.85%

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

	As at March 31st, 2017	As at March 31st, 2016
(₹ in Lacs)		
<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	61.27	62.42
Add : Debit/ Credit for the year	24.06	(1.15)
Closing balance	<u>85.33</u>	<u>61.27</u>


**NOTES ON FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<b>6. Other Long Term Liabilities</b>		
Contractors and Customers Security Deposits	10.13	10.13
Advance from Customers	94.25	94.22
Others	20.21	19.97
	124.59	124.32
<b>7. Trade payable :</b>	<b>3,652.15</b>	1,344.76
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.		
<b>8. Provisions :</b>		
<b>Long term provisions for Employees Benefits</b>		
Gratuity ( Refer Note : 22)	77.10	23.56
Leave Encashment	133.17	101.45
	210.27	125.01
<b>9. Other Current Liabilities :</b>		
Interest accrued but not due	-	0.63
Advance from Customer	4.73	4.51
Other statutory liabilities	157.51	71.62
	162.24	76.76
<b>10. Short term Provision</b>		
Provision for taxation (Net)	455.00	20.00
Proposed Dividend	-	19.99
Tax on Dividend	-	4.07
	455.00	44.06



**NOTES ON FINANCIAL STATEMENTS (Contd.)**

(₹ in Lacs)

**11. Fixed Assets**

Description	GROSS BLOCK - AT COST			DEPRECIATION			NET BLOCK	
	As at 1st April 2016	Additions	Sales/ Adjustments	As at 31st March 2017	Charge for the Period	Sales/ Adjustments	As at 31st March 2017	As at 31st March 2016
<b>Tangible Assets :</b>								
Freehold land {Refer Note No. (14(a))	166.99	-	-	166.99	-	-	-	166.99
Building	194.03	36.80	-	230.83	7.38	-	71.34	130.07
Tubewell	2.74	2.06	-	4.80	0.20	-	2.67	0.27
Plant & Machinery	470.61	410.33	-	880.94	61.71	-	209.85	322.47
Effluent Treatment Plant	20.79	-	-	20.79	-	-	19.75	1.04
Electric Installation	236.83	23.57	-	260.40	22.97	-	123.64	136.16
Weighing Scale	5.59	0.91	-	6.50	0.38	-	3.98	1.99
Trolleys & trays	173.12	90.35	-	263.47	9.22	-	132.16	50.18
Laboratory Apparatus	5.07	0.41	-	5.48	0.14	-	4.42	0.79
Refrigeration & cooling System	568.36	215.33	-	783.69	89.05	-	328.81	328.60
Motor Cars & vehicle	200.24	13.55	38.49	175.30	22.37	26.87	87.84	107.90
Computer	45.74	7.28	-	53.02	5.18	-	44.29	6.63
Furniture, Fixtures & Office Equipment	71.01	13.65	-	84.66	4.47	-	55.33	20.15
<b>Total</b>	<b>2,161.12</b>	<b>814.24</b>	<b>38.49</b>	<b>2,936.87</b>	<b>223.07</b>	<b>26.87</b>	<b>1,084.08</b>	<b>1,852.79</b>
Previous Year	1,756.93	404.19	-	2,161.12	149.36	-	738.52	1,273.24



## NOTES ON FINANCIAL STATEMENTS (Contd.)

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<b>12. Non Current Investments</b>		
<b>Trade Investment (Valued at cost unless stated otherwise)</b>		
Investment in Joint Venture In fully paid equity shares		
M/s. PT Sumatra Resources International, Indonesia Nil (500) Equity Shares of USD 100	-	30.25
M/s. Agro and Spice Trading Pte Ltd, Singapore 3,00,050 (1) Equity Shares of USD 1 Share Application Pending Allotment	<b>205.07</b> <b>131.46</b>	-
	<b>336.53</b>	30.25
<b>Other Investment</b>		
339 (339) Equity Shares of Rs 10/- each fully paid up in M/s. Vishnuhari Investment & properties Ltd.	<b>0.02</b>	0.02
	<b>336.55</b>	30.27

**Note:**

- During the year Joint Venture PT Sumatra Resources International, Indonesia was liquidated and sale proceeds though realised but could not be credited in the Account of the Company and are lying in Loan & Advances Account.
- In another Joint Venture with M/s Agro and Spice Trading Pte Ltd, Singapore of which Company was holding 1 Share till 31.03.2016, the Company has made further investment of USD 5,00,049 being 50% of commitment amount during the year. Out of which 3,00,049 shares allotted against USD 3,00,049 and balance USD 200000 are shown as Share Application Pending Allotment in the books of Joint Venture.

## 13. Long Term Loans & Advances :

Unsecured - Considered Good		
Security Deposits	<b>26.93</b>	24.76
Others Loans & Advances		
Deposit with Govt. Authorities	<b>68.70</b>	67.21
Tax Deducted at Source	<b>13.17</b>	21.80
	<b>108.80</b>	113.77

**Note:** Other Loans and advance include Rs.40.00 lacs ( Rs. 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.

**NOTES ON FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<b>14. Inventories :</b>		
Land (Stock in trade) {Ref note (a) below}	126.16	126.16
Raw Materials	1,775.18	517.34
Work in process	1,885.25	890.20
Finished Goods {Ref note (b) below}	774.77	206.90
Consumables	4.45	8.43
Stores and Spare parts	181.78	120.85
Tools and Implements	0.95	0.88
	<b>4,748.54</b>	<b>1,870.76</b>
<b>Note:</b>		
a) The free hold land at Bareilly was revalued in the year 2008-09 based on the rate as on 1.04.1981. The surplus over cost aggregating to Rs.2.93 crores arising on revaluation was credited to Revaluation Reserve Account. Consequently the surplus land admeasuring 112387 Sq.mtr valuing Rs.1.26 crores was appropriated as stock in trade		
b) Finished good includes excise duty of Rs. 46.86 Lacs (8.43 Lacs)		
<b>15. Trade Receivable</b>		
<b>Debts Outstanding for more than 6 months</b>		
Unsecured - Considered good	62.02	38.20
<b>Other Debts</b>		
Secured - Considered Good	0.30	1.55
Unsecured - Considered good	4,000.93	1,710.59
	<b>4,001.23</b>	<b>1,712.14</b>
	<b>4,063.25</b>	<b>1,750.34</b>
<b>16. Cash &amp; Cash Equivalents</b>		
Cash in hand	13.52	9.87
Cheques, Drafts in hand	48.32	42.08
	<b>61.84</b>	<b>51.95</b>
Balance with Schedule Banks		
In Current Account	43.26	148.22
In Deposit Account with Banks		
Against Margin Money for Letter of Credit	201.94	189.94
Against Sales Tax {Refer Note no. 29 (b)}	2.64	2.64
Against Others Compliances	0.05	0.36
	<b>247.89</b>	<b>341.16</b>
	<b>309.73</b>	<b>393.11</b>


**NOTES ON FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<b>17. Short Term Loans &amp; Advances</b>		
Unsecured - Considered good		
Advance to Materials Suppliers	387.14	168.04
Advance to employees	23.74	8.44
Interest receivable	21.76	12.87
Excise duty Credit	687.45	284.25
Others	176.47	44.72
	<b>1,296.56</b>	<b>518.32</b>
	<b>2016 - 2017</b>	<b>2015 - 2016</b>
<b>18. Other Income</b>		
Interest On Fixed Deposits & Others	14.73	28.85
Liabilities no longer required written back	5.43	2.97
Other Miscellenous Income	29.77	3.18
	<b>49.93</b>	<b>35.00</b>
<b>19. Cost of Materials Consumed</b>		
Raw materials Consumed		
Opening Stock	517.34	553.78
Purchases	13,126.73	6,361.09
Add: Extraction expenses	51.14	40.61
Foreign Exchange Fluctuations (Net)	(59.20)	80.24
	<b>13,636.01</b>	<b>7,035.72</b>
Less: Closing stock	1,775.18	517.34
Raw Materials consumed	<b>11,860.83</b>	<b>6,518.38</b>

**NOTES ON FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	2016 - 2017	2015 - 2016
<b>20. Change in Inventory</b>		
Stock of Finished Good & Stock in Process as at 1st April, 2016	1,088.67	1,558.88
Less: Stock of Finished Good & Stock in Process as at 31st March, 2017	2,613.16	1,088.67
(Increase)/ Decrease	<u>(1,524.49)</u>	<u>470.21</u>
<b>21. Manufacturing Expenses</b>		
Stores and Spare parts consumed	435.89	391.39
Other Consumable and Chemicals Consumed	87.20	80.10
Power and Fuel	211.61	327.30
Electric, Light & Power	427.17	367.34
Rent	28.97	0.22
Insurance	11.24	5.53
Repairs & Maintenance		
Buildings	7.42	28.35
Plant & Machinery	43.54	52.90
Others	24.53	14.69
Machine Katha Expenses	713.78	621.30
Rates & Taxes	670.94	55.07
Traveling Expenses	36.45	19.00
Misc. expenses	273.89	226.48
	<u>2,972.63</u>	<u>2,189.67</u>
<b>22. Employees Benefit Expenses</b>		
Salaries, Wages, Bonus & Other Benefits	1,666.09	1,431.91
Contribution to Provident Fund	89.84	74.40
Staff Welfare Expenses	161.25	122.81
	<u>1,917.18</u>	<u>1,629.12</u>



## NOTES ON FINANCIAL STATEMENTS (Contd.)

### EMPLOYEES BENEFIT EXPENSES (Contd.)

(₹ in Lacs)

As per Actuarial Valuations as on 31.03.2017 and recognized in the financial statements in respect of Employees benefit schemes.

#### A. Component of Employer Expenses

1	Current service Cost	19.58
2	Interest Cost	18.74
3	Expected Return on Plan Asset	–
4	Actuarial Losses/(gain)	42.00
5	Expenses directly paid by the Company ( For Current Year)	–
6	Total Expenses recognized in the Statement of Profit & Loss	80.32

#### B. Net Asset / (Liability) Recognised in Balance sheet as at 31.03.2017

1	Present Obligation of Defined Benefit Obligation	369.96
2	Fair Value of Plan asset	292.86
3	Net asset/(Liability) recognised in the Balance sheet	77.10

#### C. Change in Defined Benefit Obligation during the year ended 31.03.2017

1	Present Value of DBO at Beginning of period	294.07
2	Current Service Cost	19.58
3	Interest Cost	18.74
4	Actuarial Losses/(gains)	0.56
5	Benefits paid	40.09
6	Present value of DBO at the end of period	292.86

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

1	Plan asset at the beginning of the period	294.07
2	Return on Plan Asset	18.74
3	Actuarial Gain	0.56
4	Actual company contributions	19.58
5	Benefits paid	(40.09)
6	Plan Assets at the end of the period	292.86

#### E. Actuarial Assumption

1	Discount Rate (%)	8.00%
2	Expected return on plan assets (%)	8.51%

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



**NOTES ON FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	2016 - 2017	2015 - 2016
<b>23. Other Expenses :</b>		
Rent Expenses	44.10	8.13
Rates and Taxes	0.79	0.42
Insurance	4.21	2.88
Other Repairs	2.69	0.97
Traveling Expenses	155.70	74.58
Auditors Remuneration		
For Audit fees	3.74	2.00
For Other Services	0.62	0.42
Directors sitting fees	2.40	1.58
Misc. Expenses	246.95	192.82
Advances Written off	—	14.21
Loss on Sale of Fixes Assets	3.32	—
Loss on Currency Derivatives	24.58	8.42
Sales Tax paid for Earlier year	1.67	0.72
	<b>490.77</b>	<b>307.15</b>
<b>24. Earning per Share</b>		
1 Net Profit attributable to Equity Share Holders for Basic & Diluted EPS	1,105.98	371.17
2 Weighted Average Number of Equity Share for Basic EPS	63,97,272	63,97,272
Weighted Average Number of Equity Share for Diluted EPS	63,97,272	63,97,272
3 Nominal Value of Equity Shares	Rs. 10	Rs. 10
4 Earning Per Equity Shares		
Basic	17.28	5.80
Diluted	17.28	5.80

**25. Related Party Disclosure in accordance with Accounting Standard 18**

- Name of Companies in which Directors/ Key Managerial Personnel and their relatives have significant influence
  - Arvind Engineering Works Limited
  - Security Company Limited
  - Indian Glass & Electricals Ltd.
  - ACMA Industrial Projects (P) Ltd
- Key Managerial Personnel
  - Whole Time Director
    - Mr. K.K. Mohta (Chairman & MD)
    - Mr. K.K. Damani (Executive Director)
    - Mr. Bharat Mohta ( CEO)
  - Executive Officers
    - Mr. R.K. Agarwal (Chief Financial Officer)
    - Mr. Anup Gupta (Company Secretary)



## NOTES ON FINANCIAL STATEMENTS (Contd.)

(₹ in Lacs)

3. Relative of Key Managerial Personnel
  - a) Mrs. Savita Mohta- Spouse of Mr. K. K. Mohta - Chairman & MD
4. Disclosure of Transaction Entered in to with the Related Party and Key Managerial Personnel of the company and their Relatives

Particular	2016 - 2017		2015 - 2016	
	Key Managerial Personnel	Enterprises has significant influence	Key Managerial Personnel	Enterprises has significant influence
a) Salaries and other Employees Benefit	181.97	–	163.55	–
b) Unsecured Loan				
i) Opening Balance	2.50	–	46.53	10.00
ii) Loan Taken	–	288.00	34.00	–
iii) Repaid during the year	2.50	94.00	83.63	10.34
iv) Interest net of TDS	0.27	10.25	5.59	0.34
v) Closing Balanace including interest	0.27	204.25	2.50	–
c) Rent paid to relative of KMP	35.60		–	–

### 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. Specified bank Notes (SBN)

Details of SBN held and transacted during 08.11.2016 to 30.12.2016 as required Under Schedule III of the Companies Act, 2013, as amended

	SBN	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	351,000	1,730,163	2,081,163
Add:- Permitted Receipt	-	1,713,000	1,713,000
	351,000	3,443,163	3,794,163
Less:- Permitted Payments	115,000	3,367,019	3,482,019
	236,000	76,144	312,144
Less:- Amount Deposited in Bank	236,000	-	236,000
Closing Balance as on 31.12.2016	-	76,144	76,144



## NOTES ON FINANCIAL STATEMENTS (Contd.)

### 28. Corporate Social Responsibility (CSR)

A CSR Committee has been formed by the Company as per the provision of Section 135 of the Companies Act, 2013. The details of expenditure being incurred during the year on CSR activities are -

- a) Amount of Rs. 6.77 Lacs required to be spend by the Company during the year.
- b) Revenue Expenditure incurred during the year towards Prime Minister's Relief Fund and Swachh Ganga Abhiyan as part of CSR activities amounting to Rs. 4.00 Lacs.
- c) Amount unspend Rs. 2.77 Lacs, will be utilised during the FY 2017 - 18 along with the CSR expenditure for current year.

### 29. Contingent Liabilities and Commitments

- a) Katha, the main product of the Company "Katha" 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 CAS 4 but also reduced the demand 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 stayed the demand till disposal of the case with the observation that the appellant have prima face 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% upto 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. 11.54 crores for the period from 1st March'2011 to 30th June'2014. 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 was in case of KATHA was also accepted by CESTAT, New Delhi and vide their Order dated 28th July'2014 and dated 27th November'2014 stayed the demand unconditionally and finally the authority passed the order in Company's favour vide order no. A/70009/2017-EX(DB) dated 04.01.2017

Consequently as per legal advice obtained departments action is not tenable based on the 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 crystallized

- b) Demand for Sales tax amounting to Rs. 139.98 lacs (Rs. 131.93 lacs) which are not acknowledged as debts. Against the same Company has paid under protest a total of Rs. 18.22 lacs (Rs. 10.06 lacs) included in Loans and Advances and TDR of Rs. 2.64 lacs (Rs. 2.48 lacs) are deposited with the Sales Tax authorities.
- (c) Mandi Samitee 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.
- (d) Capital Commitment towards Joint Ventures a) M/s Agro and Spice Trading Pte Ltd, Singapore Rs. 324 Lacs (663 Lacs) b) PT Sumtra Resources International, Indonesia - Nil (49.75 Lacs)


**NOTES ON FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

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

	31st March, 2017		31st March, 2016	
	% of Consumption	Value (Rs.)	% of Consumption	Value (Rs.)
Raw Materials				
Indigenous	39.90	4,732.24	26.50	1,727.39
Imported	60.10	7,128.59	73.50	4,790.99
	100.00	11,860.83	100.00	6,518.38
Stores & Spare Parts :				
Indigenous	100.00	435.88	100.00	391.39
Consumable Stores :				
Indigenous	100.00	87.20	100.00	80.10

**31. Earning in Foreign Currency**

Export of Goods Calculated on F.O.B Basis NIL NIL

32. CIF Value of Imports 7,196.50 4,245.34

33. Expenditure travelling in Foreign Currency 43.68 30.08

34. For better presentation previous year's figures have been regrouped / re-arranged 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 : 30th May, 2017**

**For and on Behalf of the Board**  
**K. K. Damani** **Bharat Mohta**  
*Executive Director* *Chief Executive Officer*  
  
**R. K. Agarwal** **R. P. Chetani**  
*Chief Financial Officer* *Director*  
  
**Anup Gupta**  
*Company Secretary*



## **INDEPENDENT AUDITORS' REPORT**

To  
The Members of  
The Indian Wood Products Company Limited

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of M/s The Indian Wood Products Company Limited, (herein after referred to as "The Company") and its jointly controlled entity Agro and Spice Trading Pte Limited (together referred to as "The Group"), which comprise the Consolidated Balance Sheet as at March 31, 2017, and the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements**

The Company Board of Directors are responsible for the preparation of this consolidated financial statements in term of requirements of "The Companies Act, 2013" that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the group 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. The respective board of directors of the company and its jointly controlled entity are responsible for maintenance of 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 judgments 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 accounting records relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of consolidated financial statement by the directors of the company as aforesaid.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 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 consolidated 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 consolidated 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 the Board of Directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us 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 aforesaid Consolidated 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 Consolidated Balance Sheet, of the state of affairs of the affairs as at March 31, 2017;
- b) In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date.
- c) In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matters

We did not audit the Financial Statements of jointly controlled entity whose financial statements reflect the group's share of total assets of ₹ 266.08 Lacs as at March 31, 2017, and the group's share of total revenue of ₹ 1120.43 Lacs and net cash inflows amounting to ₹ 15.28 Lacs for the year ended on that date as considered in consolidated the consolidated financial statements. This Financial Statements are certified by the management of the entity and our opinion on the consolidated financial statements in so far as it relates to the amount and disclosures included in respect of these entity in based solely on representations made by the management.

Our opinion on the consolidated financial statements, and our reports on other legal and regulatory requirements below, is not modified with respect to our reliance on the representation made by the management.

### Report on Other Legal and Regulatory Requirements

1. 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 of the aforesaid consolidated financial statements;
  - b. In our opinion proper books of account as required by law have been kept in so far as it appears from our examination of those books
  - c. The Consolidated Balance Sheet, Consolidated Statement of Profit & Loss & Consolidated Cash Flow Statement referred to in this report are in agreement with the books of accounts maintained for the purpose of preparation of Consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164(2) of the Act.
  - f. The company do not have any subsidiary, associates or jointly controlled entity included in consolidated financial statements which are incorporated in India and accordingly separate report on the adequacy of internal financial controls over financial reporting of the group and the operating effectiveness of such controls have not been annexed to this report.
  - g. 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 group does not have any pending litigations which would impact its financial position
    - ii. The group 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 was no amount which was required to be transferred to Investors Education and Protection Fund.

For **S. K. AGRAWAL & CO.**  
Chartered Accountants  
Firm's Registration No. - 306033E  
**(J. K. Choudhury)**  
Partner  
Membership No.009367

**Date: 30th May, 2017**  
**Place: Kolkata**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017**(Amount in Lacs)  
As at  
March 31, 2016

	Note No.	As at March 31, 2017	As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	640.03	160.23
(b) Reserves and surplus	3	2,868.88	2,219.66
		<b>3,508.91</b>	<b>2,379.89</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	446.31	215.04
(b) Deferred tax liabilities (Net)	5	85.33	61.27
(c) Other Long term liabilities	6	124.59	124.32
(d) Long-term provisions	8	210.27	125.01
		<b>866.50</b>	<b>525.64</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	4	4,161.14	1,588.09
(b) Trade payables	7	3,895.05	1,344.76
(c) Other current liabilities	9	162.85	76.76
(d) Short-term provisions	10	455.00	44.06
		<b>8,674.04</b>	<b>3,053.67</b>
<b>TOTAL</b>		<b>13,049.45</b>	<b>5,959.20</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
Tangible assets	11	1,908.87	1,301.96
Goodwill		4.40	
Capital work-in-progress		67.15	9.86
(b) Non-current investments	12	0.02	0.02
(c) Long-term loans and advances	13	270.90	113.77
		<b>2,251.34</b>	<b>1,425.61</b>
<b>2 Current assets</b>			
(a) Inventories	14	4,920.49	1,870.76
(b) Trade receivables	15	4,229.05	1,750.34
(c) Cash and cash equivalents	16	326.07	394.17
(d) Short-term loans and advances	17	1,322.50	518.32
		<b>10,798.11</b>	<b>4,533.59</b>
<b>TOTAL</b>		<b>13,049.45</b>	<b>5,959.20</b>

The accompanying notes 1 to 34 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 : 30th May, 2017

For and on Behalf of the Board  
**K. K. Damani**  
Executive Director  
**Bharat Mohta**  
Chief Executive Officer  
**R. K. Agarwal**  
Chief Financial Officer  
**R. P. Chetani**  
Director  
**Anup Gupta**  
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

	Refer Note No.	31st March, 2017	(Amount in Lacs) 31st March, 2016
<b>Revenue from operations</b>			
Sales		19,906.37	12,505.95
Less: Excise duty		817.68	576.01
		<b>19,088.69</b>	11,929.94
Other income	18	53.37	35.00
<b>Total Revenue</b>		<b>19,142.06</b>	11,964.94
<b>Expenses:</b>			
Cost of materials consumed	19	12,889.52	6,518.38
Changes in inventories of finished goods works in progress and stock in Trade	20	-1,524.49	470.21
Manufacturing Expense	21	2,972.63	2,189.67
Employee benefits expense	22	1,937.07	1,629.12
Finance costs		309.91	210.94
Depreciation	11	223.10	149.36
Other expenses	23	556.81	310.50
Total expenses		<b>17,364.54</b>	11,478.18
<b>Profit before tax</b>		<b>1,777.52</b>	486.76
Less: Current tax expenses		650.00	155.00
Tax for earlier year		-8.31	-34.84
FBT Excess Provision Written Back		-	-0.07
Deferred tax expenses	5	24.06	-1.15
<b>Profit for the year</b>		<b>1,111.77</b>	367.82
<b>Earnings per equity share: Basic</b>	24	<b>17.37</b>	5.75
<b>Diluted</b>		<b>17.37</b>	5.75

The accompanying notes 1 to 34 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 : 30th May, 2017**

For and on Behalf of the Board  
**K. K. Damani**  
*Executive Director*  
**Bharat Mohta**  
*Chief Executive Officer*  
**R. K. Agarwal**  
*Chief Financial Officer*  
**R. P. Chetani**  
*Director*  
**Anup Gupta**  
*Company Secretary*





**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017** (₹ in Lacs)

	31st March, 2017		31st March, 2016	
	Rs.	Rs.	Rs.	Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax		1771.73		486.76
<b>Adjustment for</b>				
Depreciation	223.07		149.36	
Interest Expenses	309.91		210.94	
Interest Received	(14.73)		(28.85)	
Liabilities no longer required written back	(5.43)		(2.97)	
Profit on sale of Joint Venture	3.36		14.21	
Loss / Gain on sale of Fixed Assets	3.32		--	
Profit on Foreign Exchange	(36.79)	482.71	8.42	351.11
Operating Profit/(Loss) before working capital changes		2254.44		837.87
<b>Adjustment for</b>				
Trade & Other Receivables	(3477.52)		(479.31)	
Inventories	(3049.73)		526.48	
Trade Payables	2710.73	(3816.52)	(364.12)	(316.95)
Cash generated for operations		(1562.08)		520.92
Direct Tax Paid		187.10		150.00
Cash Flow before extra ordinary items		(1749.18)		370.92
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		(1749.18)		370.92
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		(871.61)		(403.84)
Sale of Fixed Assets		8.30		
Interest Received		14.73		28.85
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(848.58)		(374.99)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Shares		--		95.28
Proceeds from Borrowings		2808.85		179.74
Repayment of Borrowings		(4.54)		(60.13)
Dividend / Dividend tax paid		(22.20)		(22.26)
Interest paid		(280.78)		(215.37)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		2501.33		(22.74)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 (Cont.)** (₹ in Lacs)

<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(96.43)</b>	(26.81)
CASH AND CASH EQUIVALENTS (Note 2 below)		
AT START OF THE YEAR	<b>394.17</b>	418.10
EFFECT OF FOREIGN CURRENCY TRANSLATION RESERVE	<b>17.25</b>	2.88
OPENING CASH BALANCE ON ACQUISITION OF JV	<b>11.08</b>	-
AT CLOSE OF THE YEAR	<b>326.07</b>	394.17

**NOTE:**

- 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

	<b>31.03.2017</b>	31.03.2016
2 Cash and cash equivalents consists of		
Cash / Cheques in Hand	<b>62.14</b>	52.02
Balance with Scheduled Bank	<b>263.93</b>	342.15
	<b>326.07</b>	394.17

- 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 : 30th May, 2017**

**For and on Behalf of the Board**

<b>K. K. Damani</b> <i>Executive Director</i>	<b>Bharat Mohta</b> <i>Chief Executive Officer</i>
<b>R. K. Agarwal</b> <i>Chief Financial Officer</i>	<b>R. P. Chetani</b> <i>Director</i>

**Anup Gupta**  
*Company Secretary*



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

### 1 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### (a) Principal of Consolidation

The Consolidated Financial Statement of The Indian Wood Product Co Ltd (“The Company”) and its Joint Ventures with M/s. PT Sumatra Resources International, Indonesia & M/s Agro and Spice Trading Pte Ltd, Singapore has been consolidated as per Accounting Standard - 27 Financial Reporting of Interest in Joint Ventures. The Consolidated Financial Statement have been prepared on the following basis

- i) Consolidated financial statements have been combined on a line-by-line basis (proportionate consolidated method) by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra-group transactions/balances and resulting unrealised profits.
- ii) The difference between the cost of investment in the Joint Ventures over its proportionate share in the net assets value at the time of acquisition of stake in Joint Ventures is recognised in the financial statements as Goodwill or Capital Reserve as the case may be. For this purpose, the company’s share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation is adjusted against Goodwill.
- iii) As far as possible the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company’s financial statements.
- iv) The financial statements of the entities used for the purpose of consolidation are drawn up to the same reporting date as that of the company.
- v) Foreign Exchange fluctuations on conversion of the accounts of Joint Ventures have been taken to “Foreign Currency Translation Reserve” (Arising on Consolidation).

#### (b) Basis of preparation of Consolidated Financial Statements

The Consolidated 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.

#### (c) Fixed Assets :

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

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gain or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

#### (d) Investments :

Long term Investment are stated at cost.

#### (e) Inventories:

Inventories are valued at Cost or Net Relisable Value, whichever is lower. Cost Formula is determined below:

- 1 Raw Material and consumables - FIFO method.
- 2 Finished Goods, Stores, Spares, Work-in-Progress - Weighted Average Method.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)**(f) 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.

**(g) Research and Development Expenditure :**

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

**(h) Recognition of Income and Expenditure:**

Items of Income and Expenditure are recognized on accrual basis

**(i) Foreign Currency Transaction:**

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

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

**(j) 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.

**(k) Borrowing Cost:**

Borrowing costs are attributable to the acquisition of construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowings costs are charge to revenue

**(l) 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 taxation law prevailing in the country.

Deferred tax is recognized, 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 recognized 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.

**(m) Impairment of Assets :**

Impairment of loss is recognized 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 recognized and provided for after estimating recoverable amount of that particular asset.

**(n) 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.



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 2 Share Capital

	As at March 31st, 2017	(₹ in Lacs) As at March 31st, 2016
<b>Authorised Share Capital :</b>		
10000000 Equity Shares of Rs 10/- each	<b>1,000.00</b>	500.00
<b>Issued, Subscribed &amp; Paid Up Capital</b>		
6397272 (1599318) Equity Shares of Rs 10/- each	<b>639.73</b>	159.93
Add: 5682 Equity Shares Forfeited (amount originally paid up)	<b>0.30</b>	0.30
	<b>640.03</b>	160.23

#### 2 (a) Reconciliation of Equity Shares outstanding

	As at March 31st, 2017		As at March 31st, 2016	
	No. of Shares	Amount	No. of shares	Amount
Equity Shares				
Opening Balance	<b>1,599,318</b>	<b>159.93</b>	1,368,318	136.83
Change during the year*	<b>4,797,954</b>	<b>479.80</b>	231,000	23.10
Closing Balance	<b>6,397,272</b>	<b>639.73</b>	1,599,318	159.93

\* During the year the Company has allotted 4797954 fully paid up Bonus Shares of face Value of Rs. 10/- each on 21.10.2016 in the ratio of 3 Shares for every 1 share held.

\* In the previous year with shareholders approval 231000 Preferential Cumulative convertible warrant issued and allotted to the Promoters were converted into equity shares of Rs. 10/- each at a premium of Rs. 45/- per share.

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

	As at March 31st, 2017		As at March 31st, 2016	
	No. of Shares	%	No. of Shares	%
1 Security Company Ltd.	<b>1,220,356</b>	<b>19.08</b>	305,089	19.08
2 Avanti Mohta	<b>752,616</b>	<b>11.76</b>	188,154	11.76
3 Bharat Mohta	<b>758,900</b>	<b>11.86</b>	189,725	11.86
4 Savita Mohta	<b>916,020</b>	<b>14.32</b>	229,005	14.32


**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

**3 Reserve & Surplus**

	As at March 31st, 2017		As at March 31st, 2016	
<b>Capital Reserve</b>				
Premium on reissue of Forfeited shares		0.03		0.03
<b>Securities Premium Reserve</b>				
As per last Account	379.71		275.76	
Add : for the year	–		103.95	
Less: Amount Utilized for issue of Bonus Shares	379.71	–	–	379.71
<b>Revaluation Reserve</b>				
As per last Account	292.75			292.75
<b>General Reserve</b>				
As per last Account	450.00		450.00	
Less: Amount Utilized for issue of Bonus Shares	100.09	349.91	–	450.00
<b>Foreign Currency Translation Reserve</b>				
Opening Balance	2.88		–	
Addition during the year	17.25	20.13	2.88	2.88
<b>Surplus</b>				
Opening Balance	1,094.29		754.53	
Add : Profit for the year	1,111.77		367.82	
Amount available for appropriation	2,206.06		1,122.35	
Proposed Dividend				
For the year -Refer Note Below (Rs.1.25)	–		(24.06)	
Tax on Dividend for the Year	–		(4.00)	
Closing Balance	2,206.06			1,094.29
	<b>2,868.88</b>			<b>2,219.66</b>

**Note:** The Board of Director has recommended a dividend of Rs. 0.60/- per equity shares of Rs. 10/ each subject to the approval of shareholders in the ensuing Annual general Meeting. Proposed dividend as above amounting to Rs. 38.38 Lacs for the Financial Year 2016 - 17 and dividend distribution tax thereon, has not been recognized as liability as on 31.03.2017 in terms of revised Accounting Standard – 4 'Contingencies and events occurring after Balance Sheet' as notified by Ministry of Corporate Affairs through Companies (Accounting Standards) Amendment Rules, 2016 dated 30.03.2016. Consequently the same has not been appropriated for surplus during the year.



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<b>4. Borrowings</b>		
<b>Non-Current Liabilities :</b>		
Long Tem Borrowings - Secured		
Term Loan from Banks and Financial Institution (Refer Note No. 2)	446.31	215.04
<b>Current liabilities :</b>		
Short term Borrowings - Secured		
Current maturities of Long term borrowings	248.78	99.19
Loan repayable on demand from banks (Refer Note No. 1)	2,664.13	1,352.86
Unsecured -		
From Bodies Corporate	1,247.96	131.50
From Directors	0.27	2.50
Deposits	-	2.04
	<b>4,161.14</b>	<b>1,588.09</b>

**Note:**

- Working Capital facilities and Capex Term Loan including LC & Buyers Credit Limit are from Union Bank of India (Rs. 21.25 lacs) and DBS Bank ( Rs. 28.95 lacs), on multiple banking system Secured by charge of stocks of Raw material, Katha and Cutch whether Raw or in process of manufacture and all articles manufactured there from, Stores, Book debts, Plant & Machinery and certain other assets and mortgaged by deposit of title deeds of Land at Bareilly measuring 91,600 square meter on pari - passu basis and also have been guaranteed by two Promoter Directors. Additionally a corporate guarantee provided by an associate Company
- The Term Loan are Secured by hypothecation of related equipments /vehicles purchased and the Terms of repayment of Term Loan are –

Particulars	Sanctioned Amount (Rs. In lacs)	Period & Repayment tenure	Installment value & terms	No. of Installment sanctioned & due		Rate of Interest
Capex Term Loan from Union Bank of India, Bareilly (Main Branch)						
Old	150.00	Feb '14 to Jan' 19	Rs. 2.50/- P.M.	60	22	MCLR + 1.05%
New*	500.00	April' '17 to Jan '21	Rs. 31.25/- Per Qtr	16	16	MCLR + 1.05%
Capex Term Loan from DBS Bank Ltd., Kolkata (Main Branch)	290.00	Nov '15 to Oct '19	Rs. 6.33/-P.M.	48	31	11.85%
Auto loan from Union bank of India, Bareilly (Main Branch)	5.75	Dec'14 to Nov'19	EMI of Rs. 12,400/- P.M.	60	32	10.70%
HDFC Bank, Kolkata	11.25	Aug '16 to July '21	23,627/- P.M.	60	52	9.50%
ICICI Bank , Kolkata	48.00	Apr '14 to Mar '19	1,02,577/- P.M.	60	24	10.24%
Kotak Mahindra Prime Ltd	14.00	Sep '14 to Aug '17	45,100/- P.M.	36	5	9.85%

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


**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<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	61.27	62.42
Add : Debit/ Credit for the year	24.06	(1.15)
Closing balance	<u>85.33</u>	<u>61.27</u>
<b>6. Other Long Term Liabilities</b>		
Contractors and Customers Security Deposits	10.13	10.13
Advance from Customers	94.25	94.22
Others	20.21	19.97
	<u>124.59</u>	<u>124.32</u>
<b>7. Trade payable</b>	<b>3,895.05</b>	<b>1,344.76</b>
<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>8. Provisions</b>		
Long term provisions for Employees Benefits		
Gratuity ( Refer Note : 22)	77.10	23.56
Leave Encashment	133.17	101.45
	<u>210.27</u>	<u>125.01</u>
<b>9. Other Current Liabilities</b>		
Interest accrued but not due	-	0.63
Advance from Customer	4.73	4.51
Other statutory liabilities	158.12	71.62
	<u>162.85</u>	<u>76.76</u>
<b>10. Short term Provision</b>		
Provision for taxation (Net)	455.00	20.00
Proposed Dividend	-	19.99
Tax on Dividend	-	4.07
	<u>455.00</u>	<u>44.06</u>





(₹ in Lacs)

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**11. Fixed Assets**

Description	GROSS BLOCK – AT COST			DEPRECIATION			NET BLOCK		
	As at 1st April 2016	Additions	Sales/ Adjustments	As at 31st March 2017	As at 1st April 2016	Charge for the Period	Sales/ Adjustments	As at 31st March 2017	As at 31st March 2016
<b>Tangible Assets :</b>									
Freehold land	195.71	55.83	28.72	222.82	-	-	-	222.82	195.71
{Refer Note No. (14(a))									
Building	194.03	36.80	-	230.83	63.96	7.38	-	159.49	130.07
Tubewell	2.74	2.06	-	4.80	2.47	0.20	-	2.13	0.27
Plant & Machinery	470.61	410.33	-	880.94	148.14	61.71	-	671.09	322.47
Effluent Treatment Plant	20.79	-	-	20.79	19.75	-	-	1.04	1.04
Electric Installation	236.83	23.57	-	260.40	100.67	22.97	-	136.76	136.16
Weighing Scale	5.59	0.91	-	6.50	3.60	0.38	-	2.52	1.99
Trolleys & Trays	173.12	90.35	-	263.47	122.94	9.22	-	131.31	50.18
Laboratory Apparatus	5.07	0.41	-	5.48	4.28	0.14	-	1.06	0.79
Refrigeration & Cooling System	568.36	215.33	-	783.69	239.76	89.05	-	454.88	328.60
Motor Cars & Vehicle	200.24	13.55	38.49	175.30	92.34	22.37	26.87	87.46	107.90
Computer	45.74	7.28	-	53.02	39.11	5.18	-	8.73	6.63
Furniture, Fixtures & Office Equipment	71.01	13.93	-	84.94	50.86	4.50	-	29.58	20.15
<b>Total</b>	<b>2,189.84</b>	<b>870.35</b>	<b>67.21</b>	<b>2,992.98</b>	<b>887.88</b>	<b>223.10</b>	<b>26.87</b>	<b>1,908.87</b>	<b>1,301.96</b>
Previous Year	1,756.93	432.91	-	2,189.84	738.52	149.36	-	1,301.96	



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<b>12. Non Current Investments</b>		
<b>Other Investment</b>		
339 (339) Equity Shares of Rs 10/- each fully paid up in M/s. Vishnuhari Investment & properties Ltd.	0.02	0.02
	<u>0.02</u>	<u>0.02</u>
<b>13. Long Term Loans &amp; Advances</b>		
Unsecured - Considered Good		
Security Deposits	26.93	24.76
Others Loans & Advances		
Deposit with Govt. Authorities	68.70	67.21
Advance for Share Application		
PT Sumatra Resources International, Indonesia	162.10	-
Tax Deposited at Source	13.17	21.80
	<u>270.90</u>	<u>113.77</u>

**Note:** Other Loans and advance include Rs.40.00 lacs (Rs. 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	1,868.31	517.34
Work in process	1,885.25	890.20
Finished Goods {Ref note (b) below}	853.59	206.90
Consumables	4.45	8.43
Stores and Spare parts	181.78	120.85
Tools and Implements	0.95	0.88
	<u>4,920.49</u>	<u>1,870.76</u>

**Note:**

- The free hold land at Bareilly was revalued in the year 2008-09 based on the rate as on 1.04.1981. The surplus over cost aggregating to Rs.2.93 crores arising on revaluation was credited to Revaluation Reserve Account. Consequently the surplus land admeasuring 112387 Sq.mtr valuing Rs.1.26 crores was appropriated as stock in trade
- Finished good includes excise duty of Rs. 46.86 Lacs (8.43 Lacs)

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	As at March 31st, 2017	As at March 31st, 2016
<b>15. Trade Receivable</b>		
Debts Outstanding for more than 6 months		
Unsecured - Considered good	62.02	38.20
Other Debts		
Secured - Considered Good	0.30	1.55
Unsecured - Considered good	4,166.73	1,710.59
	<u>4,167.03</u>	<u>1,712.14</u>
	<u>4,229.05</u>	<u>1,750.34</u>
<b>16. Cash &amp; Cash Equivalents</b>		
Cash in hand	13.82	9.94
Cheques, Drafts in hand	48.32	42.08
	<u>62.14</u>	<u>52.02</u>
Balance with Banks		
In Current Account	59.30	149.21
In Deposit Account with Banks		
Against Margin Money for Letter of Credit	201.94	189.94
Against Sales Tax {Refer Note no. 29 (b)}	2.64	2.64
Against Others Compliances	0.05	0.36
	<u>263.93</u>	<u>342.15</u>
	<u>326.07</u>	<u>394.17</u>
<b>17. Short Term Loans &amp; Advances</b>		
Unsecured - Considered good		
Advance to Materials Suppliers	387.14	168.04
Advance to employees	23.74	8.44
Interest receivable	21.76	12.87
Excise duty Credit	687.45	284.25
Others	202.41	44.72
	<u>1,322.50</u>	<u>518.32</u>
<b>18. Other Income</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>
Interest On Fixed Deposits & Others	14.73	28.85
Liabilities no longer required written back	5.43	2.97
Profit on Sale of Joint Venture	3.36	-
Other Miscellenous Income	29.85	3.18
	<u>53.37</u>	<u>35.00</u>


**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	2016 - 2017	2015 - 2016
<b>19. Cost of Materials Consumed</b>		
Raw materials Consumed		
Opening Stock	517.34	553.78
Purchases	14,248.55	6,361.09
Add: Extraction expenses	51.14	40.61
Foreign Exchange Fluctuations (Net)	(59.20)	80.24
	<u>14,757.83</u>	<u>7,035.72</u>
Less: Closing stock	1,868.31	517.34
Raw Materials consumed	<u>12,889.52</u>	<u>6,518.38</u>
<b>20. Change in Inventory</b>		
Stock of Finished Good & Stock in Process as at 1st April, 2016	1,088.67	1,558.88
Less: Stock of Finished Good & Stock in Process as at 31st March, 2017	2,613.16	1,088.67
(Increase)/ Decrease	<u>(1,524.49)</u>	<u>470.21</u>
<b>21. Manufacturing Expenses</b>		
Stores and Spare parts consumed	435.89	391.39
Other Consumable and Chemicals Consumed	87.20	80.10
Power and Fuel	211.61	327.30
Electric, Light & Power	427.17	367.34
Rent	28.97	0.22
Insurance	11.24	5.53
Repairs & Maintenance		
Buildings	7.42	28.35
Plant & Machinery	43.54	52.90
Others	24.53	14.69
Machine Katha Expenses	713.78	621.30
Rates & Taxes	670.94	55.07
Traveling Expenses	36.45	19.00
Misc. expenses	273.89	226.48
	<u>2,972.63</u>	<u>2,189.67</u>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	2016 - 2017	2015 - 2016
<b>22. Employees Benefit Expenses</b>		
Salaries, Wages, Bonus & Other Benefits	1,685.98	1,431.91
Contribution to Provident Fund	89.84	74.40
Staff Welfare Expenses	161.25	122.81
	<u>1,937.07</u>	<u>1,629.12</u>

As per Actuarial Valuations as on 31.03.2017 and recognized in the financial statements in respect of Employees benefit schemes.

**A. Component of Employer Expenses**

1 Current service Cost	19.58
2 Interest Cost	18.74
3 Expected Return on Plan Asset	-
4 Actuarial Losses/(gain)	42.00
5 Expenses directly paid by the Company ( For Current Year)	-
6 Total Expenses recognized in the Statement of Profit & Loss	80.32

**B. Net Asset / (Liability) Recognised in Balance sheet as at 31.03.2017**

1 Present Obligation of Defined Benefit Obligation	369.96
2 Fair Value of Plan asset	292.86
3 Net asset/(Liability) recognised in the Balance sheet	77.10

**C. Change in Defined Benefit Obligation during the year ended 31.03.2017**

1 Present Value of DBO at Beginning of period	294.07
2 Current Service Cost	19.58
3 Interest Cost	18.74
4 Actuarial Losses/(gains)	0.56
5 Benefits paid	40.09
6 Present value of DBO at the end of period	292.86

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

1 Plan asset at the beginning of the period	294.07
2 Return on Plan Asset	18.74
3 Actuarial Gain	0.56
4 Actual company contributions	19.58
5 Benefits paid	(40.09)
6 Plan Assets at the end of the period	292.86

**E. Actuarial Assumption**

1 Discount Rate (%)	8.00%
2 Expected return on plan assets (%)	8.51%

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


**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

	2016 - 2017	2015 - 2016
<b>23. Other Expenses</b>		
Rent Expenses	50.09	8.13
Rates and Taxes	0.79	0.42
Insurance	4.21	2.88
Other Repairs	2.69	0.97
Traveling Expenses	157.55	74.58
Auditors Remuneration		
For Audit fees	3.74	2.00
For Other Services	0.62	0.42
Directors sitting fees	2.40	1.58
Misc. Expenses	305.15	192.82
Advances Written off	-	14.21
Loss on Sale of Fixes Assets	3.32	-
Loss on Currency Derivatives	24.58	8.42
Sales Tax paid for Earlier year	1.67	0.72
Pre-operative Expenses written off	-	3.35
	<b>556.81</b>	<b>310.50</b>
<b>24. Earning per Share</b>		
1 Net Profit attributable to Equity Share Holder Basic & Diluted EPS	1,111.77	3.67.82
2 Weighted Average Number of Equity Share for Basic EPS	6,397,272	6,397,272
Weighted Average Number of Equity Share for Diluted EPS	6,397,272	6,397,272
3 Nominal Value of Equity Shares	Rs. 10	Rs. 10
4 Earning Per Equity Shares		
Basic	17.37	5.75
Diluted	17.37	5.75

**25. Related Party Disclosure in accordance with Accounting Standard 18**
**1. Name of Companies in which Directors/ Key Managerial Personnel and their relatives have significant influence**

- |                                     |                                      |
|-------------------------------------|--------------------------------------|
| a) Arvind Engineering Works Limited | c) Indian Glass & Electricals Ltd.   |
| b) Security Company Limited         | d) ACMA Industrial Projects (P) Ltd. |

**2 Key Managerial Personnel**

- a) Whole Time Director
- (i) Mr. K.K. Mohta (Chairman & MD)
- (ii) Mr. K.K. Damani (Executive Director)
- (iii) Mr. Bharat Mohta (CEO)
- b) Executive Officers
- (iv) Mr. R.K. Agarwal (Chief Financial Officer)
- (v) Mr. Anup Gupta (Company Secretary)

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)**3 Relative of Key Managerial Personnel**

a) Mrs. Savita Mohta- Spouse of Mr. K. K. Mohta - Chairman &amp; MD

**4 Disclosure of Transaction Entered in to with the Related Party and Key Managerial Personnel of the company and their Relatives**

(₹ in Lacs)

Particulars	2016 - 2017		2015 - 2016	
	Key Managerial Personnel	Enterprises has significant influence	Key Managerial Personnel	Enterprises has significant influence
a) Salaries and other Employees Benefit	181.97	-	163.55	-
b) Unsecured Loan				
i) Opening Balance	2.50	-	46.53	10.00
ii) Loan Taken	-	288.00	34.00	-
iii) Repaid during the year	2.50	94.00	83.63	10.34
iv) Interest net of TDS	0.27	10.25	5.59	0.34
v) Closing Balanace including interest	0.27	204.25	2.50	-
c) Rent paid to relative of KMP	35.60		-	

**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. Specified bank Notes (SBN)**

Details of SBN held and transacted during 08.11.2016 to 30.12.2016 as required Under Schedule III of the Companies Act, 2013, as amended

	SBN	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	351,000	1,730,163	2,081,163
Add:- Permitted Receipt	-	1,713,000	1,713,000
	351,000	3,443,163	3,794,163
Less:- Permitted Payments	115,000	3,367,019	3,482,019
	236,000	76,144	312,144
Less:- Amount Deposited in Bank	236,000	-	236,000
Closing Balance as on 31.12.2016	-	76,144	76,144



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 28. Corporate Social Responsibility (CSR)

A CSR Committee has been formed by the Company as per the provision of Section 135 of the Companies Act, 2013. The details of expenditure being incurred during the year on CSR activities are -

- a) Amount of Rs. 6.77 Lacs required to be spend by the Company during the year.
- b) Revenue Expenditure incurred during the year towards Prime Minister's Relief Fund and Swachh Ganga Abhiyan as part of CSR activities amounting to Rs. 4.00 Lacs.
- c) Amount unspend Rs. 2.77 Lacs, will be utilised during the FY 2017 - 18 along with the CSR expenditure for current year.

### 29. Contingent Liabilities and Commitments

- a) Katha, the main product of the Company "Katha" 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 CAS 4 but also reduced the demand 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 stayed the demand till disposal of the case with the observation that the appellant have prima face 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 he department and liable to excise duty @ 6% (5% upto 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. 11.54 crores for the period from 1st March'2011 to 30th June'2014. This change in the contention of the department is not acceptable to the Company and the Company preffered an appeal against the same which is also pending before tribunal. In a similar case at Kanpur Commissionerate adjudating 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 was in case of KATHA was also accepted by CESTAT, New Delhi and vide their Order dated 28th July'2014 and dated 27th November'2014 stayed the demand unconditionally and filnally the authority passed the order in Company's favour vide order no. A/70009/2017-EX(DB) dated 04.01.2017

Consequently as per legal advice obtained departments action is not tenable based on the 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 crystallized

- (b) Demand for Sales tax amounting to Rs. 139.98 lacs (Rs. 131.93 lacs) which are not acknowledged a debts. Against the same Company has paid under protest a total of Rs. 18.22 lacs (Rs. 10.06 lacs) included in Loans and Advances and TDR of Rs. 2.64 lacs (Rs. 2.48 lacs) are deposited with the Sales Tax authorities.
- (c) Mandi Samitee 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.
- (d) Capital Commitment towards Joint Ventures a) M/s Agro and Spice Trading Pte Ltd, Singapore Rs. 324 Lacs (663 Lacs) b) PT Sumtra Resources International, Indonesia - Nil (49.75 Lacs)



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS** (Contd.)

(₹ in Lacs)

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

	31st March, 2017		31st March, 2016	
	% of Consumption	Value (Rs.)	% of Consumption	Value (Rs.)
Raw Materials				
Indigenous	36.71	4,732.24	26.50	1,727.39
Imported	63.29	8,157.28	73.50	4,790.99
	100.00	12,889.52	100.00	6,518.38
Stores & Spare Parts :				
Indigenous	100.00	435.88	100.00	391.39
Consumable Stores :				
Indigenous	100.00	87.20	100.00	80.10

**31. Earning in Foreign Currency :**

Export of Goods Calculated on F.O.B Basis NIL NIL

**32. CIF Value of Imports** 7,196.50 4,245.34

**33. Expenditure travelling in Foreign Currency** 43.68 30.08

**34.** For better presentation previous year's figures have been regrouped / re-arranged 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 : 30th May, 2017**

**For and on Behalf of the Board**

<b>K. K. Damani</b> <i>Executive Director</i>	<b>Bharat Mohta</b> <i>Chief Executive Officer</i>
<b>R. K. Agarwal</b> <i>Chief Financial Officer</i>	<b>R. P. Chetani</b> <i>Director</i>
<b>Anup Gupta</b> <i>Company Secretary</i>	

