



*96th
Annual Report
and Accounts
2015-2016*

THE INDIAN WOOD PRODUCTS COMPANY LIMITED



BOARD OF DIRECTORS	:	Mr. Krishna Kumar Mohta, <i>Chairman</i> Mr. Bharat Mohta, <i>Whole Time Director</i> Mr. Krishna Kumar Damani, <i>Executive Director</i> Mr. Rajendra Prasad Chetani Mrs. Sunita Sarma Mr. Vinod Mimani, <i>Independent Director</i> Mr. Sanjay Kumar Maheshwary, <i>Independent Director</i> Mr. Vinod Kumar Maheshwary, <i>Independent Director</i>
CHIEF FINANCIAL OFFICER (CFO)	:	Mr. Raj Kumar Agarwal
COMPANY SECRETARY	:	Mr. Anup Gupta
BANKERS	:	Union Bank of India, Bareilly D. B. S. Bank Ltd., Kolkata
AUDITORS	:	S. K. Agrawal & Co. Suite No. 606-608 The Chambers, Opp. Gitanjali Stadium 1865, Rajdanga Main Road, Kasba, Kolkata-700 107

REGISTRAR

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

REGISTERED OFFICE

Bombay Mutual Building, 7th Floor,
9, Brabourne Road,
Kolkata-700 001
CIN NO. : L20101WB1919PLC003557
Phone : (033) 82320 23820, Fax : (033) 2242 6799
E-mail : iwpcal1@cal2.vsnl.net.in
Website : www.iwpkatha.com

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ANNUAL GENERAL MEETING ON WEDNESDAY 28TH SEPTEMBER, 2016

AT

BHARATIYA BHASHA PARISHAD AT 3.30 p. m.

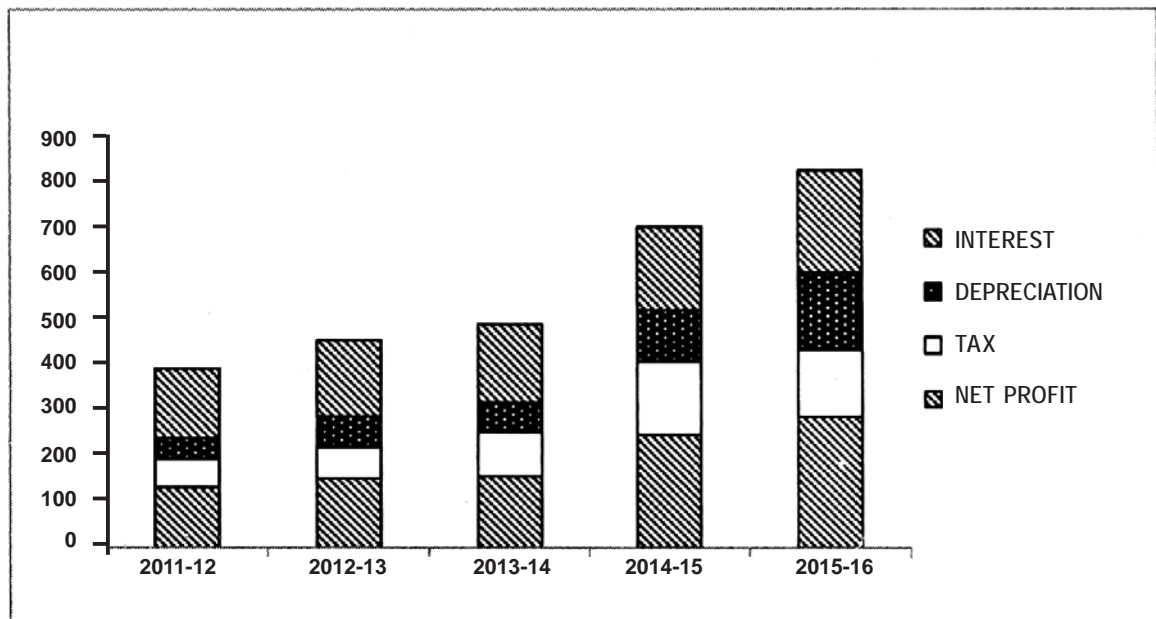


STAND ALONE FIVE YEAR PROGRESS AT A GLANCE

	(₹ in lacs)				
	2011-12	2012-13	2013-14	2014-15	2015-16
1. TURNOVER / REVENUE (NET)	7518.93	7635.01	9333.22	10171.11	11964.41
2. PROFIT BEFORE DEPRECIATION					
INTEREST & TAX	412.57	443.03	635.48	748.02	850.41
3. INTEREST	149.33	153.29	163.48	202.20	210.94
4. DEPRECIATION	62.41	58.40	101.11	151.86	149.36
5. PROFIT BEFORE TAX	200.83	231.34	370.89	393.96	490.11
6. TAX	61.96	88.61	144.87	131.38	118.94
7. NET PROFIT	138.87	142.73	226.02	262.58	371.17
8. DIVIDEND / DIVIDEND TAX	12.48	12.48	13.99	24.06 *	24.06
9. RATE OF DIVIDEND (%)	10	10	10	12.5	12.5
10. EQUITY	107.73	107.73	119.88	137.13 *	160.23
11. RESERVES & SURPLUS	1077.46	1207.71	1474.42	1773.07	2220.13
12. NETWORTH	1185.19	1315.44	1594.30	1910.20	2380.36
13. EARNING PER SHARES IN Rs.	12.93	13.29	21.01	21.19	25.74

* See Note 3

APPROPRIATION OF OPERATING PROFIT (PBIT)





DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting their 96th Annual Report together with the Audited Accounts for the year ended 31st March, 2016.

FINANCIAL RESULTS

Particulars	(₹ in lacs)	
	2015 – 16	2014 – 15
Revenue from Operations	11929.94	10147.27
Operating Expenses	11114.53	9423.09
Earning before Finance Cost, Tax & Depreciation	815.41	724.18
Other Income	35.00	23.84
Finance Cost	210.94	202.20
Depreciation	149.36	151.86
Profit before tax (PBT)	490.11	393.96
Tax Expenses	118.94	131.38
Surplus / Profit for the year	371.17	262.58
Balance brought forward from previous year	754.53	533.50
Less : Depreciation in respect of Assets whose useful life is over.	–	21.49
Available surplus	1125.70	774.59
APPROPRIATIONS		
Proposed Dividend	19.99	17.10
Tax on Proposed Dividend	4.07	2.96
Transfer to General Reserve	4.00	–
Balance Carried to Balance Sheet	1097.64	754.53
	1125.70	774.59

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.1.25 per equity shares i.e. 12.5% on the enhanced paid up Share Capital of the Company for the financial year ended 31st March, 2016. Subject to approval of the Shareholders at the ensuing Annual General Meeting to be held on 28th September 2016. The total outgo on account of Dividend inclusive of taxes for 2015-2016 is Rs.20.06 lacs. The Current Year operations are encouraging.

REVIEW OF OPERATIONS AND STATE OF AFFAIRS

During the year under review, your Company achieved a higher turnover Rs.12,505.95 lacs as against Rs.10,641.20 lacs during the previous financial year, which represents a growth 17.52%. Profit after tax has also increased from 262.58 lacs in the previous year to Rs.371.17 lacs during the year, which has also grown by 41.6%.

Continuous efforts on modernization and higher operational efficiency have started giving good results. Overall with increased demand and better working, your directors are hopeful for further improved performance in the coming year.

We are also glad to inform you that to meet the increased demand, the Company has entered into an agreement with M/s.Nanhemal Agro (India) Ltd, Daman to supervise the process and purchase of their entire production of Katha & Cutch. This will certainly further improve the profitability of the Company.

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

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 - I to this Report.



DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Paid up Capital and Net worth being less than the prescribed limit, hence Compliance of various provisions as specified in chapter IV of SEBI (Listing obligations and Disclosure Requirements) 2015 are not applicable to the Company.

LISTING OF SHARES

The Shares of the Company are listed at The Calcutta Stock Exchange Ltd, and the Company is regularly paying the listing fees. Since there is no Trading activity at the Calcutta Stock exchange, the Company is in the process of listing its shares at the Metropolitan Stock Exchange of India (MSEI) to provide Trading platform for the benefit of the Shareholders. The Company is Compliant with Code of Practices & Fair Disclosure of Unpublished Price & Code of Conduct as per regulation 8 & 9 respectively of the SEBI (Prohibition of Insider Trading Regulations, 2015) and during the year under review there has been due compliance with the said code.

FIXED DEPOSITS

The Company is not accepting any new Deposits under the Companies Act, 2013. However Deposits accepted U/s.58A of the Companies Act, 1956 are being repaid on maturity as per the provision of the Act and as on 31st March,2016 a sum of Rs.2,04,000/- remains unpaid and are to be paid on subsequent period on maturity.

SECRETARIAL AUDIT REPORT

In compliance to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, the Secretarial Audit Report submitted by Company Secretary in practice for the year ended 31st March,2016 is annexed herewith marked as Annexure – II to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark, hence does not required any further comments /clarification in this regard.

DIRECTORS RESPONSIBILITY STATEMENT

The Company has established and maintains Internal Financial Control Systems over the years. Formal & Independent evaluation of Internal Control by the Internal Auditors, Statutory Auditor & Secretarial Auditor, has resulted in an adequate framework for internal control commensurate with the size and business of the Company. In terms of Section 134(5) of the Companies Act, 2013 your Directors are 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.

NUMBER OF BOARD MEETINGS HELD

The Board of Directors duly met 6(six) time during the financial year from 1st April,2015 to 31st March,2016. The date of the meeting are 28th May,2015, 12th August,2015, 7th September,2015, 28th September, 2015, 9th November,2015, & 3rd February,2016 and the intervening gap between the meetings are within the period prescribed under the Companies Act, 2013.



DIRECTORS' REPORT (Contd.)

CORPORATE SOCIAL RESPONSIBILITY

Presently the Net worth, turnover and the net profit of the Company being less than the prescribed limits, hence corporate social responsibility (CSR) is not applicable to the Company under section 135 of the Companies Act, 2013.

HOLDING, SUBSIDIARIES, ASSOCIATES & JOINT VENTURE

Your Company has no Holding, Subsidiary & Associates Company as on 31st March, 2016. As reported earlier, during the year, the Company established an overseas joint venture, namely PT SUMATRA INTERNATIONAL, Indonesia. The said Company could not start its business activities due to pending regulatory approvals.

The Company has also signed a MOU to establish a 2nd Joint Venture namely Agro Spice & Trading Pte Ltd, Singapore and the agreed remittance will be made from the Financial year 2016-2017 and onwards.

Accordingly as required the consolidated Financial statement of the Company and its Joint Venture at Indonesia, prepared in accordance with relevant accounting standards specified in the Companies Act, 2013 read with the rules made there under, forms part of the Annual Report, and as required under the Companies Act, 2013 AOC-1 is attached to the financial statement of the Company.

COMMITTEE OF THE BOARD

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

a) Audit Committee – A well-qualified Audit Committee as constituted to supervise all financial transactions and to report on actual or suspected fraud etc is working its at place. The Committee Comprises Independent Directors namely Mr.Sanjay Kumar Maheshwary, Mr.Vinod Kumar Maheshwary and Mr.Rajendra Prasad Chetani, as other member. During the year 4 (four) meetings of the Committee were held. The Board accepted all the recommendations made by the Audit Committee during the Financial Year under review.

b) Nomination and Remuneration Committee — The Nomination and Remuneration Committee of the Company has been established as provided under Sec.178 (3) of the Companies Act, to formulate Policy of the Company on Directors appointment and remuneration and for determining qualification and independence. The Committee Comprises Mr.R P Chetani, Mr.V K Maheshwary & Mr.S K Maheshwary, Non executive Directors of the Company. We also confirm that the Remuneration paid to the Directors is as per the terms laid down and adopted in the policy of the Company, and the Policy as formulated has been uploaded on the website of the Company at www.iwpkatha.com

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

d) Risk Management Committee

The Board of Directors is overall responsible for identifying, evaluating and managing all significant risk factors faced by the Company. A Risk Management Committee as formed by the Company is at its place identifying risks factors affecting the business and finding suitable procedure / steps to determine a response strategy, which are periodically reviewed by the Board.

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

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

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



DIRECTORS' REPORT (Contd.)

REMUNERATION TO DIRECTORS

The Company has a defined remuneration policy, which provides market competitive compensation / reward, which derives performance culture and Salary increases, are based on performance rating, business affordability and market competitiveness. Accordingly remuneration paid to executive and non-executive Directors is being reviewed at regular intervals.

MEETING OF THE INDEPENDENT DIRECTORS

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

DIRECTORATE / KEY MANAGERIAL PERSONNEL

Mr. K K Mohta, Whole time Director designated Chairman of the Company has been re-appointed for a further period of 1 (one) year w.e.f. 1st April, 2016 subject to the approval of the members in their ensuing Annual General Meeting.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and under the Articles of Association of the Company Mr R P Chetani, Director of the Company retire by rotation and being eligible offer himself re-appointment.

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

DECLARATIONS OF INDEPENDENT DIRECTORS

The Company has received declarations pursuant to Sec 149(7) of the Companies Act, 2013 from the Independent Directors of the Company confirming that they met the criteria of Independence as prescribed under sub Sec 6 of Section 149 of the Companies Act, 2013.

AUDITORS REPORT

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

AUDITORS

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

The Audit Committee and the Board of Directors recommend M/s.S K Agrawal & Co, Chartered accountant as statutory auditors of the Company for the Financial year 2016-2017 for necessary approval of the Shareholder

M/s. R. K.D.S and Associates, Chartered Accountants, has been appointed to carry out Internal Audit of the Company for the financial year 2016-2017

Mr A K Daga practicing Company Secretary has been appointed to carry out the Secretarial Audit of the Company for the financial year 2016-2017

COST AUDITORS

According to the provisions of the Companies (Cost Records & Audit) amendment Rules 2014 Cost Audit of the Product of the Company is not required. Hence appointment of cost Auditors is also not applicable.

BOARD EVALUATION

As required by the Companies Act 2013 a formal Annual evaluation needs to be made by the Board of its own performance as well as its committees and individual Directors. Accordingly an annual evaluation of the Board and its committees and individual Directors were undertaken during the year

EXTRACT OF ANNUAL RETURN

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



DIRECTORS' REPORT (Contd.)

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any Loan, or Guarantee under the provisions of Sec 186 of the Companies Act, 2013. However Investments made during the year under the said provisions is within the sanctioned limit as accorded by the members in Annual General Meeting held in the previous year and are fully described in the notes to the financial statement.

RELATED PARTY TRANSACTIONS

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

DISCLOSURES UNDER SEXUAL HARASSMENT

In accordance with the provisions of the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made there under, the Company has formulated an Internal Policy on Sexual Harassment which is uploaded on the Companies website www.iwpkatha.com However during the year under review there was no Women employee in the Company.

POLICY ON PRESERVATION OF DOCUMENTS

The policy as framed and approved by the Board is uploaded on the Companies Website www.iwpkatha.com

VIGIL MECHANISM

The Company has established a Vigil Mechanism / whistle blower policy which oversees through the Audit Committee and addresses genuine concerns expressed by the employees and other Directors. The Company has also made provisions for adequate safeguard against victimization of its employees and Directors who express their concern concerns by giving them direct access to the chairman of the Audit Committee under certain circumstances. The vigil Mechanism Policy has been uploaded on the website of the Company.

SIGNIFICANT AND MATERIALS ORDERS

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

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

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

Sl. No.	Name	Designation	Remuneration paid FY 2015-16	Remuneration paid FY 2014-15	Increase in remuneration from previous year	Ratio/Times per Median of employee remuneration
1	Mr. K K Mohta	Chairman	70.52	20.83	49.69	16.25
2	Mr. K K Damani	Executive Director	15.18	14.31	0.87	3.5
3	Mr. Bharat Mohta	Whole Time Director	59.61	17.65	41.96	13.74
4	Mr. R K Agarwal	C F O	15.72	2.98	12.74*	3.62
5	Mr. Anup Gupta	Company Secretary	2.50	0.03	2.47*	-

* Increase is not comparable as the salary in 2014 – 15 of CFO & Company Secretary was only for 3 months & 3 days respectively.

- a) The number of permanent employees on the rolls of the company as of March 31st 2016 was 274



- b) The median Remuneration of Employees (MRE) excluding Whole Time Directors (WTDs) was Rs.4,34,028/- in fiscal 2016 which represent an average increase of 23.3% in the median remuneration of the comparable employees. This was largely in line with the market and performance of the company.
- c) The revenue growth during Fiscal 2016 over fiscal 2015 was 17% and net profit growth was 41%
- d) The increase in the total remuneration of KMPs was based on the overall performance of the company and the individual performance of the concerned employee during the previous financial year.
- e) The ratio of 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 – **Nil**
- f) Affirmation that the remuneration is as per the remuneration policy of the Company. - **Yes**

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

ACKNOWLEDGEMENT

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

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

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

On behalf of the Board

Place : Kolkata
Dated : the 14th May, 2016

K. K. MOHTA
Chairman

**ANNEXURE - I****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.**

Information on Conservation of Energy Technology absorption, Foreign Exchange Earnings and out go as required to be disclosed U/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. During the year Automation was implemented in Dehumidifying units and Solenoid Valves have been installed to conserve energy.
(II)	the steps taken by the Company for utilizing alternate source of energy consumption has reduced.	The Company has been utilizing spent wooden chips and spent Cashew husk as an alternative fuel to coal. To increase the portion of these fuels and improve efficiency, the company has installed a new and more efficient boiler and started using more spent cashew husk without making briquettes and coal We have further started using waste chips of poplar/Eucalyptus in place of coal in the new Boiler.
(III)	The Capital investment on energy conservation equipments	A new multi fuel boiler amounting to Rs. 215.15 lacs has been installed as above to save fuel/conserve Energy. Solenoid Valves and temperature and humidity controllers have been installed amounting to Rs. 1.33 lacs in Dehumidifying Units.

B. TECHNOLOGY ABSORPTION

(I)	the efforts made towards technology absorption	Update of technology is a continuous process. Company is continuously adopting new technology and implementing the same. Dehumidifying Section has been largely automated with Auto temperature and Humidity controllers thereby eliminating human error and resulting in quality improvement. In Drying Section, all the Dryers have been converted to Desiccant Dryers. This action was initiated last year. Multi fuel Boiler has been installed which is more efficient and has flexibility in use of fuel.									
(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 Multi Fuel Boiler has resulted in consistent steam quality and cost reduction.									
(III)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	No imported technology is available for Katha Manufacturing. Hence other details are not applicable.									
(IV)	Expenditure incurred on Research and Development	<table border="0"> <tr> <td></td> <td>2015-16 (Rs.)</td> <td>2014-15 (Rs.)</td> </tr> <tr> <td>Capital Expenditure</td> <td>3,790</td> <td>37,545</td> </tr> <tr> <td>Recurring Expenditure</td> <td>5,84,031</td> <td>7,43,129</td> </tr> </table>		2015-16 (Rs.)	2014-15 (Rs.)	Capital Expenditure	3,790	37,545	Recurring Expenditure	5,84,031	7,43,129
	2015-16 (Rs.)	2014-15 (Rs.)									
Capital Expenditure	3,790	37,545									
Recurring Expenditure	5,84,031	7,43,129									

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.

	2015-16 (Rs.)	2014-15 (Rs.)
1. Earnings	NIL	NIL
2. Outgo	42,31,83,208	20,35,89,505

Place : Kolkata

Dated : the 14th May, 2016

For and on behalf of the Board

K. K. MOHTA, *Chairman*



Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

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

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

Based on my verification of the Company's, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

1. I have examined the books, papers, minutes books, forms and returns filed and other records maintained by THE INDIAN WOOD PRODUCTS CO. LTD. ("the Company") for the financial year ended on 31st March, 2016, according to the provisions of :
 - i) The Companies Act, 2013 (the Act) and the rules made there under;
 - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under :
 - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable, since the company has not raised share capital during the year except issued 172500 equity shares of Rs. 10/- each with a premium of Rs. 45/- upon conversion of Preferential Convertible warrants issued to Promoters during the year.**
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999; **Not applicable, Since the company has not raised any such scheme during the year.**



Form No. MR-3 – (Contd.)

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable, Since the company has not issued any debt securities during the year.**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable, Since the company has not applied for delisting of shares during the year and;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not applicable, Since the company has not bought back of shares during the year.**
- vi) Other specifically applicable laws to the Company.
 - a) Water (prevention and control of Pollution) Act, 1974 and Air (prevention And Control of pollution) Act, 1981.
 - b) Factories License under Factories Act, 1948 for its units situated in different places.
 - c) 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 entered into fresh listing agreements with the Calcutta Stock Exchange Ltd. as per 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 14th May, 2016

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



FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

ANNEXURE -III

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Company
(Management and Administration) Rules, 2014]
As on the Financial Year ended 31st March, 2016

I. REGISTRATION AND OTHER DETAILS :

1. CIN	:	L20101WB1919PLC003557
2. Registration Date	:	23.12.1919
3. Name of the Company	:	THE INDIAN WOOD PRODUCTS CO. LTD.
4. Category/Sub-category of the Company	:	Company having Share Capital
5. Address of the Registered office and contact details	:	Bombay Mutual Building, 9, Brabourne Road, 7th Floor Kolkata-700 001 (West Bengal) Ph. : 033-8232023820, Fax : 033 2242 6799
6. Whether listed Company	:	Yes with The Calcutta Stock Exchange Ltd.
7. Name, Address and Contact details of the Registrar and Transfer Agent, if any	:	Niche Technologies Pvt. Ltd. D-511, Bagree Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata-700 001 Phones : 033 22343576, 22357270 e-mail nichetechpl@nichetechpl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Katha	0325003	97.07%
2.	Cutch	0325004	2.93%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

**FORM NO. MGT-9 – (Contd.)****IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)****A) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [as on 31-March-2015]				No. of Shares held at the end of the year [as on 31-March-2016]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	546311	129	546440	39.94	771711	129	771840	48.26	8.32
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	350299	-	350299	25.60	350299	-	350299	21.90	-3.70
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other...	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)	896610	129	896739	65.54	1122010	129	1122139	70.16	4.62%
B) Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	8251	1792	10043	0.73	8251	1792	10043	0.63	-0.10
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total(B)(1)	8251	1792	10043	0.73	8251	1792	10043	0.63	-0.10
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	18735	4951	23686	1.73	18735	4951	23686	1.48	-0.25
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	195268	203380	398648	29.13	211725	192523	404248	25.28	-3.85



FORM NO. MGT-9 – (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [as on 31-March-2015]				No. of Shares held at the end of the year [as on 31-March-2016]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Specify)									
Non-Resident Indians	59	39143	39202	2.87	59	39143	39202	2.45	-0.42
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies DR	-	-	-	-	-	-	-	-	-
Sub-Total(B)(2)	214062	247474	461536	33.73	230519	236617	467136	29.21	-4.52
Total Public Shareholding(B)= (B)(1)+(B)(2)	222313	249266	471579	34.46	238770	239409	477179	29.84	-4.62
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total(A+B+C)	1118923	249395	1368318	100	1360738	238538	1599318	100	

B) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of shares Pledged encumbered to total shares	
1.	Arvind Engg. Works Ltd.	15210	1.11	Nil	15210	0.95	Nil	-0.16
2.	Indian Glass & Elect. Ltd.	30000	2.19	Nil	30000	1.88	Nil	-0.31
3.	Security Co. Ltd.	305089	22.30	Nil	305089	19.08	Nil	-3.22
4.	Avanti Mohta	138904	10.15	Nil	188154	11.77	Nil	1.62
5.	Bharat Mohta	140475	10.27	Nil	189725	11.86	Nil	1.59
6.	Bharat Mohta HUF	64000	4.68	Nil	113750	7.11	Nil	2.43
7.	Krishna Kumar Mohta	44080	3.22	Nil	44080	2.75	Nil	-0.47
8.	Krishna Kumar Mohta (HUF)	7000	0.51	Nil	7000	0.44	Nil	-0.07
9.	Ram Ratan Mohta	126	0.01	Nil	126	0.00	Nil	-0.01
10.	Savita Mohta	146255	10.69	Nil	229005	14.32	Nil	3.63
11.	Shree Kumar Mohta	5600	0.41	Nil	0	0	Nil	-0.41
	Total	896739	65.54	Nil	1122139	70.16	Nil	4.62

**FORM NO. MGT-9 – (Contd.)****C) Change in Promoter's Shareholding (Please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of Shares	% of Total Shares of the Company
	At the beginning of the year 1.4.2015	896739	65.54		
	Decrease Sale / transfer on 10/07/2015	5600	0.35%	81139	65.19
	Increase Allotment made on conversion of preferential warrant 07/09/2015	231000	4.97%	1122139	70.16
	At the end of the year 31.03.2016	1122139	70.16	1122139	70.16

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

Sl. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	S.M. General Sir Kaiser Shum S Jung				
	At the beginning of the year 1.04.2015	16782	1.22	-	-
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2016	16782	1.05	16782	1.05
2.	Shri Bhupendra Prasad Shah				
	At the beginning of the year 1.04.2015	15016	1.09	-	-
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2016	15016	0.94	15016	0.94
3.	Shri Krishna Dhanuka				
	At the beginning of the year 01.04.2015	—	—	—	—
	Purchased during the year				
	10.07.2015	5803	0.42	5803	0.42
	24.07.2015	200	0.02	6003	0.44
	31.07.2015	5913	0.43	11916	0.87
	14.08.2015	114	0.00	12030	0.87
	28.08.2015	57	0.00	12087	0.87
	11.09.2015	2755	0.17	14842	0.93
	20.11.2015	57	0.00	14899	0.93
	04.03.2016	57	0.00	14956	0.94
	At the end of the year				
	31.03.2016	14956	0.94	14956	0.94



FORM NO. MGT-9 – (Contd.)

Shareholding Pattern of top ten Shareholders (Contd.)

Sl. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
4.	Chetna Wood Products Pvt. Ltd.				
	At the beginning of the year 1.04.2015	13900	1.02	–	–
	Increase / Decrease during the year	Nil		NIL	
	At the end of the year 31.03.2016	13900	0.87	13900	0.87
5.	Tejash Arvindbhai Patel				
	At the beginning of the year 1.04.2015	—	—	—	—
	Purchased during the year 31.03.2016	8652	0.54	8652	0.54
	At the end of the year 31.03.2016	8652	0.54	8652	0.54
6.	National Insurance Co. Ltd.				
	At the beginning of the year 1.04.2016	8251	0.60	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2016	8251	0.52	8251	0.52
7.	Durga Prasad Kedia				
	At the beginning of the year 1.04.2015	8100	0.59	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2016	8100	0.51	8100	0.51
8.	Jai Kishan Mohta				
	At the beginning of the year 1.04.2015	7931	0.58	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2016	7931	0.50	7931	0.50
9.	Mahendra Girdharilal				
	At the beginning of the year 1.04.2015	7462	0.54	–	–
	Increase / Decrease during the year	NIL		NIL	
	At the end of the year 31.03.2016	7462	0.47	7462	0.47

**FORM NO. MGT-9 – (Contd.)**

Shareholding Pattern of top ten Shareholders (Contd.)

Sl. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
10.	Suman Bakliwal				
	At the beginning of the year 1.04.2015	—	—	—	—
	Purchased during year 10.09.2015	7000	0.44	7000	0.44
	At the end of the year 31.03.2016	7000	0.44	7000	0.44

E) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
1.	Mr. Krishna Kumar Mohta				
	At the beginning of the year 1.04.2015	44080	3.22		
	At the end of the year 31.03.2016	44080	2.75	44080	2.75
2.	Mr. Krishna Kumar Mohta (HUF)				
	At the beginning of the year 1.04.2015	7000	0.51		
	At the end of the year 31.03.2016	7000	0.44	7000	0.44
3.	Mr. Bharat Mohta				
	At the beginning of the year 1.04.2015	140475	10.27		
	Allotted on conversion of Pref. Warrants on 07.09.2015	49250	3.08	189725	11.86
	At the end of the year 31.03.2016	189725	11.86	189725	11.86
4.	Mr. Bharat Mohta (HUF)				
	At the beginning of the year 1.04.2015	64000	4.68		
	Allotted on conversion of Pref. Warrants on 07.09.2015	49750	3.11	113750	7.11
	At the end of the year 31.03.2016	113750	7.11	113750	7.11



FORM NO. MGT-9 – (Contd.)

Shareholding of Directors and Key Managerial Personnel (Contd.)

Sl. No.	Shareholding of each Director and each Key Managerial Personnel Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
5.	Mr. Rajendra Prasad Chetani				
	At the beginning of the year 1.04.2015	114	-	-	-
	At the end of the year 31.03.2016	114	NIL	114	NIL
6.	Mr. Sanjay Kumar Maheswary				
	At the beginning of the year 1.04.2015	100	-	-	-
	At the end of the year 31.03.2016	100	NIL	100	NIL
7.	Mr. Vinod Mimani				
	At the beginning of the year 1.04.2015	300	-	-	-
	At the end of the year 31.03.2016	300	NIL	300	NIL
8.	Mrs. Sunita Sarada				
	At the beginning of the year 1.04.2015	121	-	-	-
	At the end of the year 31.03.2016	121	NIL	121	NIL
9.	Mr. Raj Kumar Agarwal				
	At the beginning of the year 1.04.2015	57	-	-	-
	At the end of the year 31.03.2016	57	NIL	57	NIL

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	1487.34	188.00	8.17	1683.51
ii) Interest due but not paid	-	3.53	-	3.53
iii) Interest accrued but not due	-	-	1.52	1.52
Total (i+ii+iii)	1487.34	191.53	9.69	1688.56
Change in Indebtedness during the financial year				
* Addition	179.75	-	-	179.75
* Reduction	-	(57.53)	(7.02)	(64.55)
Net Change	179.75	(57.53)	(7.02)	115.20
Indebtedness at the end of the financial year				
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
Total (i+ii+iii)	1667.09	134.00	2.67	1803.76

**FORM NO. MGT-9 – (Contd.)****VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and or Manager :**

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. K. K. Mohta	Mr. Bharat Mohta	Mr. K. K. Damani	
1.	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	54.32	41.62	15.19	111.13
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	16.20	18.00	—	34.20
	c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961				—
2.	Stock Option				—
3.	Sweat Equity				—
4.	Commission - as % of Profit - others specify.....				—
5.	Others, please specify				—
	Total (A)	70.52	59.62	15.19	145.33

B. Remuneration to other Directors :

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. R. P. Chetani	Mr. S. K. Maheshwary	Mr. V. K. Maheshwary	Mr. V. Mimani	Mrs. Sunita Sarda	
1.	Independent Directors						
	Fee for attending board / committee meetings		0.38	0.38	0.20	—	0.96
	Commission						
	Others, please specify						
	Total (1)		0.38	0.38	0.20	—	0.96
2.	Other Non-Executive Directors						
	Fee for attending board/committe meetings	0.37				0.25	0.62
	Commission						
	Others, please specify						
	Total (2)	0.37	—	—	—	0.25	0.62
	Total (B) = (1+2)	0.37	0.38	0.38	0.20	0.25	1.58
	Total Managerial Remuneration						146.91



FORM NO. MGT-9 – (Contd.)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	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	14.11	2.50	16.61
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	1.62	—	1.62
	c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961.	—	—	—
2.	Stock option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission	—	—	—
	- as % of Profit - others specify ...			
5.	Others, please specify	—	—	—
	Total	15.73	2.50	18.23

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

NIL

On behalf of the Board

Place : Kolkata
Dated : the 14th May, 2016

K. K. MOHTA
Chairman



INDEPENDENT AUDITORS' REPORT

To
The Members of
The Indian Wood Products Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s The Indian Wood Products Company Limited, which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management and the Board of Directors of the Company are responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; design, implementation and maintenance of internal financial controls, that are operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by managements as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 2013, in the manner so required read with notes appearing thereon and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.



INDEPENDENT AUDITORS' REPORT (Contd.)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in term of Sub-section (11) of section 143 of the Act, we give in the Annexure a statement on matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that :
 - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the Directors as on March 31, 2016 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 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 other matters to be included in the Auditor's Report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014;
 - i) The company does not have any pending litigations which would impact its financial position.
 - ii) The company did not have any long term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investors Education and Protection Fund. The question of delay in transferring such sums does not arise.

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

Place : Kolkata

Dated : 14th May, 2016

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 sections 185 and 186 of the Companies Act, 2013 in respect of investments, guarantees and securities.


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

- 5) In case of Public Deposits accepted by the company till March 2014 under the Companies Act 1956 are being repaid on maturity as per the directives issued by the Reserve Bank of India and provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under.
- 6) The Central Government of India has not prescribed the maintenance of Cost records by the Company as required under Section 148(1) of the Companies Act, 2013 for any of its products.
- 7) According to the information and explanation given to us in respect of statutory and other dues:
- The company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year.
 - The details of dues of Sales Tax, Custom Duty, Excise Duty, Employees State Insurance and Cess which have not been deposited as on 31st March, 2016 on account of disputes are given below :

Particulars	Financial year to Which the matter Pertain	Forum where the matter is pending	Amount Rs.
Central Sales Tax, Delhi	1987-88	Appellate Tribunal	22,642/-
Central Sales Tax, Delhi	2001-02	Appellate Tribunal	74,57,991/-
Central Sales Tax, Delhi	2002-03	Additional Commissioner	2,15,991/-
Local Sales Tax, Delhi	2002-03	Additional Commissioner	43,74,827/-
Mandi Samity	1997-98	Hon'ble High Court, Allahabad	23,29,265/-
U P Sales Tax	2007-2008	Appeal before Jt. Commissioner	9,407/-
Central Sales Tax	2008-2009	Appeal before Jt. Commissioner	32,000/-
U P VAT	2010-2011	Appeal before Deputy Commissioner	63,052/-

- 8) 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 explanations 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 of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. 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.

Place : Kolkata
Dated : 14th May, 2016

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



ANNEXURE 'B' TO THE INDEPENDENT AUDITORS REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of the 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 31st March, 2016 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 Controls over 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.

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 was established and maintained and if such controls operated effectively in all materials 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 condition, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, and adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, 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.

Place : Kolkata

Dated : 14th May, 2016

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



STATEMENT
OF
ACCOUNTS

**BALANCE SHEET AS AT 31ST MARCH, 2016**

	Note No.	As at 31st March, 2016	(₹ in lacs) As at 31st March, 2015
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
a) Share Capital	2	160.23	137.13
b) Reserves and Surplus	3	2,220.13	1,773.07
		<u>2,380.36</u>	<u>1,910.20</u>
2. Non-current Liabilities			
a) Long-term borrowings	4	215.04	151.19
b) Deferred tax liabilities (Net)	5	61.27	62.42
c) Other Long term liabilities	7	124.32	124.30
d) Long-term provisions	8	125.01	154.45
		<u>525.64</u>	<u>492.36</u>
3. Current Liabilities			
a) Short-term borrowings	4	1,588.09	1,535.86
b) Trade payables	6	1,344.76	1,636.49
c) Other current liabilities	9	76.76	110.78
d) Short-term provisions	10	44.06	53.90
		<u>3,053.67</u>	<u>3,337.03</u>
	TOTAL	<u>5,959.67</u>	<u>5,739.59</u>
II. ASSETS			
1. Non Current Assets			
a) Fixed Assets			
Tangible assets	11	1,273.24	1,018.41
Capital work-in-progress		9.86	38.91
b) Non-current investments	12	30.27	0.02
c) Long-term loans and advances	13	113.77	113.91
		<u>1,427.14</u>	<u>1,171.25</u>
2. Current Assets			
a) Inventories	14	1,870.76	2,397.34
b) Trade receivables	15	1,750.34	1,357.64
c) Cash and cash equivalents	16	393.11	418.10
d) Short-term loans and advances	17	518.32	395.26
		<u>4,532.53</u>	<u>4,568.34</u>
	TOTAL	<u>5,959.67</u>	<u>5,739.59</u>

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

In terms of our attached report of even date.

For S. K. AGRAWAL & CO.

Chartered Accountants

Firm Registration No. 306033E

J. K. CHOUDHURY

Partner

Membership No.009367

Place : Kolkata

Dated : 14h May, 2016

For and on behalf of the Board

ANUP GUPTA
Company Secretary

R. K. AGARWAL
Chief Financial Officer

K. K. MOHTA, *Chairman*

BHARAT MOHTA, *Whole Time Director*

S. K. MAHESWARY,
Independent Director



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Note No.	31st March, 2016	(₹ in lacs) 31st March, 2015
Revenue from Operations			
Sales		12,505.95	10,641.20
Less : Excise duty		576.01	493.93
		<u>11,929.94</u>	<u>10,147.27</u>
Other Income	18	35.00	23.84
Total Revenue		<u>11,964.94</u>	<u>10,171.11</u>
Expenses :			
Cost of materials consumed	19	6,518.38	5,890.73
Changes in inventories of finished goods works in progress and stock in Trade	20	470.21	-209.00
Manufacturing expenses	21	2,189.67	2,071.73
Employee benefits expenses	22	1,629.12	1,405.52
Finance costs		210.94	202.20
Depreciation	11	149.36	151.86
Other expenses	23	307.15	264.11
Total Expenses		<u>11,474.83</u>	<u>9,777.15</u>
Profit before tax		<u>490.11</u>	<u>393.96</u>
Less : Current tax expenses		155.00	135.00
Tax for earlier year		-34.84	-11.09
FBT Excess Provision Written Back		-0.07	-
Deferred tax expenses	5	-1.15	7.47
Profit for the year		<u>371.17</u>	<u>262.58</u>
Earnings per equity share : Basic	24	25.74	21.19
Diluted		25.74	17.86

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

In terms of our attached report of even date.

For S. K. AGRAWAL & CO.
Chartered Accountants
Firm Registration No. 306033E
J. K. CHOUDHURY
Partner
Membership No.009367
Place : Kolkata
Dated : 14h May, 2016

For and on behalf of the Board

ANUP GUPTA
Company Secretary

R. K. AGARWAL
Chief Financial Officer

K. K. MOHTA, *Chairman*
BHARAT MOHTA, *Whole Time Director*
S. K. MAHESWARAY,
Independent Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in lacs)

	31st March, 2016	31st March, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	490.11	393.96
Adjustment for		
Depreciation	149.36	151.86
Interest Expenses	210.94	202.20
Interest Received	(28.85)	(20.36)
Liabilities no Longer required written back	(2.97)	—
Advances written off	14.21	0.13
Loss/Gain on Sale of Fixed Assets	—	3.53
Loss on Currency derivatives	8.42	7.30
	<u>351.11</u>	<u>344.66</u>
Operating Profit/(Loss) before working capital changes	841.22	738.62
Adjustments for		
Trade & Other receivables	(479.31)	(204.01)
Inventories	526.48	(328.53)
Trade payables	(364.12)	1.13
	<u>(316.95)</u>	<u>(531.41)</u>
Cash generated from Operations	524.27	207.21
Direct Tax Paid	150.00	172.83
Cash Flow before extra Ordinary items	<u>374.27</u>	<u>34.38</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	374.27	34.38
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in shares	(30.25)	—
Purchase of Fixed Assets	(375.13)	(288.36)
Sale of Fixed Assets	—	2.90
Interest Received	28.85	20.36
	<u>(376.53)</u>	<u>265.10</u>
NET CASH USED IN INVESTING ACTIVITIES	(376.53)	265.10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares	95.29	94.88
Proceeds from Borrowings	179.74	346.98
Repayment of Borrowings	(60.13)	(56.76)
Dividend / Dividend tax paid	(22.26)	(9.81)
Interest paid	(215.37)	(203.85)
	<u>(22.73)</u>	<u>171.44</u>
NET CASH USED IN FINANCING ACTIVITIES	(22.73)	171.44
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(24.99)	(59.28)
CASH AND CASH EQUIVALENTS (Note 2 below)		
AT START OF THE YEAR	418.10	477.38
AT CLOSE OF THE YEAR	393.11	418.10



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

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

	(₹ in lacs)	
	31st March, 2016	31st March, 2015
2. Cash and Cash Equivalents Consists of :		
Cash/Cheques in hand	51.95	54.66
Balance with Scheduled Banks	<u>341.16</u>	<u>363.44</u>
	<u>393.11</u>	<u>418.10</u>

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 : 14h May, 2016

For and on behalf of the Board

ANUP GUPTA
Company Secretary

K. K. MOHTA, *Chairman*
 BHARAT MOHTA, *Whole Time Director*

R. K. AGARWAL
Chief Financial Officer

S. K. MAHESWARY,
Independent Director



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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

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

b) **Fixed Assets :**

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

Depreciation on Fixed Assets is provided from the date of capitalisation under the straight line method at the rates and in the manner as per the provisions of Schedule II of the Companies Act, 2013.

c) **Investments :**

Long term Investments are stated at cost.

d) **Inventories :**

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

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

e) **Retirement Benefits :**

- 1) Contribution to Provident Fund is made at a predetermined rate and charged to revenue on accrual basis.
- 2) For gratuity the Company maintains Group Insurance-cum-Gratuity Scheme with Life Insurance Corporation of India. (See Note No. 22)
- 3) Year end accrued liability for leave encashment has been provided on actuarial valuation done by approved valuer.

f) **Research and Development Expenditure :**

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

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

Items of Income and Expenditure are recognised on accrual basis.

h) **Foreign Currency Transaction :**

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

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

i) **Provision and Contingent Liabilities**

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

j) **Borrowing Cost :**

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

k) **Taxation**

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

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



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

l) Impairment of Assets

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

m) Earning per share

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

2 SHARE CAPITAL

(₹ in lacs)

	As at March 31, 2016	As at March 31, 2015
Authorised		
50,00,000 Equity Shares of Rs. 10/- each	<u>500.00</u>	<u>500.00</u>
Issued, Subscribed and Paid up Capital		
15,99,318 (13,68,318) Equity Shares of Rs. 10/- each	159.93	136.83
Add : 5,682 Equity Shares forfeited (amount originally paid up)	0.30	0.30
	<u>160.23</u>	<u>137.13</u>

2. a) Reconciliation of equity shares outstanding

	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Opening Balance	1368318	136.83	1195818	119.58
Change during the year	231000	23.10	172500	17.25
Closing Balance	1599318	159.93	1368318	136.83

Note : In terms of Shareholders approval vide Resolution passed on 27th February, 2014, out of 5,25,000 Preferential Cumulative Convertible Warrants Issued and Allotted to the Promoters, third and final option exercised by the Warrant holders during the year and 2,31,000 Warrants converted into 2,31,000 equity shares of Rs. 10/- each at a premium of Rs. 45/- per share. The equity shares so allotted are subject to lock in period for 3 years from the date of allotment.

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

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	%	No. of shares	%
1. Security Company Ltd.	305089	19.08	305089	22.29
2. Avanti Mohta	188154	11.76	138904	10.15
3. Bharat Mohta	189725	11.86	140475	10.26
4. Savita Mohta	229005	14.32	146255	10.69



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3 RESERVES & SURPLUS

	As at		(₹ in lacs)	
	March 31, 2016		As at March 31, 2015	
Capital Reserve				
Premium on reissue of forfeited shares		0.03		0.03
Securities Premium Reserve				
As per last account	275.76		198.14	
Add : for the year	103.95	379.71	<u>77.62</u>	275.76
Revaluation Reserve				
As per last account [Refer note No. 14 (a)]		292.75		292.75
General Reserve				
As per last account		450.00		450.00
Surplus				
Opening Balance	754.53		533.50	
Less : Depreciation in respect of Assets whose useful life is Over	-		(21.49)	
Add : Profit for the year	371.17		<u>262.58</u>	
Amount available for appropriation	1,125.70		<u>774.59</u>	
Proposed Dividend				
Proposed Dividend for the year @ Rs. 1.25 per share (Rs. 1.25)	(19.99)		(17.10)	
Adj. for earlier years	(2.89)		-	
Tax on Dividend				
For the year	(4.07)		(2.96)	
Adj. for earlier years	(1.11)		-	
Closing Balance		1,097.64		754.53
		2,220.13		<u>1,773.07</u>

Notes : In the previous year a provision of Rs. 17.10 Lacs was made as dividend payable on 1368318 Equity Shares and Rs. 2.96 Lacs being Tax on dividend. On 7th September, 2015 as per the terms and conditions of issue and allotment of preferential cumulative convertible warrants issued to promoters, 231000 Equity Shares were issued which was liable for dividend as the dividend is payable to all the share holders on their share holding outstanding on book closing date ie. 21.09.2015. Accordingly an excess dividend amounting to Rs. 2.89 Lacs and Tax thereon Rs. 1.11 Lacs was paid during the year over and above the provision made.

4. BORROWINGS

Non-Current Liabilities

Long Term Borrowings - Secured

Term Loan from Banks and Financial Institution
(Refer Note No. 2)

215.04

151.19

Current Liabilities

Short Term Borrowings – Secured

Current maturities of Long term borrowings

99.19

139.15

Loan repayable on demand from banks (Refer Note No. 1)

1,352.86

1197.01

Unsecured -

From Bodies Corporate

131.50

145.00

From Directors

2.50

46.53

Deposits

2.04

8.17

1,588.09

1,535.86



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

4. BORROWINGS (Contd.)

Notes :

- Working Capital facilities and Capex Term Loan including LC & Buyers Credit Limit are from Union Bank of India (Rs. 23.75 Lacs) and DBS Bank (Rs. 18.65 lacs), on multiple banking system Secured by charge of stocks of Raw Material, Katha and Cutch and whether Raw or in process of manufacture and all articles manufactured there from, stores, Book debts, Plant & Machinery and certain and other assets and mortgaged by deposit of the 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 and mortgage of additional land admeasuring 24285 square meter against SBLC limit has been provided exclusively to Union Bank of India.
- The Term Loan are Secured by hypothecation of related equipments / vehicles purchased and the Terms of repayment of Term Loan are –

(₹ in lacs)

Particulars	Sanctioned Amount (₹ in lacs)	Period & Repayment tenure	Installment Value & terms per month	No. of Instalments sanctioned & due	Rate of Interest
Capex Terms Loan From Union Bank of India, Bareilly (Main Branch) Old	150	Feb 2014 to Jan 2019	Rs. 2.50	60 34	Base Rate +2%
New*	235	June 2015 to May 2020	Rs. 3.92	60 60	Base Rate + 2%
Capex Term Loan from DBS Bank Ltd., (Kolkata Main Branch) New*	290	June '15 to May '20	Rs. 5.18	56 51	11.85%
Auto Loan From Union Bank of India, Bareilly (Main Branch)	5.75	Dec 2014 to Nov 2019	EMI of Rs. 1,24,000/-	60 44	10.70%
Volkswagon Finance Pvt. Ltd.	26.00	July 2011 to June 2016	EMI of Rs. 55,894/-	60 3	10.90%
ICICI Bank, Kolkata	48.00	April 2014 to March 2019	EMI of Rs. 1,02,577/-	60 36	10.24%
State Bank of Bikaner & Jaipur, Bareilly	5.40	Dec 2011 to Nov 2016	EMI of Rs. 12,100/-	60 8	12.10%
Kotak Mahindra Prime Ltd.	14.00	Sept 2014 to Aug 2017	EMI of Rs. 45,100/-	36 17	9.85%

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

As at
March 31, 2016 As at
March 31, 2015

5. PROVISION FOR DEFERRED TAX

As per accounting standard - 22 on Tangible fixed assets which arises primarily from Depreciation

Opening Balance	62.42	54.95
Add : Debit / Credit for the year	(1.15)	7.47
Closing Balance	<u>61.27</u>	<u>62.42</u>

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

	As at March 31, 2016	(₹ in lacs) As at March 31, 2015
6. TRADE PAYABLE	<u>1,344.76</u>	<u>1,636.49</u>
Note :		
The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any relating to amounts payable out of the above at the year end together with interest payable thereon to these parties, are not ascertainable.		
7. OTHER LONG TERM LIABILITIES		
Contractors and Customers Security Deposits	10.13	10.13
Advance from Customers	94.22	94.20
Others	19.97	19.97
	<u>124.32</u>	<u>124.30</u>
8. PROVISIONS		
Long Term provisions for Employees Benefits		
Gratuity (Refer Note No. 22)	23.56	44.96
Leave encashment	101.45	109.49
	<u>125.01</u>	<u>154.45</u>
9. OTHER CURRENT LIABILITIES		
Interest accrued but not due	0.63	1.52
Advance from Customer	4.51	0.71
Advance from Promoters against issue of Convertible Warrants	-	31.76
Other statutory liabilities	71.62	76.79
	<u>76.76</u>	<u>110.78</u>
10. SHORT TERM PROVISIONS		
Provision for taxation (Net)	20.00	33.50
Provision for Fringe Benefit tax (Net)	-	0.34
Proposed Dividend	19.99	17.10
Tax on Dividend	4.07	2.96
	<u>44.06</u>	<u>53.90</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

THE INDIAN WOOD PRODUCTS COMPANY LIMITED



11. FIXED ASSETS

(₹ in lacs)

Particulars	GROSS BLOCK-AT COST			DEPRECIATION			NET BLOCK		
	As at April 1, 2015	Additions	Sales/ Adjustments	As at March 31, 2016	As at April 1, 2015	Charge for the period	Depreciation in respect of assets whose useful life is over	As at March 31, 2016	As at March 31, 2015
Tangible Assets									
Free Hold Land (Ref. Note 14 (a))	166.99	—	—	166.99	—	—	—	166.99	166.99
Building	171.63	22.40	—	194.03	57.73	6.23	—	130.07	113.90
Tube-Well	2.74	—	—	2.74	2.18	0.29	—	0.27	0.56
Plant and Machinery	218.19	252.42	—	470.61	108.66	39.48	—	322.47	109.53
Effluent Treatment Plant	20.79	—	—	20.79	19.75	—	—	1.04	1.04
Electric Installation	203.01	33.82	—	236.83	79.66	21.01	—	136.16	123.35
Weighing Scale	5.06	0.53	—	5.59	3.30	0.30	—	1.99	1.76
Trolley & Trays	160.61	12.51	—	173.12	119.39	3.55	—	50.18	41.22
Laboratory Apparatus	5.03	0.04	—	5.07	4.18	0.10	—	0.79	0.85
Refrigeration & Cooling System	492.41	75.95	—	568.36	183.79	55.97	—	328.60	308.62
Motor Car & Vehicles	200.24	—	—	200.24	73.93	18.41	—	107.90	126.31
Computers	43.69	2.05	—	45.74	35.44	3.67	—	6.63	8.25
Furniture, Fixture & Office Equipment	66.54	4.47	—	71.01	50.51	0.35	—	20.15	16.03
Total	1,756.93	404.19	—	2,161.12	738.52	149.36	—	1,273.24	1,018.41
Previous Year	1,498.20	271.63	12.90	1,756.93	571.64	151.86	21.49	738.52	1,018.41

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

	As at March 31, 2016	(₹ in lacs) As at March 31, 2015
12. NON CURRENT INVESTMENTS		
Trade Investment (Valued at cost unless stated otherwise)		
Investment in Joint Venture (Refer note below) in fully paid equity shares		
500 (Nil) Equity Shares of USD 100 in M/s. Pt. Sumatra Resources International, Indonesia	30.25	—
	<hr/> 30.25	<hr/> —
Other Investment		
339 (339) Equity Shares of Rs. 100/- each fully paid up in M/s. Vishnihari Investment & Properties Ltd.	0.02	0.02
	<hr/> 30.27	<hr/> 0.02

Note :

The Company has remitted a sum of \$50000 in FY 20-14-15 for investment in a Joint Venture in Indonesia. Pending for allotment of shares, the amount was shown as Loans & Advances. During the year the Joint Venture Company has allotted the shares. The Joint Venture partner has also remitted their share of fund to the Joint Venture Company. But the same is lying in loan & advances account pending allotment of the shares by the Joint Venture Company.

13. LONG TERM LOANS & ADVANCES

Unsecured – Considered good		
Security Deposits	24.76	25.29
Other Loans & Advances :		
Deposit with Government Authorities	67.21	68.91
Tax Deposited at Source	21.80	19.71
	<hr/> 113.77	<hr/> 113.91

Note :

Other Loans and advance include ₹ 40.00 lacs (₹ 40.00 lacs) deposited with customs authority under protest. Company's representation in this connection is pending before the authority, further adjustments if any will be done as and when the matter is crystallized.

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

	As at March 31, 2016	(₹ in lacs) As at March 31, 2015
14. INVENTORIES		
Land (Stock in trade) (Ref. Note (a) below)	126.16	126.16
Raw Materials	517.34	553.78
Work in Process	890.20	814.57
Finished Goods (Ref. note (b) below)	206.90	780.16
Consumables	8.43	10.25
Stores and Spare parts	120.85	111.70
Tools and Implements	0.88	0.72
	<u>1,870.76</u>	<u>2,397.34</u>
Notes :		
a) The free hold land at Bareilly was revalued in the year 2008-09 based on the rate as on 01.04.1981. The Surplus over cost aggregating to Rs. 2.93 crores arising on revaluation was credited to Revaluation Reserve Account. Consequently the surplus land admeasuring 112387 Sq. mtr. valuing ₹ 1.26 crores was appropriated as stock in trade.		
b) Finished goods includes excise duty of ₹ 8.43 lacs (35.85 lacs)		
15 TRADE RECEIVABLES		
Debts outstanding for more than 6 months		
Unsecured – Considered good	38.20	35.65
Other Debts		
Secured – Considered good	1.55	4.45
Unsecured – Considered good	1,710.59	1,317.54
	<u>1,712.14</u>	<u>1,321.99</u>
	<u>1,750.34</u>	<u>1,357.64</u>
16 CASH & CASH EQUIVALENTS		
Cash in hand	9.87	29.16
Cheques, Drafts in hand	42.08	25.50
	<u>51.95</u>	<u>54.66</u>
Balances with scheduled banks		
In current account	148.22	74.58
In Deposit Account with Banks -		
Against Margin money for Letter of Credit	189.94	285.54
Against Sales tax [Ref. note No. 27 (b)]	2.64	3.32
Against Others Compliances	0.36	-
	<u>341.16</u>	<u>363.44</u>
	<u>393.11</u>	<u>418.10</u>



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2015-2016	(₹ in lacs) 2014-2015
20 CHANGE IN INVENTORY		
Stock of Finished goods and Stock in process as at 1st April, 2015	1,558.88	1,349.88
Less : Stock of Finished goods and Stock in process as at 31st March, 2016	1,088.67	1,558.88
(Increase) / Decrease	<u>470.21</u>	<u>(209.00)</u>
21 MANUFACTURING EXPENSES		
Stores and Spare parts consumed	391.39	360.16
Other Consumable and Chemicals Consumed	80.10	104.57
Power and Fuel	327.30	325.63
Electric, Light & Power	367.34	329.69
Rent	0.22	1.25
Insurance	5.53	4.08
Repairs & Maintenance		
Buildings	28.35	16.12
Plant & Machinery	52.90	61.92
Others	14.69	16.92
Machine Katha Expenses	621.30	573.88
Rates & Taxes	55.07	37.97
Travelling Expenses	19.00	16.37
Misc. Expenses	226.48	223.17
	<u>2,189.67</u>	<u>2,071.73</u>
22 EMPLOYEES BENEFIT EXPENSES		
Salaries, Wages, Bonus & Other Benefits	1,431.91	1,225.98
Contribution to Provident Fund	74.40	72.17
Staff Welfare Expenses	122.81	107.37
	<u>1,629.12</u>	<u>1,405.52</u>

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**
EMPLOYEES BENEFIT EXPENSES (Contd.)**(₹ in lacs)**

As per Actuarial Valuations as on 31.03.2016 and recognised in the financial statements in respect of Employees benefit schemes.

A. Component of Employer expenses

1. Current service Cost	17.07
2. Interest Cost	24.47
3. Expected Return on Plan Asset	—
4. Actuarial Losses / (gain)	(9.39)
5. Expenses directly paid by the Company (For Current Year)	—
6. Total expenses recognised in the Statement of Profit & Loss	32.15

B. Net Asset / (Liability) Recognised in Balance Sheet as at 31.03.2016

1. Present Obligation of Defined Benefit Obligation	317.63
2. Fair Value of Plan Asset	294.07
3. Net Asset / (Liability) recognised in the Balance Sheet	23.56

C. Change in Defined Benefit Obligation during the year ended 31.03.2016

1. Present Value of DBO at Beginning of period	269.22
2. Current Service Cost	17.07
3. Interest Cost	24.47
4. Actuarial Losses/(gains)	36.12
5. Benefits paid	52.81
6. Present value of DBO at the end of period	294.07

D. Change in Fair Value of the asset

1. Plan asset at the beginning of the period	269.22
2. Return on Plan Asset	24.47
3. Actuarial Gain	—
4. Actual Company contributions	53.19
5. Benefits paid	(52.81)
6. Plan Assets at the end of the period	294.07

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 and as per actuarial valuation done by L I C with whom Company is maintaining Group Gratuity Scheme.



NOTES TO THE FINANCIAL STATEMENTS (Contd.)
EMPLOYEES BENEFIT EXPENSES (CONTD.)

	2015-2016	(₹ in lacs) 2014-2015
23. OTHER EXPENSES		
Rent Expenses	8.13	9.25
Rates and Taxes	0.42	1.38
Insurance	2.88	2.29
Other Repairs	0.97	1.42
Travelling Expenses	74.58	77.78
Auditors Remuneration		
For Audit Fees	2.00	2.00
For Other Services	0.42	0.48
Directors sitting fees	1.58	1.15
Misc. Expenses	192.82	156.93
Advances Written off	14.21	0.13
Loss on Sale of Fixed Assets	—	3.53
Loss on Currency Derivatives	8.42	7.30
Sales Tax paid for Earlier year	0.72	0.47
	307.15	264.11

24 EARNING PER SHARE

1. Net Profit attributable to equity share holders for Basic and Diluted EPS	371.17	262.58
2. Weighted average number of equity shares for basic EPS	14,41,732	12,39,297
Weighted average number of equity shares for diluted EPS	14,41,732	14,70,297
3. Nominal Value of Equity Shares	Rs. 10	Rs. 10
4. Earning per Equity Shares		
Basic	25.74	21.19
Diluted	25.74	17.86

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)****Related Party Disclosures in accordance with the Accounting Standard No. 18 (Contd.)**

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

Particulars	2015 — 2016		2014 — 2015	
	Key Managerial Personnel	Enterprises having Significant influence	Key Managerial Personnel	Enterprises having Significant Influence
a) Salaries and other Employees benefits	163.55	—	55.80	—
b) Unsecured Loan				
i) Opening Balance	46.53	10.00	24.64	—
ii) Loan Taken	34.00	—	22.00	12.50
iii) Repaid during the year	83.63	10.34	3.64	2.84
iv) Interest net of TDS	5.59	0.34	3.53	0.34
v) Closing Balance including interest	2.50	—	46.53	10.00

26. SEGMENT REPORTING

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

27. CONTINGENT LIABILITIES AND COMMITMENTS

- a) Katha, the main product of the Company "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 CAS4 but also reduced the demands of Rs. 11.93 crores to Rs. 4.40 crores. Accordingly on the same ground total demand of Rs. 35.95 crores would get reduced to Rs. 11.62 crores.

The Company's contention was also accepted by CESTAT New Delhi vide their order dated 31st July, 2012 and dated 8th February, 2013 and stayed the demand till disposal of the case with the observation that the appellant have prima facie case in their favour. The stay was extended Vide Order dated 22nd December, 2014.

Further more till now the Company's principal product KATHA which was considered under Chapter 14 of Central Excise Tariff by the department and liable to excise duty @6% (5% up to 16.03.2012). The department suddenly changed its' stand and considered KATHA classifiable as tannin extract under Chapter 32 of Central Excise tariff and raised an additional demand of Rs. 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 in case of KATHA was also accepted by CESTAT, New Delhi vide their order dated 28th July, 2014 and dated 27th November, 2014 stayed the demand unconditionally.

Consequently as per legal advice obtained departments action is not tenable based on issues including classification, exemption, valuation, time bar and allowability of cenvat credit of CV duty amounting to Rs. 13.80 crores paid while importing Gambier, which is to be adjusted if there is any demands. Hence no provision is made at this stage. Final adjustment will be made only when the matter is crystalized.



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- b) Demands for Sales Tax amounting to Rs. 131.82 lacs (Rs. 131.93 lacs)) which are not acknowledged as debts. Against the same Company has paid under protest a total of Rs. 10.06 lacs (Rs. 10.17 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. PT Sumatra Resources International, Indonesia Rs. 49.75 Lacs and M/s. Agro & Spice Trading Pte Ltd., Singapore Rs. 663 Lacs.

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

	31st March, 2016		31st March, 2015	
	% of Consumption	Value ₹ in lacs	% of Consumption	Value ₹ in lacs
Raw Materials–				
Indigenous	26.50	1,727.39	32.24	1,899.32
Imported	73.50	4,790.99	67.76	3,991.41
	100.00	6,518.38	100	5,890.73
Stores and Spare Parts–Indigenous	100.00	391.39	100	360.16
Consumable Stores– Indigenous	100.00	80.10	100	104.57

29. EARNINGS IN FOREIGN CURRENCY :

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

30. C I F VALUE OF IMPORTS

4,245.34 3,485.42

31. EXPENDITURE TRAVELLING IN FOREIGN CURRENCY

30.08 35.36

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

For S. K. AGRAWAL & CO.

Chartered Accountants

Firm Registration No. 306033E

J. K. CHOUDHURY

Partner

Membership No.009367

Place : Kolkata

Dated : 14h May, 2016

For and on behalf of the Board

ANUP GUPTA
Company Secretary

K. K. MOHTA, *Chairman*

BHARAT MOHTA, *Whole Time Director*

S. K. MAHESWARY,

Independent Director

R. K. AGARWAL
Chief Financial Officer



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 **PT Sumatra Resources International** (together referred to as "The Group"), which comprise the Consolidated Balance Sheet as at **March 31, 2016**, 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 Company as at March 31, 2016;
- 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.



INDEPENDENT AUDITORS' REPORT (Contd.)

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 Rs-0.47 Lacs as at 31st March 2016, and the group's share of total revenue of Rs. Nil and net cash inflows amounting to Rs -1.82 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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.

Place : Kolkata
Dated : 14th May, 2016

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

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016**

	Note No.	(₹ in lacs) As at 31st March, 2016
I. EQUITY AND LIABILITIES		
1. Shareholder's Funds		
a) Share Capital	2	160.23
b) Reserves and Surplus	3	<u>2,219.66</u>
		<u>2,379.89</u>
2. Non-current Liabilities		
a) Long-term borrowings	4	215.04
b) Deferred tax liabilities (Net)	5	61.27
c) Other Long term liabilities	7	124.32
d) Long-term provisions	8	<u>125.01</u>
		<u>525.64</u>
3. Current Liabilities		
a) Short-term borrowings	4	1,588.09
b) Trade payables	6	1,344.76
c) Other current liabilities	9	76.76
d) Short-term provisions	10	<u>44.06</u>
		<u>3,053.67</u>
TOTAL		<u><u>5,959.20</u></u>
II. ASSETS		
1. Non Current Assets		
a) Fixed Assets		
Tangible assets	11	1,301.96
Capital work-in-progress		9.86
b) Non-current investments	12	0.02
c) Long-term loans and advances	13	<u>113.77</u>
		<u>1,425.61</u>
2. Current Assets		
a) Inventories	14	1,870.76
b) Trade receivables	15	1,750.34
c) Cash and cash equivalents	16	394.17
d) Short-term loans and advances	17	<u>518.32</u>
		<u>4,533.59</u>
TOTAL		<u><u>5,959.20</u></u>
The accompanying notes 1 to 33 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 : 14h May, 2016

For and on behalf of the Board
ANUP GUPTA
Company Secretary
R. K. AGARWAL
Chief Financial Officer

K. K. MOHTA, *Chairman*
BHARAT MOHTA, *Whole Time Director*
S. K. MAHESWARY,
Independent Director



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Note No.	(₹ in lacs) 31st March, 2016
Revenue from Operations		
Sales		12,505.95
Less : Excise duty		576.01
		<u>11,929.94</u>
Other Income	18	35.00
Total Revenue		<u>11,964.94</u>
Expenses :		
Cost of materials consumed	19	6,518.38
Changes in inventories of finished goods works in progress and stock in Trade	20	470.21
Manufacturing expenses	21	2,189.67
Employee benefits expenses	22	1,629.12
Finance costs		210.94
Depreciation	11	149.36
Other expenses	23	310.50
Total Expenses		<u>11,478.18</u>
Profit before tax		<u>486.76</u>
Less : Current tax expenses		155.00
Tax for earlier year		-34.84
FBT Excess Provision Written Back		-0.07
Deferred tax expenses	5	-1.15
Profit for the year		<u>367.82</u>
Earnings per equity share : Basic	24	25.51
Diluted		25.51

The accompanying notes 1 to 33 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 : 14h May, 2016

For and on behalf of the Board

ANUP GUPTA
Company Secretary

R. K. AGARWAL
Chief Financial Officer

K. K. MOHTA, *Chairman*
BHARAT MOHTA, *Whole Time Director*
S. K. MAHESWARY,
Independent Director



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in lacs)

31st March, 2016

A. CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before tax		486.76
Adjustment for		
Depreciation	149.36	
Interest Expenses	210.94	
Interest Received	(28.85)	
Liabilities no Longer required written back	(2.97)	
Advances written off	14.21	
Loss/Gain on Sale of Fixed Assets	—	
Loss on Currency derivatives	8.42	351.11

Operating Profit/(Loss) before working capital changes **837.87**

Adjustments for

Trade & Other receivables	(479.31)	
Inventories	526.48	
Trade payables	(364.12)	(316.95)

Cash generated from Operations **520.92**

Direct Tax Paid **150.00**

Cash Flow before extra Ordinary items **370.92**

NET CASH FLOW FROM OPERATING ACTIVITIES **370.92**

B. CASH FLOW FROM INVESTING ACTIVITIES

Investment in shares		—
Purchase of Fixed Assets		(403.84)
Sale of Fixed Assets		—
Interest Received		28.85

NET CASH USED IN INVESTING ACTIVITIES **(374.99)**

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of Shares		95.28
Proceeds from Borrowings		179.74
Repayment of Borrowings		(60.13)
Dividend / Dividend tax paid		(22.26)
Interest paid		(215.37)

NET CASH USED IN FINANCING ACTIVITIES **(22.74)**

NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) **(26.81)**

CASH AND CASH EQUIVALENTS (Note 2 below)

AT START OF THE YEAR **418.10**

EFFECT OF FOREIGN CURRENCY TRANSLATION RESERVE **2.88**

AT CLOSE OF THE YEAR **394.17**



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

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

(₹ in lacs)

31st March, 2016

2. Cash and Cash Equivalents Consists of :

Cash/Cheques in hand

52.02

Balance with Bank

342.15

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 : 14h May, 2016

For and on behalf of the Board

ANUP GUPTA
Company Secretary

R. K. AGARWAL
Chief Financial Officer

K. K. MOHTA, *Chairman*

BHARAT MOHTA, *Whole Time Director*

S. K. MAHESWARY,

Independent Director



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

a) **Principal of Consolidation**

The Consolidated Financial Statement of The Indian Wood Products Co. Ltd. ("The Company") and its Joint Venture with M/s. PT Sumatra Resources International, Indonesia 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 Venture over its proportionate share in the net assets value at the time of acquisition of stake in Joint Venture 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 Venture 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.

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.

(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	(₹ in lacs)
	As at March 31, 2016
Authorised	
5,00,00,000 Equity Shares of Rs. 10/- each	500.00
Issued, Subscribed and Paid up Capital	
15,99,318 (13,68,318) Equity Shares of Rs. 10/- each	159.93
Add : 5,682 Equity Shares forfeited (amount originally paid up)	0.30
	160.23

2. a) Reconciliation of equity shares outstanding	No. of Shares	As at 31.03.2016 Amount
Equity Shares		
Opening Balance	13,68,318	136.83
Change during the year	2,31,000	23.10
Closing Balance	15,99,318	159.93

Note : In terms of Shareholders approval vide Resolution passed on 27th February, 2014, out of 5,25,000 Preferential Cumulative Convertible Warrants Issued and Allotted to the Promoters, third and final option exercised by the Warrant holders during the year and 2,31,000 Warrants converted into 2,31,000 equity shares of Rs. 10/- each at a premium of Rs. 45/- per share. The equity shares so allotted are subject to lock in period for 3 years from the date of allotment.

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

	No. of Shares	As at March 31, 2016 %
1. Security Company Ltd.	3,05,089	19.08
2. Avanti Mohta	1,88,154	11.76
3. Bharat Mohta	1,89,725	11.86
4. Savita Mohta	2,29,005	14.32



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3 RESERVES & SURPLUS

(₹ in lacs)
As at
March 31, 2016

Capital Reserve		
Premium on reissue of forfeited shares		0.03
Securities Premium Reserve		
As per last account	275.76	
Add : for the year	103.95	379.71
Revaluation Reserve		
As per last account		292.75
General Reserve		
As per last account		450.00
Foreign Currency Translation Reserve		
Opening Balance	-	
Addition during the year	2.88	2.88
Surplus		
Opening Balance	754.53	
Less : Depreciation in respect of Assets whose useful life is Over)	-	
Add : Profit for the year	367.82	
Amount available for appropriation	1,122.35	
Proposed Dividend		
For the year		
@ Rs. 1.25 per share (Rs. 1.25/-)	(19.99)	
Adj. for earlier years	(2.89)	
Tax on Dividend		
For the year	(4.07)	
Adj. for earlier years	(1.11)	
Closing Balance		1,094.29
		2,219.66

Notes : In the previous year a provision of Rs. 17.10 Lacs was made ad dividend payable on 1368318 Equity Shares and Rs. 2.96 Lacs being Tax on dividend. On 7th September, 2015 as per the terms and conditions of issue and allotment of preferential cumulative convertible warrants issued to promoters, 231000 Equity Shares were issued which was liable for dividend as the dividend is payable to all the share holders on their share holding outstanding on book closing date ie. 21.09.2015. Accordingly an excess dividend amounting to Rs. 2.89 Lacs and Tax thereon Rs. 1.11 Lacs was paid during the year over and above the provision made.

4. BORROWINGS

Non-Current Liabilities

Long Term Borrowings - Secured

Term Loan from Banks and Financial Institution
(Refer Note No. 2)

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

-

99.19

1,352.86

131.50

2.50

2.04

1,588.09



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

4. BORROWINGS (Contd.)

Notes :

- 1) Working Capital facilities and Capex Term Loan including LC & Buyers Credit Limit are from Union Bank of India (Rs. 23.75 Lacs) and DBS Bank (Rs. 18.65 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 the 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 and mortgage of additional land admeasuring 24285 square meter against SBLC limite has been provided exclusively to Union Bank of India.
- 2) The Term Loan are Secured by hypothecation of related equipments / vehicles purchased and the Terms of repayment of Term Loan are –

(₹ in lacs)

Particulars	Sanctioned Amount (₹ in lacs)	Period & Repayment tenure	Installment Value & terms per month	No. of Instalments sanctioned & due	Rate of Interest
Capex Terms Loan From Union Bank of India, Bareilly (Main Branch) Old	150	Feb 2014 to Jan 2019	Rs. 2.50	60 34	Base Rate +2%
New*	235	June 2015 to May 2020	Rs. 3.92	60 60	Base Rate + 2%
Capex Term Loan from DBS Bank Ltd., (Kolkata Main Branch) New*	290	June '15 to May '20	Rs. 5.18	56 51	11.85%
Auto Loan From Union Bank of India, Bareilly (Main Branch)	5.75	Dec 2014 to Nov 2019	EMI of Rs. 1,24,000/-	60 44	10.70%
Volkswagon Finance Pvt. Ltd.	26.00	July 2011 to June 2016	EMI of Rs. 55,894/-	60 3	10.90%
ICICI Bank, Kolkata	48.00	April 2014 to March 2019	EMI of Rs. 1,02,577/-	60 36	10.24%
	5.40	Dec 2011 to Nov 2016	EMI of Rs. 12,100/-	60 8	12.10%
Kotak Mahindra Prime Ltd.	14.00	Sept 2014 to Aug 2017	EMI of Rs. 45,100/-	36 17	9.85%

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

**As at
March 31, 2016**

5. PROVISION FOR DEFERRED TAX

As per accounting standard - 22 on Tangible fixed assets which arises primarily from Depreciation

Opening Balance	62.42
Add : Debit / Credit for the year	(1.15)
Closing Balance	<u>61.27</u>

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

	(₹ in lacs) As at March 31, 2016
6. TRADE PAYABLE	<u>1,344.76</u>
Note :	
The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any relating to amounts payable out of the above at the year end together with interest payable thereon to these parties, are not ascertainable.	
7. OTHER LONG TERM LIABILITIES	
Contractors and Customers Security Deposits	10.13
Advance from Customers	94.22
Others	19.97
	<u>124.32</u>
8. PROVISIONS	
Long Term provisions for Employees Benefits	
Gratuity (Refer Note No. 22)	23.56
Leave encashment	101.45
	<u>125.01</u>
9. OTHER CURRENT LIABILITIES	
Interest accrued but not due	0.63
Advance from Customer	4.51
Advance from Promoters against issue of Convertible Warrants	-
Other statutory liabilities	71.62
	<u>76.76</u>
10. SHORT TERM PROVISIONS	
Provision for taxation (Net)	20.00
Provision for Fringe Benefit tax (Net)	-
Proposed Dividend	19.99
Tax on Dividend	4.07
	<u>44.06</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

11. FIXED ASSETS

(₹ in lacs)

Particulars	GROSS BLOCK - AT COST			DEPRECIATION			NET BLOCK			
	As at April 1, 2015	Additions	Sales/ Adjustments	As at March 31, 2016	As at April 1, 2015	Charge for the period	Depreciation in respect of assets whose useful life is over	Sales/ Adjustments	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
Free Hold Land (Ref. Note 14 (a))	166.99	28.72	—	195.71	—	—	—	—	195.71	166.99
Building	171.63	22.40	—	194.03	57.73	6.23	—	63.96	130.07	113.90
Tube-Well	2.74	—	—	2.74	2.18	0.29	—	2.47	0.27	0.56
Plant and Machinery	218.19	252.42	—	470.61	108.66	39.48	—	148.14	322.47	109.53
Effluent Treatment Plant	20.79	—	—	20.79	19.75	—	—	19.75	1.04	1.04
Electric Installation	203.19	33.82	—	236.83	79.66	21.01	—	100.67	136.16	123.35
Weighing Scale	5.06	0.53	—	5.59	3.30	0.30	—	3.60	1.99	1.76
Trolley & Trays	160.61	12.51	—	173.12	119.39	3.55	—	122.94	50.18	41.22
Laboratory Apparatus	5.03	0.04	—	5.07	4.18	0.10	—	4.28	0.79	0.85
Refrigeration & Cooling System	492.41	75.95	—	568.36	183.79	55.97	—	239.76	328.60	308.62
Motor Car & Vehicles	200.24	—	—	200.24	73.93	18.41	—	92.34	107.90	126.31
Computers	43.69	2.05	—	45.74	35.44	3.67	—	39.11	6.63	8.25
Furniture, Fixtures & Office Equipment	66.54	4.47	—	71.01	50.51	0.35	—	50.86	20.15	16.03
Total	1,756.93	432.91	—	2,189.84	738.52	149.36	—	887.88	1,301.96	1,018.41



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)
As at
March 31, 2016

12. NON CURRENT INVESTMENTS

Other Investment – At Cost

339 (339) Equity Shares of Rs. 100/- each fully paid up in M/s. Vishnuhari Investment & Properties Ltd.	0.02
	<u>0.02</u>

13. LONG TERM LOANS & ADVANCES

Unsecured – Considered good	
Security Deposits	24.76
Other Loans & Advances	
Deposit with Government Authorities	67.21
Tax Deposited at Source	21.80
	<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
Raw Materials	517.34
Work in Process	890.20
Finished Goods (Ref. note b) below)	206.90
Consumables	8.43
Stores and Spare parts	120.85
Tools and Implements	0.88
	<u>1,870.76</u>

Notes :

- 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. 8.43 Lacs.

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

	(₹ in lacs) As at March 31, 2016
15 TRADE RECEIVABLES	
Debts outstanding for more than 6 months	
Unsecured – Considered good	<u>38.20</u>
Other Debts	
Secured – Considered good	1.55
Unsecured – Considered good	<u>1,710.59</u>
	<u>1,712.14</u>
	<u>1,750.34</u>
16 CASH & CASH EQUIVALENTS	
Cash in hand	9.94
Cheques, Drafts on hand	<u>42.08</u>
	<u>52.02</u>
Balances with banks	
In current account	149.21
In Deposit Account with Banks -	
Against Margin money for Letter of Credit	189.94
Against Sales tax [Ref. note No. 27 (b)]	2.64
Against Others Compliances	0.36
	<u>342.15</u>
	<u>394.17</u>
17. SHORT TERM LOANS & ADVANCES	
Unsecured – Considered Good	
Advance to Materials Suppliers	168.04
Advance to employees	8.44
Interest receivables	12.87
Excise duty Credit	284.25
Others	44.72
	<u>518.32</u>

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

		(₹ in lacs)
		2015-2016
18. OTHER INCOME		
Interest on Fixed Deposits & Others		28.85
Liabilities no longer required written back		2.97
Other Miscellaneous income		3.18
		35.00
19. COST OF MATERIALS CONSUMED		
Raw materials consumed		
Opening Stock		553.78
Purchases		6,361.09
Add : Extraction expenses		40.61
Foreign Exchange Fluctuations (Net)		80.24
		7,035.72
Less : Closing Stock		517.34
Raw materials consumed		6,518.38
20. CHANGE IN INVENTORY		
Stock of Finished goods and Stock in process as at 1st April, 2015		1,558.88
Less : Stock of Finished goods and Stock in process as at 31st March, 2016		1,088.67
(Increase) / Decrease		470.21
21. MANUFACTURING EXPENSES		
Stores and Spare parts consumed		391.39
Other Consumable and Chemicals Consumed		80.10
Power and Fuel		327.30
Electric, Light & Power		367.34
Rent		0.22
Insurance		5.53
Repairs & Maintenance		
Buildings		28.35
Plant & Machinery		52.90
Others		14.69
Machine Katha Expenses		621.30
Rates & Taxes		55.07
Travelling Expenses		19.00
Misc. Expenses		226.48
		2,189.67
22. EMPLOYEES BENEFIT EXPENSES		
Salaries, Wages, Bonus & Other Benefits		1,431.91
Contribution to Provident Fund		74.40
Staff Welfare Expenses		122.81
		1,629.12

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**
EMPLOYEES BENEFIT EXPENSES (Contd.)**(₹ in lacs)**

As per Actuarial Valuations as on 31.03.2016 and recognised in the financial statements in respect of Employees benefit schemes.

A. Component of Employer expenses

1. Current service Cost	17.07
2. Interest Cost	24.47
3. Expected Return on Plan Asset	—
4. Actuarial Losses / (gain)	(9.39)
5. Expenses directly paid by the Company (For Current Year)	—
6. Total expenses recognised in the Statement of Profit & Loss	32.15

B. Net Asset / (Liability) Recognised in Balance Sheet as at 31.03.2016

1. Present Obligation of Defined Benefit Obligation	317.63
2. Fair Value of Plan Asset	294.07
3. Net Asset / (Liability) recognised in the Balance Sheet	23.56

C. Change in Defined Benefit Obligation during the year ended 31.03.2016

1. Present Value of DBO at Beginning of period	269.22
2. Current Service Cost	17.07
3. Interest Cost	24.47
4. Actuarial Losses/(gains)	36.12
5. Benefits paid	52.81
6. Present value of DBO at the end of period	294.07

D. Change in Fair Value of the asset

1. Plan asset at the beginning of the period	269.22
2. Return on Plan Asset	24.47
3. Actuarial Gain	—
4. Actual Company contributions	53.19
5. Benefits paid	(52.81)
6. Plan Assets at the end of the period	294.07

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 and 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) 2015-2016
23. OTHER EXPENSES	
Rent Expenses	8.13
Rates and Taxes	0.42
Insurance	2.88
Other Repairs	0.97
Travelling Expenses	74.58
Auditors Remuneration	
For Audit Fees	2.00
For Other Services	0.42
Directors sitting fees	1.58
Misc. Expenses	192.82
Advances Written off	14.21
Loss on Sale of Fixed Assets	—
Loss on Currency Derivatives	8.42
Sales Tax paid for Earlier year	0.72
Pre-operative Expenses written off	3.35
	310.50
24 EARNING PER SHARE	
1. Net Profit attributable to equity share holders for Basic and Diluted EPS	367.82
2. Weighted average number of equity shares for basic EPS	14,41,732
Weighted average number of equity shares for diluted EPS	14,41,732
3. Nominal Value of Equity Shares	Rs. 10
4. Earning per Equity Shares	
Basic	25.51
Diluted	25.51
25 Related Party Disclosures in accordance with the Accounting Standard No. 18	
1. Name of Companies in which Directors / Key Managerial Personnel and their relatives have significant influence	
1) Arvind Engineering Works Ltd.	
2) Security Company Limited	
3) Indian Glass & Electricals Ltd.	
2) Key Management Personnel	
a) Whole Time Directors	
i) Mr. K. K. Mohta (Chairman)	
ii) Mr. K. K. Damani (Executive Director)	
iii) Mr. Bharat Mohta (Director Corporate Planning & Strategy)	
b) Executive Officers	
iv) Mr. R. K. Agarwal (Chief Financial Officer)	
v) Mr. Anup Gupta (Company Secretary)	

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****Related Party Disclosures in accordance with the Accounting Standard No. 18 (Contd.)**

- c) Disclosures of Transaction entered into with the related party and Key Management Personnel of the Company.

Particulars	2015 — 2016	
	Key Managerial Personnel	Enterprises having Significant influence
a) Salaries and other Employees benefits	163.55	—
b) Unsecured Loan		
i) Opening Balance	46.53	10.00
ii) Loan Taken	34.00	—
iii) Repaid during the year	83.63	10.34
iv) Interest net of TDS	5.59	0.34
v) Closing Balance including interest	2.50	—

26. SEGMENT REPORTING

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

27. CONTINGENT LIABILITIES AND COMMITMENTS

- a) Katha, the main product of the Company "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 CAS4 but also reduced the demands of Rs. 11.93 crores to Rs. 4.40 crores. Accordingly on the same ground total demand of Rs. 35.95 crores would get reduced to Rs. 11.62 crores.

The Company's contention was also accepted by CESTAT New Delhi vide their order dated 31st July, 2012 and dated 8th February, 2013 and stayed the demand till disposal of the case with the observation that the appellant have prima facie case in their favour. The stay was extended Vide Order dated 22nd December, 2014.

Further more till now the Company's principal product KATHA which was considered under Chapter 14 of Central Excise Tariff by the department and liable to excise duty @6% (5% up to 16.03.2012). The department suddenly changed its' stand and considered KATHA classifiable as tannin extract under Chapter 32 of Central Excise tariff and raised an additional demand of Rs. 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 in case of KATHA was also accepted by CESTAT, New Delhi vide their order dated 28th July, 2014 and dated 27th November, 2014 stayed the demand unconditionally.

Consequently as per legal advice obtained departments action is not tenable based on issues including classification, exemption, valuation, time bar and allowability of cenvat credit of CV duty amounting to Rs. 13.80 crores paid while importing Gambier, which is to be adjusted if there is any demands. Hence no provision is made at this stage. Final adjustment will be made only when the matter is crystalized.



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- b) Demand for Sales Tax amounting to Rs. 131.82 lacs (Rs. 131.93 lacs) which are not acknowledged as debts. Against the same Company has paid under protest a total of Rs. 10.06 lacs (Rs. 10.17 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. PT Sumantra Resources International, Indonesia Rs. 49.75 Lacs and M/s. Agro & Spice Trading Pte. Ltd, Singapore Rs. 663 Lacs.

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

	31st March, 2016	
	% of Consumption	Value ₹ in lacs
Raw Materials–		
Indigenous	26.50	1,727.39
Imported	73.50	4,790.99
	100.00	6,518.38
Stores and Spare Parts–Indigenous	100.00	391.39
Consumable Stores– Indigenous	100.00	80.10

29. EARNINGS IN FOREIGN CURRENCY :

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

30. C I F VALUE OF IMPORTS

4,245.34

31. EXPENDITURE TRAVELLING IN FOREIGN CURRENCY

30.08

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

33. The requirements of Accounting Standard 27 "Financial Reporting on Interest in Joint Venture" is applicable for the first time, so previous year figures are not stated

For S. K. AGRAWAL & CO.

Chartered Accountants

Firm Registration No. 306033E

J. K. CHOUDHURY

Partner

Membership No.009367

Place : Kolkata

Dated : 14h May, 2016

For and on behalf of the Board

ANUP GUPTA
Company Secretary

R. K. AGARWAL
Chief Financial Officer

K. K. MOHTA, Chairman
BHARAT MOHTA, Whole Time Director
S. K. MAHESWARY,
Independent Director



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

Name of associates / Joint Ventures	PT Sumatra Resources International, Indonesia
1. Latest audited Balance Sheet Date	31.03.2016
2. Date on which the Associates or Joint Venture was associated or acquired.	10th December, 2015
3. Shares of Associate / Joint Ventures held by the company on the year end	
No.	500
Amount of Investment in Associates / Joint Venture	Rs. 30,25,000/-
Extend of Holdings	20%
4. Description of how there is sufficient 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. 26,89,398.63
7. Profit/Loss for the year	
i) Considered in Consolidation	Rs. 3,35,601.75
ii) Not considered in Consolidation	Rs. 3,35,601.75
1. Above named Joint Venture are yet to commence operation.	
2. Names of joint ventures which have been liquidated or sold during the year : None	

For and on behalf of the Board

ANUP GUPTA
Company Secretary

K. K. MOHTA, *Chairman*
BHARAT MOHTA, *Whole Time Director*

R. K. AGARWAL
Chief Financial Officer

S. K. MAHESWARY,
Independent Director

Place : Kolkata
Dated : 14h May, 2016