

The Western India Plywoods Limited

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54

**ANNUAL REPORT
1998 – 1999**

The Western India Plywoods Limited

BOARD OF DIRECTORS

Mr. P. C. D. NAMBIAR, Chairman

Mr. A. K. KADERKUTTY

Mr. Y. H. MALEGAM

Mr. KL. RAMANATHAN

Mr. G. S. A. SALDANHA

Mr. B. A. SHARIFF

Mr. K. B. SOMANA

Mr. N. L. VAIDYANATHAN

Mr. BHASKAR MENON

Mr. V. RAMACHANDRAN

Mr. E. PRAKASH KURUVILLA

Mr. P. K. MOHAMED, Managing Director

COMPANY SECRETARY

Mr. K. P. VIJAYAN

BANKERS

DENA BANK

INDIAN OVERSEAS BANK

STATE BANK OF INDIA

AUDITORS

M/S ACHARYA & Co.

CHARTERED ACCOUNTANTS

BANGALORE - 560 004

REGISTERED OFFICE

BALIAPATAM

CANNANORE - 670 010

KERALA STATE

The Western India Plywoods Limited

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NOTICE

NOTICE is hereby given that the 54th Annual General Meeting of the shareholders of the Company will be held on Saturday the 25th September, 1999 at 11 a.m. at the Registered Office of the Company at Baliapatam to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss account for the year ended 31st March, 1999 and the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Y. H. Malegam, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. N. L. Vaidyanathan, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. V. Ramachandran, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s Acharya & Co., Chartered Accountants, are eligible for re-appointment.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. E. Prakash Kuruvilla, who was appointed as an Additional Director by the Board of Directors with effect from 5th June, 1999 under Article 119 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company".

Registered Office:

Baliapatam
Cannanore

By Order of the Board

P. K. Mohamed
Managing Director

Notes:

1. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th September, 1999 to 25th September, 1999 (both days inclusive).
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member. The instrument of the proxy for use at the meeting must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. The Company has transferred the unpaid dividend account balance to the credit of Central Govt. as required under Section 205A of the Companies Act, 1956.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS

ITEM NO: 7

Mr. E. Prakash Kuruvilla was appointed as an Additional Director of the Company with effect from 5th June, 1999 under Article 119 of the Articles of Association of the Company. By virtue of that Article and under Section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting. The Board feels that the continuous association of Mr. E. Prakash Kuruvilla with the Board would be advantageous to the Company. As required under Section 257 of the Companies Act, 1956, notices have been received from members signifying their intention to propose Mr. E. Prakash Kuruvilla as Director.

Mr. E. Prakash Kuruvilla is interested in Resolution under Item No. 7 as it relates to his appointment. None of the other Directors is interested in the said Resolution.

Baliapatam
5th June, 1999

P. K. Mohamed
Managing Director

The Western India Plywoods Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 54th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1999.

	(Rs. in lakhs)	
FINANCIAL RESULTS	1999	1998
Gross Profit before Interest and Depreciation	1053.77	1090.53
Less : Interest	706.64	239.42
Depreciation	515.15	248.26
	(168.02)	602.85
Less : Provision for Taxation	Nil	65.00
	(168.02)	537.85
Add : Undistributed Surplus brought forward	690.09	403.82
Less : Interim Dividend on Preference Shares (Including Tax on Dividend)	40.70	26.53
	481.37	915.14

The Directors recommend the following Appropriations:

General Reserve No.1	20.00	100.00
Dividend @ 12% including Tax on Dividend	113.05	125.05
Balance carried forward	348.32	690.09
	481.37	915.14

WORKING OF THE COMPANY

The Company achieved a turnover of Rs. 45.82 crores during the year which is marginally lower than the turnover of Rs. 49.94 crores achieved in the previous year. The replacement-cum-modernisation project with a total cost of Rs. 65 crores had commenced operation from 14th March, 1998 and the year under review was the first full year of operation. Unfortunately, while this did not result in any increase in turnover, the result for the year had, as pointed out in the report of the previous year, to bear the full impact of interest and depreciation on the project. The turnover for the year was affected by the acute recessionary conditions prevailing in the market and the adverse impact of imported hardboard dumped into the domestic market which caused stiff and unethical competition. Your Directors are happy to report that the new plant is producing high quality hardboard sheets whereby the Company is able to maintain its quality leadership in the market.

As a result of the highly competitive environment and

the increase in fuel, power and raw material prices, margin was under pressure during the year. The Company is however addressing these problems by maintaining consistently high quality and effective marketing.

There has been a significant growth in the export turnover and even in the domestic market there are signs of revival after the Union Budget was introduced.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT ETC.

The prescribed details as required under Section 217(1)(e) of the Companies Act, 1956 are set out in the annexure.

SUBSIDIARY COMPANIES

The Annual Accounts of 2 subsidiary companies – Southern Veneers and Woodworks Ltd. and The Kohinoor Saw Mill Co. Ltd., as at 31st March, 1999 together with the reports of the Directors and Auditors to the shareholders are annexed hereto. Statement as required under Section 212 of the Companies Act regarding the above subsidiaries are also annexed to this report.

DIRECTORS

Your Directors record with profound sorrow the sad demise of Mr. T. T. P. Abdullah, Director of the Company on 15-2-1999. He was a member of the Board since 1990. The Directors wish to record their deep appreciation of the valuable services rendered by Mr. T. T. P. Abdullah during his term of office as a Director.

Mr. E. Prakash Kuruvilla who was co-opted as Additional Director on 5th June, 1999 vacates his office at the ensuing Annual General Meeting and is eligible for re-appointment.

Directors, Mr. N. L. Vaidyanathan, Mr. Y. H. Malegam and Mr. V. Ramachandran retire at the ensuing Annual General Meeting by rotation and are eligible for re-appointment.

DIVIDEND

The interim dividend for the year on the preference shares was paid before 31st March, 1999. Your Directors recommend a dividend on equity shares for the year @ 12% out of the unappropriated profits of the previous years.

DIRECTORS' REPORT (Contd.)**CAPITAL EXPENDITURE**

As at 31st March, 1999 Gross		
Fixed Asset stood at Rs.	—	104.71 crores
Net Fixed Asset at Rs.	—	69.36 crores
Additions during the year		
amounted to Rs.	—	4.53 crores

YEAR 2000 (Y2K) COMPLIANCE

The Computer Systems deployed in the Company's operations are Y2K compliant.

PERSONNEL

The particulars required under Section 217(2)(A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended are annexed to the report.

AUDITORS

M/s Acharya and Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

As required under Section 224 of the Companies Act, 1956, the Company has obtained from them confirmation

to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in the said Section.

INDUSTRIAL RELATIONS

Industrial relations with employees in all works/units and offices of the Company continued to be cordial and harmonious during the year under review.

GENERAL

Your Directors wish to place on record their deep appreciation of the valuable support extended by the Financial Institutions and Banks. They also wish to record their appreciation of the devoted services rendered by the officers, staff and workers of the Company. The Directors also record their thanks to the shareholders for their continued support and confidence reposed in the Management.

On behalf of the Board of Directors

Bangalore
5th June, 1999

P. C. D. Nambiar
Chairman

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The Western India Plywoods Limited

ANNEXURE TO THE DIRECTORS' REPORT

A) CONSERVATION OF ENERGY

The Govt. of Kerala has selected our organisation for the State Energy Conservation Certificate during 1998 in the category of major industries. The award was in appreciation of the efforts taken by the Company in energy conservation measures, like upgrading the process control with the latest technologies, introduction of energy saving equipments, instruments etc. for process control.

The internal energy audit cell constituted in the Company has done a commendable job in identifying the areas where energy saving measures could be adopted. The various energy saving projects recommended by the energy audit cell are under different stages of implementation and monitoring.

B) R & D HIGHLIGHTS FOR 1998 - 99

1. A contractual agreement had been made by the Company with Sree Ram Institute for Industrial Research, Delhi for the generation of technical knowhow pertaining to the production of epoxidised Diallylphthalate Monomer and its Polymer.

The technical knowhow obtained has been subjected to improvement and refinement for augmentation of product quality and to reduce the probability of runaway reaction. The products developed by improved process are under industrial evaluation by two concerns.

2. Laminates based on DAP - fibreboard composites have been developed. The attractive property aspects of the product offer the prospects of utilisation as substitutes for structural plywood in selected spheres, thus contributing to the conservation of prized timber species required for manufacture of structural plywood.

3. In pursuit of the program of fostering industrial academic interaction arrangements have been finalised for the internship of two final year students

of B.Tech. (Polymer Engineering) course of Mahathma Gandhi University. During the tenure of internship the students will be participating in Industrial Polymer Research related to waste utilisation and development of Wood-polymer Composites.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to Exports: Development of new export markets.

The Company has a full-fledged export section. The Marketing Department is in constant touch with the overseas markets with a network of agents in various countries to help exports. We regularly participate in prestigious international exhibitions and conduct market surveys and direct mail campaigns. The ISO 9002 Certification awarded to the Company during the last three consecutive years for the quality management systems of hardboard and WIPLAC pre-finished boards is under the process of re-certification.

Efforts are being made to develop new markets and consolidate the existing ones by developing products conforming to international standards and requirements.

The Company is continuously exploring avenues to increase exports.

b) Total Foreign Exchange used and earned.

	(Rs. in lakhs)	
	1998 - 99	1997 - 98
Foreign Exchange Earned	206.79	167.99
Expenditure in Foreign Exchange:		
Foreign Travel	1.77	3.24
Commission	0.26	1.09
Others	0.13	0.17

ANNEXURE TO DIRECTORS' REPORT (Statement of Particulars of Employees Pursuant to the Provisions of Section 217 (2) (A) of the Companies Act as amended)

Sl. No.	Name	Age	Designation/ Nature of duties	Remuneration (Rs. in thousands)	Qualification/ Experience (Years)	Date of Commencement of employment	Particulars of last employment
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
EMPLOYED THROUGHOUT THE YEAR							
1.	Sri P. K. Mohamed	60	Managing Director	11,13	Industrialist (37)	16-3-1962	Nil
2.	Sri A. K. Kaderkutty	88	Technical Consultant	25,00	Industrialist and Promoter (54)	15-1-1945	Nil

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
THE WESTERN INDIA PLYWOODS LIMITED**

We have audited the attached Balance Sheet of THE WESTERN INDIA PLYWOODS LIMITED, as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - 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 the books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
 - d) The said Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in Sub-Section 3(c) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
 - ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.
3. We have also examined the attached Cash Flow Statement of the Company for the year ended March 31, 1999. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement entered into with the Stock Exchanges.

Bangalore
5th June, 1999

For ACHARYA & CO.
Chartered Accountants

K. V. ACHARYA
Proprietor

The Western India Plywoods Limited

ANNEXURE TO AUDITORS' REPORT

Statement referred to in Paragraph 1 of our report of even date to the members of THE WESTERN INDIA PLYWOODS LIMITED on the accounts for the year ended March 31, 1999.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We have been informed that these assets have been physically verified by the Management during the year and that no serious discrepancies have been noticed on verification.
2. None of the fixed assets were revalued during the year.
3. The stock of finished goods, stores, spare parts and raw materials have been physically verified by the Management during the year, the frequency of which in our opinion is reasonable.
4. In our opinion, the procedure of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material having regard to the size of the Company and the nature of its business.
6. On the basis of our examination of stock and other relevant records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken or granted any loans, secured or unsecured from or to companies, firms or other parties listed in the Register maintained under the provisions of Section 301 of the Companies Act, 1956, (The Act) and/or from Companies under the same management as defined under Section 370(I-B) of the Act.
8. Interest free advances in the nature of loans have been given to employees who are repaying the principal amounts as stipulated.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of raw materials, components, stores, plant and machinery, equipment and other assets and for the sale of goods.
10. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Act and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods or services where such market prices are available or the prices at which transactions for similar goods or materials have been made with other parties.
11. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate

ANNEXURE TO AUDITORS' REPORT (Contd.)

provision has been made in the accounts for the loss arising on the items so determined.

12. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
13. In our opinion reasonable records have been maintained by the Company for sale and disposal of scrap. We are informed that the Company's operations do not generate any by-products.
14. The Company has an internal audit system, the scope of which is being enlarged.
15. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's products.
16. According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities during the year.
17. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at March 31, 1999 for a period of more than six months from the date they become payable.
18. According to the information and explanations given to us, no personal expenses of employees have been charged to revenue account other than those payable under contractual obligation or in accordance with generally accepted business practices.
19. The Company is not a Sick Industrial Company within the meaning of Clause (O) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

Bangalore
5th June, 1999

For ACHARYA & CO.
Chartered Accountants

K. V. ACHARYA
Proprietor