

# The Western India Plywoods Limited

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**56**

**ANNUAL REPORT  
2000 – 2001**

## HOMAGE



Shri. A. K. Kaderkutty Sahib left for heavenly abode on 14th February, 2001.

He was a legendary luminary and a beacon light for industrialists. His contributions to industry and society will always be remembered and cherished.

May his soul rest in peace.

Sorrowfully,  
Management & Staff

Founder, Managing Director: 1945 – 1993  
Director & Technical Advisor: 1993 – 2001

## ***The Western India Plywoods Limited***

### **BOARD OF DIRECTORS**

**Mr. P. C. D. NAMBIAR, Chairman**  
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. G. GANGADHARAN NAIR (Nominee of IFCI Ltd.)  
Mr. A. J. PAI (Nominee of KSIDC Ltd.)  
Mr. P. K. MAYAN MOHAMED, Executive Director  
**Mr. P. K. MOHAMED, Managing Director**

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### **COMPANY SECRETARY**

Mr. K. P. VIJAYAN

### **BANKERS**

STATE BANK OF INDIA  
DENA BANK  
NEDUNGADI BANK

### **AUDITORS**

M/S VARMA & VARMA  
CHARTERED ACCOUNTANTS  
KOCHI

### **REGISTERED OFFICE**

BALIAPATAM  
CANNANORE – 670 010  
KERALA STATE  
Tel: 0497-778151 (4 lines)  
Fax: 0497 – 778181  
Email: westind@sancharnet.in  
Website: www.wipltd.com

**The Western India Plywoods Limited**

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## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 56th Annual General Meeting of the shareholders of the Company will be held on Tuesday the 18th September, 2001 at the Registered Office of the Company at Baliapatam to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Profit and Loss account for the year ended 31st March, 2001 and the Balance Sheet as at that date together with the Reports of Directors and Auditors.
2. To appoint a Director in place of Mr. Y. H. Malegam, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. K. B. Somana, 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. Bhaskar Menon, who retires by rotation and is eligible for re-appointment.
6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:  
"RESOLVED that M/s Varma and Varma, Chartered Accountants, Kochi-16 be appointed as Statutory Auditors of the Company to hold the office till the conclusion of the next Annual General Meeting on a remuneration that may be fixed by the Board of Directors of the Company plus reimbursement of incidental and out of pocket expenses incurred during the course of the audit".

### SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED that Mr. Mayan Mohamed, who was appointed as an Additional Director by the Board of Directors with effect from 9th June, 2001 under Article 119 of 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".
8. To consider and, if thought fit, to pass with or without modification, the following Resolution as Special Resolution:  
"RESOLVED that pursuant to Section 314 and other applicable provisions of Companies Act, the monthly remuneration payable to Mrs. P. K. Rafia, Liaison Officer, a relative of Mr. P. K. Mohamed, Managing Director and Mr. P. K. Mayan Mohamed, Executive Director be and is hereby revised to Rs. 17,483/- with effect from 1st April, 2000."
9. To consider and, if thought fit, to pass with or without modification, the following Resolution as Special Resolution:  
"RESOLVED that pursuant to Section 314 and other applicable provisions of the Companies Act the monthly remuneration payable to Mr. P. K. Mehaboob Mohamed, Marketing Manager, a relative of Mr. P. K. Mohamed, Managing Director and Mr. P. K. Mayan Mohamed, Executive Director be and is hereby revised to Rs. 12,955/- with effect from 1st April, 2000".
10. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:  
"RESOLVED that pursuant to Section 314 and other applicable provisions of the Companies Act the monthly remuneration payable to Mr. P. K. Mayan Mohamed, a relative of Mr. P. K. Mohamed, Managing Director, who was appointed as Executive Director with effect from 15th June, 2001 be and is hereby fixed in the grade of Rs. 10,000-1,000-15,000.

By Order of the Board

*Registered Office:*  
Baliapatam, Kannur  
9th June, 2001

**P. K. Mohamed**  
*Managing Director*

### Notes:

1. The Register of Members and the Share Transfer Books of the Company will remain closed from 13th September, 2001 to 18th September, 2001 (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.

## The Western India Plywoods Limited

### NOTICE (Contd.)

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956

##### ITEM NO : 6

Since more than 25% of the Subscribed Capital of the Company is held by Public Financial Institutions owned by Government, the Provisions of Section 224 (A) of the Companies Act, 1956 becomes applicable to the Company. Pursuant to Section 224 (A) of the Companies Act, the Statutory Auditor of the Company can be appointed only by a Special Resolution passed by the shareholders. Hence the Resolution appointing the Statutory Auditor is proposed as a Special Resolution.

None of the Directors of the Company is in any way concerned or interested in the said Resolution.

##### ITEM NO : 7

Mr. Mayan Mohamed, Son of Mr. P. K. Mohamed, Managing Director, who was appointed as an additional Director of the Company with effect from 9th June, 2001 under Article 119 of the Articles of Association of the Company. By virtue of that Article and under Sec. 260 of the Companies Act, 1956, he holds office up to the date of the ensuing Annual General Meeting. The Board feels that the continuous association of Mr. Mayan Mohamed with the Board would be advantageous to the Company. As required by Sec. 257 of the Companies Act, a notice has been received from a member signifying the intention to propose the appointment of Mr. Mayan Mohamed as a Director along with a deposit of Rupees five hundred.

Mr. P. K. Mohamed and Mr. P. K. Mayan Mohamed, are interested in the said Resolution. None of the other Directors is concerned or interested in the said resolution.

##### ITEM NO : 8

Section 314 of the Companies Act prescribes that the remuneration of a relative of a Director, appointed in an office or place of profit, can be enhanced only on the approval of shareholders by Special Resolution if it exceeds the ceiling limit of Rs. 10,000 per month. Mrs. P. K. Rafia is a relative of Mr. P. K. Mohamed, Managing Director and Mr. P. K. Mayan Mohamed, Executive Director, who was appointed as Liaison Officer of the Company with effect from 15-6-1986 is presently drawing a monthly salary of Rs. 9,000/-. Since the Company has made a general revision of salary with effect from 1-4-2000 to its employees, the Board recommends to increase their salary to Rs. 17,483/- per month, for the approval of shareholders. Hence the Resolution.

Mr. P. K. Mohamed and Mr. P. K. Mayan Mohamed are interested in the said resolution. None of the other Directors is concerned or interested in the said resolution.

##### ITEM NO : 9

Section 314 of the Companies Act prescribes that the remuneration of a relative of a Director, appointed in an office or place of profit, can be enhanced only on the approval of shareholders by Special Resolution if it exceeds the ceiling limit of Rs. 10,000 per month. Mr. P. K. Mehaboob Mohamed is a relative of Mr. P. K. Mohamed, Managing Director and Mr. P. K. Mayan Mohamed, Executive Director, who was appointed as Marketing Manager of the Company with effect from 1-4-1995 is presently drawing a monthly salary of Rs. 9,340/-. Since the Company has made a general revision of salary with effect from 1-4-2000 to its employees, the Board recommends to increase his salary to Rs. 12,955/- per month, for the approval of shareholders. Hence the Resolution.

Mr. P. K. Mohamed and Mr. P. K. Mayan Mohamed are interested in the said resolution. None of the other Directors is concerned or interested in the said resolution.

##### ITEM NO : 10

Section 314 of the Companies Act, 1956 prescribes that a relative of a Director can be appointed in an office or place of profit only on the approval of Shareholders by Special Resolution.

Mr. P. K. Mayan Mohamed possesses exceptional organisational skill and administrative ability for developing the various functional areas of the Company. In order to strengthen the functions of raw material procurement, Export, Import and sales, it is proposed to continue him as an Executive Director of the Company. Since Mr. Mayan Mohamed is the son Mr. P. K. Mohamed, Managing Director and his remuneration exceeds the ceiling limit of Rs. 10,000/- per month the proposed Special Resolution is intended to obtain the consent of shareholders at the General Meeting.

Mr. P. K. Mohamed and Mr. P. K. Mayan Mohamed, are interested in the said Resolution. None of the other Directors is concerned or interested in the said resolution.

Baliapatam  
9th June, 2001

**P. K. Mohamed**  
Managing Director

**DIRECTORS' REPORT**

Your Directors present herewith the 56th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2001.

	(Rs. in lakhs)	
<b>FINANCIAL RESULTS</b>	2001	2000
Gross Profit before Interest and Depreciation	521.51	1457.27
Less : Interest	807.56	758.06
Depreciation	512.70	538.49
	<u>(798.75)</u>	160.72
Less : Provision for Taxation	—	20.00
	<u>(798.75)</u>	140.72
Add : Undistributed Surplus brought forward	373.51	348.32
Add : Amount transferred from General Reserve	567.52	—
Less : Interim Dividend on Preference Shares (including Tax on dividend)	2.28	53.41
Less : Capital Redemption Reserve account—Amount transferred from Profit & Loss Account	140.00	—
	<u>—</u>	<u>435.63</u>

The Directors recommend the following Appropriations:

General Reserve No.1	—	—
Dividend @ 6% including Tax on Dividend	—	62.12
Balance carried forward	—	373.51
	<u>—</u>	<u>435.63</u>

**WORKING OF THE COMPANY**

Your Company achieved a turnover of Rs. 43.30 crores during the year as against Rs. 49.19 crores during the previous year. The reduction in turnover and consequential negative working result during the year were due to the continuing recessionary conditions in the industry and also due to labour unrest which culminated in a strike by workmen which lasted for a period of 45 days. For these reasons, the overall operations of the Company have been adversely affected during the year under report.

The wood industry continued to experience sluggish market conditions. Your company believes that this is a

short term phenomenon and that the long term prospects for this industry are bright. Your Directors are hopeful that the Company's performance during the current year would improve substantially.

**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.

**CORPORATE GOVERNANCE**

Although the guidelines prescribed by SEBI on Corporate Governance are not applicable to your Company for the year under report, effective steps have been initiated to comply with the guidelines. Accordingly an Audit Committee and an Investors/Shareholders Grievance Committee have been formed.

**DIRECTORS**

It is with profound sorrow that the Board records the sad demise of Sri A. K. Kaderkuty. He was a legendary luminary in the wood processing industry in the country and an internationally acknowledged authority on the subject. He pioneered the wood processing industry in India and made significant contributions to its development. He was committed to indigenous development and self reliance and served as a beacon light for industrialists, not only in the State of Kerala but in the entire nation. His astute management skills, phenomenal ability to grasp complex technical data with great ease and facility and his innovativeness were largely instrumental in the growth and success of the Company. His demise has left a void in the Company and in the industrial community in Kerala which can never be filled. His contribution to industry and society will always be remembered and cherished.

Mr. A. J. Pai, Nominee of Kerala State Industrial Development Corporation Ltd., Trivandrum and Mr. G. G. Nair, Nominee of Industrial Finance Corporation of India Ltd. were inducted as Directors on 28-12-2000 and 13-2-2001 respectively. They are not liable for retirement by rotation.

Mr. P. K. Mayan Mohamed, son of Mr. P. K. Mohamed; Managing Director was inducted as additional director on 9th June, 2000 vacates his office at the ensuing Annual General Meeting and is eligible for re-appointment.



## The Western India Plywoods Limited

### DIRECTORS' REPORT (Contd.)

Mr. Y. H. Malegam, Mr. K. B. Somana, Mr. Bhaskar Menon and Mr. N. L. Vaidyanathan will retire at the ensuing Annual General Meeting by rotation and are eligible for re-appointment.

#### DIRECTORS RESPONSIBILITY STATEMENT

- 1) The Directors confirm that, in the preparation of the balance sheet and Profit & Loss Account of the Company, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 2) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for that period.
- 3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) The Annual Accounts have been prepared on a going concern basis.

#### SUBSIDIARY COMPANIES

The Annual Accounts of two subsidiary companies – M/s Southern Veneers and Woodworks Ltd. and M/s The Kohinoor Saw Mill Company Ltd. as on 31st March, 2001 together with Reports of the Directors and Auditors to the Shareholders are annexed thereto.

Statement as required under Section 212 of the Companies Act regarding the above subsidiaries are also annexed to this report.

#### DIVIDEND

The Directors regret that because of the absence of profits they are unable to declare any dividend on the preference or equity shares.

#### 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 & Co., Chartered Accountants, Bangalore had tendered their resignation on 4th December, 2000 on personal grounds.

M/s Varma & Varma, Chartered Accountants, Kochi-16, were appointed as the Statutory Auditors of the Company at the Extra Ordinary General Meeting of the shareholders held on 19th February, 2001. They 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

The Company has, during the year, concluded a four year agreement with the respective unions of employees. These agreements, while offering improved pay and benefits, also aims at better work practices and productivity improvement.

The Industrial Relations during the year were slightly disturbed on account of the labour strike mentioned elsewhere in the Report. However, the harmony between the management and labour force was restored and relations continued to be cordial during the rest of the period.

#### 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  
9th June, 2001

**P. C. D. Nambiar**  
Chairman



## ANNEXURE TO THE DIRECTORS' REPORT

**A.1. CONSERVATION OF ENERGY**

- a) Energy conservation measures taken:  
Revamping of the existing steam recovery system in one of the pulping machines with introduction of variable speed drive and associated instrumentation.
- b) Saving of electrical energy by introduction of variable speed drive for white water pump.
- c) Changing of connection from Delta to Star of under loaded motors in Plywoods and HB plants for maximum utilization of available power.
- d) Optimisation of water in high pressure washing system in No. 3 HB line by modification of the existing programme in the PLC.
- e) Power demand side management has been implemented with a view to reduce maximum demand incorporating smart demand controller in the distribution system.
- f) By introducing cyclic switching off one of the two Nos. of 1.25 MVA Transformers feeding power to No. 3 Hardboard line.
- g) An extensive study has been conducted for further improvement of Power Factor.
- h) Introduction of electronic ballasts and MH lamps in shop floors.
- i) Introduction of microprocessor based single loop controllers for pressure control in hydraulic presses.

**A.2. ADDITIONAL INVESTMENTS/PROPOSALS BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY**

- a) Proposed introduction of variable speed drive for the 55 KW motor of screw compressor in No. 3 HB line.
- b) Proposed installation of VF Drives for mating conveyors in No. 2 HB line by eliminating disc breaks, EM clutches and V belts and inching motors by retaining existing motors.
- c) Introduction of automatic PF control panels with capacitors in both LC S/S in HB and S/S in Plywood Factory.
- d) Optimisation of cooling tower operation by retro fitting and introduction of energy saver for cooling fan operation.
- e) Installation of level monitoring systems and closed loop control for white water chest with a view to achieve optimisation in white water usage.

**B. R & D HIGHLIGHTS FOR 2000 – 2001**

- 1) Specific areas in : Preservation of wood and wood which R & D panel products, synthetics-natural carried out by resin adhesives, radiation curable the Company surface coatings, waste utilization.
- 2) Benefits derived : Value addition to products and as a result of the reduction of process and product above R & D cost.
- 3) Future Plan of : Development of heavy duty flooring Action material utilization of effluent to produce biogas and biofertilizer and development of cost effective resin system in plywood production.
- 4) Expenditure on R&D :
  - a) Capital : –
  - b) Recurring : 5.69 lakhs
  - c) Total : 5.69 lakhs
  - d) Total R&D Expenditure : 0.13% (% on total Turnover)

**Technology Absorption, Adaptation and Innovation:**

- 1) Efforts, in (1 & 2) : A resin system utilizing cardanol brief made from cashew nut shell liquid has been towards developed (for the production of Hard- Technology board) which is cheaper than the Absorption, present resin used. Adaptation and A new sealer/filler has been Innovation developed which provides a hard coating on panels due to increased adhesion. The surface of panels could be sanded easily and a good finish can be obtained subsequently.
- 2) Benefits derived : A new curtain coatable & UV curable as a result of the formulation has been developed for the above efforts, e.g., the production of heavy duty flooring product improve- panel. ment, cost reduc- Composting of chipper residues from tion, product development, has been achieved as part of our import substitu- programme of converting organic tion etc. waste into useful products. The vermicompost (organic manure) obtained can be used safely in agriculture/horticulture. A resin system has been identified and used to reduce water absorption of Hardboard considerably. This process is suited for smaller and specific sizes only requiring lower water absorption due to the high cost of the resin.
- 3) No technology has been imported during the last 5 years.

## The Western India Plywoods Limited

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in lakhs)	
	2000 – 2001	1999 – 2000
Foreign Exchange Earned	89.39	151.23
Expenditure in Foreign Exchange:		
Foreign Travel	90	4.62
Commission	1.90	0.66

The ISO 9002 Certification awarded to the Company for the quality management systems of Hardboard and WIPLAC pre-finished boards has already been re-certified in May 1999 for another 3 years and the Company has received the same certification for its Plywood and Densified woods also.

### 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)
<b>EMPLOYED THROUGHOUT THE YEAR</b>							
1.	Mr. P. K. Mohamed	62	Managing Director	23,04	Industrialist (39)	15-1-1993	Jt. Mng. Dir.
<b>EMPLOYED PART OF THE YEAR</b>							
2.	Sri A. K. Kaderkutty	90	Technical Consultant	21,84	Industrialist and Promotor (56)	15-1-1993	Mng. Dir.

Sri A. K. Kaderkutty, father of Mr. P. K. Mohamed, Managing Director expired on 14 February, 2001.