

ANNUAL REPORT 1998-99

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 **Industries Limited**



Greenply INDUSTRIES LIMITED

DIRECTORS

S. P. Mittal, Chairman
R. Mittal, Managing Director
K. C. Jain, Wholetime Director
S. Mittal
M. Y. Konyak
S. C. Deorani

SECRETARY

Sanjeev Kedia

AUDITORS

D. Dhandaria & Co.

BANKERS

Allahabad Bank
State Bank of India
IDBI Bank Limited
Bank of Baroda

REGISTERED OFFICE

Makum Road
Tinsukia
(Assam)

CORPORATE OFFICE

16A, Shakespeare Sarani
Calcutta-700 071

UNITS

LAMINATES

RIICO Industrial Estate
P. O. Behror
Dist. : Alwar
Rajasthan

PLYWOOD

P. O. Tizit
Dist. : Mon
Nagaland

WIND POWER

Vill : Selianallur
Near Kayathar
Dist : Tirunelveli Kattabumman
Tamilnadu

REGISTRARS & SHARE TRANSFER AGENT

AMI Computers (I) Ltd.
60A & 60B, Chowringhee Road
Calcutta-700 020



Greenply INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that Ninth Annual General Meeting of the members of the Company will be held on Tuesday, 28th day of September, 1999 at the Registered Office of the Company at Makum Road, Tinsukia, Assam at 10.00 A.M. to transact the following business :

- 1) To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 1999 together with Directors' Report and Auditors' Report thereon.
- 2) To declare dividend.
- 3) To appoint a director in place of Shri M. Y. Konyak, who retires by rotation and being eligible offer himself for reappointment.
- 4) To appoint a director in place of S. C. Deorani, who retires by rotation and being eligible offer himself for reappointment.
- 5) To appoint auditors and fix up their remuneration.

Place : Calcutta
Dated : 30th July, 1999

By Order of the Board
For **GREENPLY INDUSTRIES LIMITED**
SANJEEV KEDIA
Company Secretary





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NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the company at its Registered Office not less than 48 hours before the time of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 24th day of September, 1999 to Tuesday, the 28th day of September, 1999 (both days inclusive) for determination of name of shareholders who will be eligible for dividend on equity shares which may be declared at the meeting and the dividend so declared will be paid to those members whose names appear on the register of members of the Company on 28th September, 1999.
3. Members are requested to promptly notify any change in their address to the Share Transfer Agent M/s. AMI Computers (I) Ltd., 60A & 60B Chowringhee Road, Calcutta - 700020.
4. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting.
5. Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividend upto the Financial Year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government Shareholders who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Morello Building, Ground Floor, Shillong-793 001.

Consequent upon amendment in Section 205-A of the Companies Act, 1956, and introduction of section 205-C by the Companies (Amendment) Ordinance, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund,

6. The Shares of the Company are listed on Stock Exchanges at Mumbai, Calcutta, Gauhati and National Stock Exchange.

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DIRECTORS' REPORT

The Directors are pleased to present the Annual Report together with the Audited Statement of Accounts of your company for the Year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1998-99	1997-98
Sales (Gross)	10473.66	8815.39
Less : Excise Duty	883.23	645.75
Net Sales	9590.43	8169.64
Profit before interest and depreciation	1153.71	1070.51
Less : Interest	646.45	675.89
Depreciation	252.66	206.39
Profit before tax	254.60	188.23
Provision for taxation and refund/payment for earlier years	—	14.47
Profit after taxation	254.60	173.76
Balance brought forward from earlier year	395.30	330.73
Amount available for appropriation	649.90	504.49
Proposed Dividend – Equity	40.53	40.53
– Preference	63.75	13.27
Corporated tax on dividend	11.47	5.38
Transfer to General Reserve	50.00	50.00
Balance carried to Balance Sheet	484.15	395.30

DIVIDEND

Your Directors have proposed a dividend of 8% on equity shares for the year ended 1998-99, which if approved at the forthcoming Annual General Meeting, will be paid to those shareholders of the Company whose names appeared on the Register of Members as on 28th day of September 1999.

The Directors have declared and paid interim dividend on Cumulative Redeemable Preference Shares @ 12.75% on 1st July 1999. As no final dividend has been recommended on the Preference Shares, the interim dividend paid shall be fully adjusted as final dividend for the year ended 31st March, 1999.

REVIEW OF OPERATIONS

During the year under review the total turnover was Rs. 10,473.66 Lacs as against Rs. 8,815.39 Lacs during the previous financial year, thereby recording an increase in turnover of 18.81%. The profit before tax also increased from Rs. 188.23 Lacs to Rs. 254.60 Lacs, recording an increase of 35.26% over the previous financial year. The Company also recorded an increase in the production and sales of Decorative laminates and has also been able to create a very good brand name for its product "Greenlam" in the market. The Company has made major breakthrough in its exports and Export turnover has increased to Rs. 1703.52 lacs as compared to previous year's turnover of Rs. 941.66 Lacs.

The Short Cycle Plant was also brought into operation in December '98 and the Company has launched its Pre Laminated Particle Board under the brand name "Green Lamiboard" in the market with a great deal of success.



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The plywood factory of the company situated at Tizit, Nagaland, was closed from operation from 14th January, 1999 to 4th May, 1999 by order of the Govt. of Nagaland.

FUTURE OUTLOOK

During the year under review the company has set up a new unit at Behror for the Production of Pre-laminated Particle Board and the production was commenced in the month of December, 1998. It is expected that the plant will achieve full capacity utilisation by March '2000. The Company is exploring further export market potential and contemplating setting up of a third Hot press for Decorative Laminates. The necessary land has already been partially procured and negotiations are on for further portion of land with the relevant Government authorities.

DIRECTORS

Shri M. Y. Konyak & Shri S. C. Deorani, Directors, retire at the ensuring Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS

M/s D. Dhandaria & Co., Chartered Accountants, Tinsukia, Statutory Auditors of the company hold office untill the conclusion of the Annual Genral Meeing and are recommended for re-appointment. The Company has received a certificate from the above Auditor to the effect that the re-appointment if made, would be within the limits prescribed under section 224 (1-B) of the Companies Act, 1956.

PARTICULARS U/S 217 OF THE COMPANIES ACT, 1956

1) PARTICULARS OF EMPLOYEES

None of the employees are drawing salary whose particulars are to be included in the Directors Report as required u/s 217(2A) of the Companies Act, 1956.

2) ENERGY CONSERVATION

The particulars, regarding Conservation of Energy, Technology absorption, Foreign Exchange Earning & Outgo as required u/s 217 (1) (e) of the Companies Act, 1956 are given as per Annexure.

Y2K COMPLIANCE

All the computers hardware and software are Y2K compliant.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the co-operation and financial assistance given by the Bankers and Financial Institutions during the year. Your Directors wish to place on record their sense of appreciation of the devoted services rendered by executives, staff and workers of the company for its success.

For and on behalf of the Board of Directors

Place : Calcutta
Dated : 30th July, 1999

S. P. MITTAL
Chairman


Annexure to the Director's Report

Information pursuant to the Companies (Disclosure of particulars in the report of Board or Directors) Rules, 1988.

A. CONSERVATION OF ENERGY
Energy Conservation measures taken :

The Company has installed highly efficient Thermo fluid heater and smoke tube boilers, which will give high fuel efficiency. It has also modified heating media from steam to thermofluid for setting high speed, high fuel efficiency. It has modified thermo setting resin to set in lower temperature consuming less heat energy.

	1998-99	1997-98
A. POWER & FUEL CONSUMPTION		
Electricity		
a) Purchased :		
Units (KWH)	25,73,957	22,05,959
Total Amount (Rs)	86,10,237	72,96,815
Rate/Unit (Rs)	3.35	3.31
b) Own Generation :		
i) Diesel Consumption		
Units (Ltrs)	4,91,437	6,80,296
Total Amount (Rs)	36,30,593	48,50,510
Rate/Unit (Rs)	7.38	7.13
ii) through Steam Turbine	Nil	Nil
c) Coal	Nil	Nil
d) Furnace Oil	Nil	Nil
e) Others/Internal Generation	Nil	Nil

II. CONSUMPTION PER UNIT OF PRODUCTION :

Units		
a) Plywood	Cu.Mt.	Cu. Mt.
b) Laminates	Sheets	Sheets
Electricity Consumption (KWH)		
a) Plywood	45.37	47.73
b) Laminates	1.10	1.22
Diesel Consumption (Ltrs.)		
a) Plywood	26.18	36.31
b) Laminates	0.12	0.22

B. TECHNOLOGY ABSORPTION
a) RESEARCH & DEVELOPMENT
1. Specific Areas in which R & D carried out by the Company.

P.F. (Phenol Formaldehyde) and M.F. (Melamine Formaldehyde) resins are manufactured in specially designed stainless steel and Mild Steel Reactors (resin kettles), which helps for better penetration of the resin in the paper being impregnated for lamination and for better fabrication. Each and every batch



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of the resin is tested for various factors like gel time, water tolerance, viscosity, solid content, specific gravity, refractive index & PH value, before use on impregnators to ensure consistency in the product. The Company has also got ISI certification for its decorative laminates.

2. Benefit derived as a result of above R & D.

The above R&D activity helps in improving the quality of the product thereby making the products upto the National and International Standards. The products are developed with features like Water resistant, heat resistant, light resistant, resistant to cracking, scratching, cigarette burns, steam blistering etc.

3. Future Plan of action

Concentration of the present work in R&D for improvement of new products and processes, improvement in the existing products and processes in various areas in which the company is operating.

4. Expenditure on R&D

	(Rs. in lacs)	
	1998-99	1997-98
a) Capital	7.02	Nil
b) Recurring	0.95	1.44
c) Total	7.97	1.44
d) Total R&D expenditure as a percentage of Total Turnover	0.076%	0.016%

b) TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION

1. Efforts in brief, made towards technology absorption, adoption and innovation.

A quality assurance cell has been set up in the factory to ensure that no sub standard material is despatched from the factory and only goods of specified standards are produced by strictly monitoring process controls.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. :

Product improvement and development, which has resulted in the improvement of the goodwill of the company's products in the market. It has also resulted in increase of the company's turnover.

3. Information regarding technology imported during last 5 years.

The company has not imported any technology during the last 5 years and it has no technical collaboration with any party.

E. FOREIGN EXCHANGE EARNINGS & OUTGO

1. Efforts : Efforts are being made to improve exports, by exploring new areas in the world market.

2. Earnings and outgo :

	1998-99 (Rs. in lacs)	1997-98 (Rs. in lacs)
Earnings (FOB value of Exports)	1695.22	928.81
Outgo on account of		
a) Raw-Materials & Consumables	1670.08	634.32
b) Capital Goods	254.17	37.99
c) Others	4.89	2.70
	<u>1929.14</u>	<u>675.01</u>



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AUDITORS' REPORT TO THE MEMBERS OF GREENPLY INDUSTRIES LIMITED

We have audited the attached Balance Sheet of GREENPLY INDUSTRIES LIMITED as at 31st March, 1999 and the annexed Profit and Loss Account of the said Company for the year ended on that date 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 enclose in the Annexure, our report 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 have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (a) In our opinion, proper books of account as required by the Companies Act, 1956 have been kept by the Company so far as appears from our examination of those books and proper returns, certified by the Branch Managers, adequate for the purpose of our audit have been received from some of the branches which have not been visited by us;
- (b) The Balance Sheet and Profit & Loss Account dealt with in this report are in agreement with the books and returns made available to us;
- (c) In our opinion, the Profit & Loss Account and Balance Sheet, together with notes thereon, comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Note No. 2 of Part B of Schedule V to the Accounts regarding credit of export incentives whereby profit is overstated to the extent stated therein with corresponding effects on the assets and liabilities of the company and read together with Significant Accounting Policies and other notes appearing thereon, 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 & Loss Account, of the Profit of the Company for the year ended on that date.

PLACE : CALCUTTA,
DATED : 30th July, 1999

For D.DHANDARIA & CO.
(Chartered Accountants)
Uma Dhandaria
Partner

**ANNEXURE TO AUDITORS' REPORT**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. A substantial portion of the fixed assets have been physically verified by the management during the period which in our opinion is reasonable. No material discrepancies were noticed on such physical verification.
2. The Company has not revalued its fixed assets during the year.
3. The stock of finished products, goods in process, raw materials, stores and spare parts, except items in transit, have been physically verified by the management during the year.
4. In our opinion and according to the explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
6. On the basis of our examination, we are satisfied that subject to Note Nos. 4(d), (e) & 9 of part A of Schedule 'V' the valuation of these stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has taken loans from companies and firms listed in the register maintained under Section 301 and 370(1-B) of the Companies Act, 1956 and the rates of interest and other terms and conditions of the loan are prima facie not prejudicial to the interest of the Company.
8. According to the information and explanations given to us, the Company has not granted any loans to Companies, firms or other parties listed in the register maintained under Section 301 and 370(1-B) of the Companies Act, 1956.
9. According to the information and explanations given to us, the Company has not granted any interest-free loans or advances in the nature of loans to other parties, except employees of the Company, who are generally repaying the same.
10. On the basis of checks carried out during the course of audit and as per explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials, plant and machinery, equipment and other assets, and for the sale of goods.
11. In respect of the transactions of purchases and sales of goods made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 or more in value in respect of each party, we are unable to express our opinion as transactions for similar goods have not been made with other parties.
12. The Company has a system of determining unserviceable or damaged stores and raw materials and finished goods on the basis of technical evaluation and on the aforesaid basis, in our opinion, adequate amounts have been written off from such stocks in the accounts.
13. The Company has not accepted any deposits from the public and consequently the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 are not applicable.