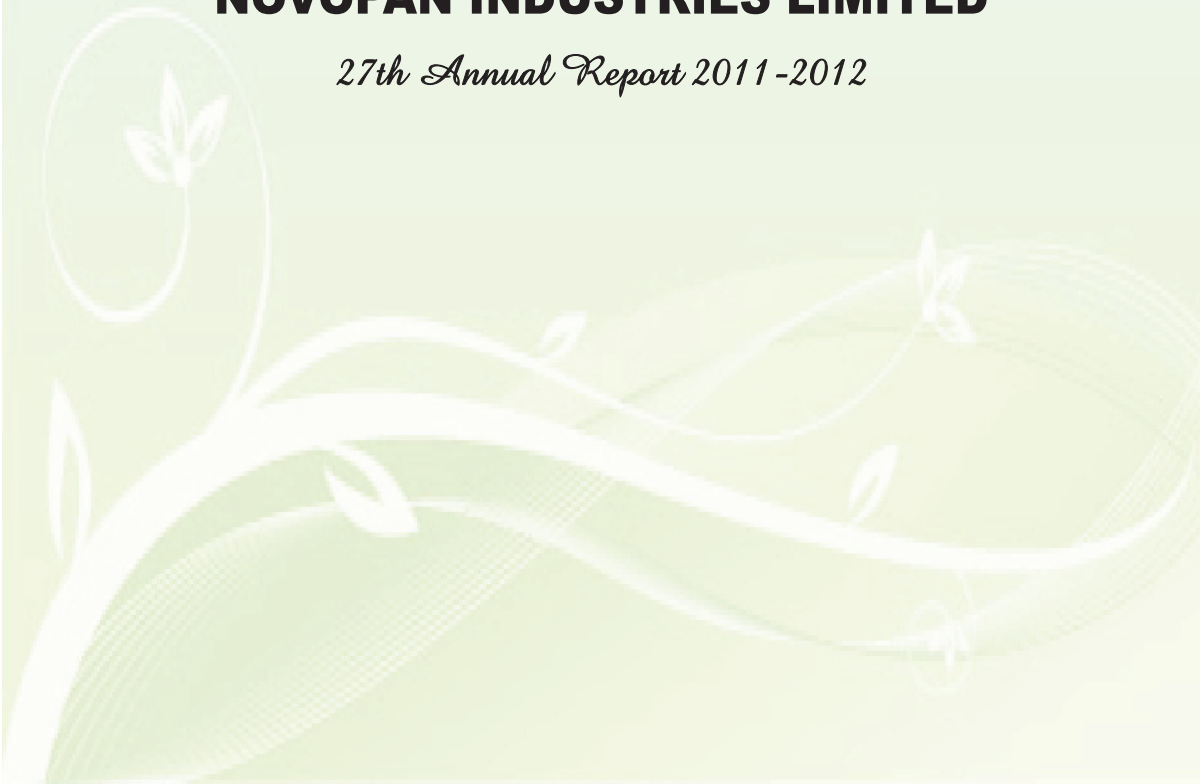




NOVOPAN INDUSTRIES LIMITED

27th Annual Report 2011-2012



BOARD OF DIRECTORS

Dr. G V Krishna Reddy	-	Chairman
Smt G Indira Krishna Reddy	-	Vice Chairperson
Sri S A Naqui	-	Executive Director
Sri A Issac George	-	Director
Sri M P Murti	-	Director
Sri Y Rama Murty	-	Director

Asst. Company Secretary - Mrs. Padma Loya

Auditors - Brahmayya & Co.,
4th Floor, Golden Green Apartment
Erramanzil Colony, Somajiguda
Hyderabad - 500 082

Bankers - Indian Overseas Bank
Indian Bank
IDBI Bank Ltd.
Federal Bank Ltd.

Registered Office
IDA, Phase - II, Patancheru,
Medak District (AP) - 502 319.

Plant Locations

- 1) IDA, Phase - II, Patancheru, Medak District (AP)
(Particle Board Plant)
- 2) Balanagar Village & Mandal, Mahaboobnagar Dist. (A.P.)
(Particle Board Plant)
- 3) Plot No. A-2, IDA, Phase IV, Patancheru, Medak Dist. (AP)
(Resin Plant)

CONTENTS

	Page No.
Notice	2
Directors' Report	5
Management Discussion & Analysis	9
Corporate Governance Report	11
Auditor's Report	20
Balance Sheet	24
Profit & Loss Account	25
Cash Flow Statement	26
Notes to Accounts	27

- c) Members / Proxies should bring their duly filled in attendance slips sent herewith for attending the meeting.
- d) Members who hold shares in dematerialized form are requested to bring their client ID and DP ID number to facilitate the identification of their attendance at the meeting.
- e) Members whose shareholding is in electronic mode are requested to intimate any change of address and updation of Bank Account details to their respective Depository Participants and whose shareholding is in physical form to intimate such changes to M/s XL Softech Systems Limited – Share Transfer Registrar of the company.
- f) The Register of Members and Share Transfer Books of the Company will remain closed from 07.12.2012 to 10.12.2012 (both days inclusive).
- g) Pursuant to Section 205A of the Companies Act, 1956, read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Unclaimed dividend amount for the financial year 2004-05 has been transferred to Investor Protection Fund. The members are requested to note that the unclaimed dividend amount pertaining to the year 2005-06 is due for transfer to the said fund in the month of October, 2013 and those members who have not yet encashed the dividend amount for that year are requested to claim the same at the earliest.
- h) Shareholders seeking any clarification / information on the Annual Accounts are requested to forward his/her queries to the company at least 7 days prior to the meeting so that the required information can be made available at the meeting.
- i) Shareholders are requested to send all communications/clarifications/queries etc., at M/s XL Softech Systems Limited, No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500034 the RTA of our Company.

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circular stating that service of notice/documents etc., can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with Company’s Share Transfer Agent, M/s XL Softech Systems Limited, No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500034.

Explanatory Statement
(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.5

As required under the provisions of section 163 of the Companies Act, 1956, certain documents such as the Register of Members, Index of Members and certain other registers, certificates, documents etc., are required to be kept at the registered office of the Company. However, these documents can be kept at any other place within the city, town or village in which the registered office of the Company is situated, with the approval of the members to be accorded by a special resolution.

The shares transfer agents registered under the SEBI (Registrar to an Issue and Share Transfer Agent) Regulation, 1993, as amended, provides the depository related services for the shares held in dematerialised form and also acts as the Share Transfer Agent for the shares held in the physical form. Hence, the approval of the members is sought in terms of Section 163(1) of the Companies Act, 1956, for keeping the aforementioned registers and documents at the office(s) of the registrar and transfer agents ('RTA') as may be appointed from time to time.

Currently, XL Softech Systems Limited, No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500034 are acting as the RTA for the Company.

In future, if there is a change in the RTA or its address, the Company shall communicate the same by publishing a public notice in newspapers in which the quarterly financial results are generally published.

The Directors recommend the said resolution proposed to be passed as special resolution by the members.

None of the Directors is concerned or interested in the said resolution.

By order of the Board
For Novopan Industries Limited

Place : Hyderabad
Date : 10-11-2012

Padma Loya
Asst. Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors hereby present the Twenty Seventh Annual Report and Audited Accounts of your Company, together with the Schedules and Notes thereon, for the Financial Year ended 31st March, 2012.

FINANCIAL RESULTS (in Crores)

Particulars	2011-12 *(9 months)	2010-11 (15 months)
Gross Revenue	1.01	58.34
Less: Excise Duty	—	4.72
Net Revenue	1.01	53.62
Gross Operating Profit (Loss)	(4.42)	(7.73)
Less: Interest	0.08	4.62
Profit (Loss)		
Before Dep. & Tax	(4.50)	(12.35)
Less: Depreciation	1.94	3.58
Profit/(Loss)		
Before Extraordinary item	(6.44)	(15.93)
Extraordinary Item	-	7.08
Profit/ (Loss) Before Tax	(6.44)	(23.01)
Less:1) Deferred Tax	0.04	0.52
2) Prov for Taxes of earlier years	-	0.02
Profit (Loss) After Tax	(6.48)	(23.55)

* The above results are for 9 months vis a vis 15 months for the previous year and hence not comparable

PERFORMANCE

The Company's revenue during the period was Rs.1.01 Crores for the financial year ended 31st March, 2012 (comprising of 9 months) in comparison with Rs.53.62 Crores for the Financial Year ended 30th June, 2011 (comprising of 15 months). Net loss for the year was Rs. 6.48 Crores,

as compared to net loss of Rs.23.55 crores incurred during the previous year. As the operations of the company have been stopped at all its manufacturing units the revenues were generated by selling stock in trade and other inventories.

FINANCIAL YEAR PERIOD

The Board of Directors of the company at its meeting held on 14th February, 2012 decided to close the Financial Year 2011-12 on 31st March, 2012. Accordingly, the said Financial Year comprises of 9 months from 1st July, 2011 to 31st March, 2012.

OPERATIONS

The company has suspended its operations since February, 2011 due to various reasons like shortage of major raw material, increased cost of manufacture coupled with continuous load shedding and power shortage and competition in the market. In this regard the company has constituted a committee to study & evaluate various alternatives for revival of its operations and furnish its recommendations.

The said committee has taken into consideration various options and evaluated their impact on both technical & financial feasibility. Based on the outcome of such study the committee recommended to the Board that under any of the scenario, continuing the business or reviving the same would be unviable.

The committee also felt that further expansion or revival may require locating the plant nearer to raw material source and/or creating large capacity continuous automated plant, would require huge capital investment and cause more financial burden on the company.

Accordingly, the committee has recommended that the management may consider disposing off the one or more undertaking(s) to such other manufacturer or end user. In view of this the company has sought the approval of members to dispose off one or more undertaking(s). The members of the company have accorded their approval through Postal Ballot with a majority of 99.99%.

Currently the company is evaluating some of the offers it has received for the sale of Plant & machinery at each of the three locations.

EXTENSION OF REDEMPTION DATE OF PREFERENCE SHARES

Your Company had issued 2,50,00,000 10% Non-Cumulative Redeemable Preference shares of Rs. 10/- each (hereinafter referred to as 'the preference shares') on 11th June, 2011.

According to the terms of the issue, the preference shares were due for redemption on 10th June, 2012, however the Company had obtained the written consent of GVK Projects & Technical Services Limited, Preference Shareholder, holding 100% Paid up Preference Share capital of the Company, in terms of the provisions of section 106 of the Companies Act, 1956, for extending the due date of redemption of the said shares by one year i.e., from 10.06.2012 to 09.06.2013.

Your Company had duly complied with all the statutory requirements of the regulatory authorities.

MANAGEMENT DISCUSSION, ANALYSIS & CORPORATE GOVERNANCE

Reports on Management Discussion & Analysis and status report on compliance of Corporate Governance are annexed and form part of Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 on the Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that 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 of the profit or loss of the Company for the financial year ended 31st March, 2012;
- that the Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- During the year the company has suspended manufacturing activities at all its plants and taken steps to dispose off one or more undertaking of the company. Accordingly the annual accounts for the year ended 31st March, 2012 were not prepared on a going concern basis. Management has made necessary disclosures in the notes to the financial statements in this respect.

DIVIDEND

In view of the losses during the financial year 2011-12, no dividend is recommended by the Board of Directors.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits during the year under review as per the provisions of Section 58A of the Companies Act, 1956 and the rules made thereunder and no such amount in respect of Fixed Deposit (Principal or Interest) was outstanding on the date of Balance Sheet.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. G V Krishna Reddy, Chairman and Sri M P Murti, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

None of the directors of the company are disqualified for being appointed as directors as specified in Section 274 of the Companies Act, 1956. Your Board of Directors recommends their appointment / re-appointment.

AUDITORS

M/s Brahmayya & Co., Chartered Accountants, Hyderabad, will retire at the ensuing Annual General Meeting and are eligible for re-appointment as Statutory Auditors of the Company.

INDUSTRIAL RELATIONS

Your Company has been maintaining cordial and harmonious relations with employees. Your Directors express their deep sense of appreciation for the support and the contributions made by employees.

PARTICULARS OF EMPLOYEES

During the period under review, there were no such employees whose particulars are required to be given under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

CONSERVATION OF ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

The particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure – A and forms part of this report. It may be noted that there was no expenditure on account of technology absorption during the year 2011-2012.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for all the support received from the Banks, various departments of Central and State Government, SEBI and Stock Exchanges. Your Directors would also like to take this opportunity to express their sincere appreciation for the confidence reposed by the valued shareholders in the Company.

For and on behalf of the Board
For Novopan Industries Limited

Place: Hyderabad
Date : 10.11.2012

Dr. G V Krishna Reddy
Chairman

Annexure - A

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo.

Particulars	Current Year	Previous Year
A. Disclosure of Particulars with respect to Conservation of Energy, Power and Fuel Consumption:		
1 ELECTRICITY		
a) Purchased Units (in Lacs)	2.74	87.60
Total Amount (Rs. in Lacs)	27.92	382.05
(including demand charges)		
Rate / Unit (`)	10.18	4.36
b) Own Generation		
i) Through Diesel Generator		
No of Units in lacs	-	0.16
Units / Litre of Diesel	-	3.42
Cost / Unit (`)	-	11.72
ii) Through Steam Turbine	NIL	NIL
2 COAL		
Quantity (MT)	NIL	NIL
Total Cost (` in lacs)	NIL	NIL
Average Rate	NIL	NIL
3 OTHERS		
Consumption per unit of Production		
Electricity (Unit / Sq. Mtr.)	-	6.06
Coal (Kgs./ Sq. Mtr.)	NIL	NIL
B. Disclosure of particulars to foreign exchange earnings and outgo: (Rs.in lacs)		
Foreign Exchange outgo during the current accounting period	407.07	1930.44
Foreign Exchange Earnings	NIL	NIL

MANAGEMENT DISCUSSION & ANALYSIS

MACRO ECONOMIC OVERVIEW:

The world economy continues to face challenges. Advanced Economies that seemed to be shaping well at the start of 2011 lost steam towards the fag-end of the year and this uncertainty is clouding the prospects for global growth during 2012. The growth momentum was impacted as the protracted debt crisis in the euro area and fiscal fragilities dampened business and consumer confidence.

INDUSTRY STRUCTURE, DEVELOPMENTS IN INDIA

There has been a drop in the growth of Indian economy from 8.4% in the year 2010-11 to 6.9% in the year 2011-12. The total furniture industry in India although valued at Rs.71,000crores, yet the organised sector comprises of just 15% and the unorganised players accounting for the rest. Thus the Indian furniture manufacturing industry is expected to grow at a slow pace of 3 to 4 % per annum. Moreover, based on the present trend in the real estate market wherein, large inventories are built in both residential and commercial properties, it needs to be seen how it will impact the furniture business.

OPERATIONS

The company has suspended its operations since February, 2011 due to various reasons like shortage of major raw material, increased cost of manufacture coupled with continuous load shedding and power shortages on one hand and competition in the market on the other hand. In this regard the company has constituted a committee to study & evaluate various alternatives for revival of its operations and furnish its recommendations.

Before submitting its report to Board of Directors the committee has deliberated on the various alternatives like;

1. Stopping PPB Line and utilise imported boards for lamination :
2. Up-gradation of the existing plants at the same location
3. Operating only Shadnagar Plant with additional Short Cycle Press and upgradation of the Shadnagar Plant
4. Shifting the existing plants close to the source of wood
5. Setting up a new higher capacity plant and replacing of existing machinery which may require huge financial commitments.

For each of the above alternates the committee has gone into technical as well as financial feasibility based on various factors such as availability of wood and power supply, cost of production and competitive environment prevailing in the market and recommended to the Board that under any of the scenario, continuing the business or reviving the same would be unviable.

Accordingly, the committee has recommended that the management may consider disposing off the one or more undertaking(s) to such other manufacturer or end user. In view of this the company has sought approval of the members to dispose off one or more undertaking(s). The members of the company have accorded their approval through Postal Ballot with a majority of 99.99%.

Currently the company is evaluating some of the offers it has received for the sale of Plant & machinery at each of the three locations.

PERFORMANCE

Net turnover of your company for the financial year ended 31st March, 2012 (comprising of 9 months) was at Rs.1.01 Crores in comparison with Rs. 53.62 Crores for the Financial Year ended 30th June, 2011 (comprising of 15 months). Net loss for the year Rs. 6.48 Crores, as compared to net loss of Rs.23.55 crores incurred during the previous year.

OUTLOOK

The Company is looking out for various options in addition to pursuing new line of business and considering such other appropriate steps as may be considered necessary and suitable to diversify the business of the Company.

RISKS & CONCERNS

As the manufacturing activities at all the three plants had been closed, the plant, machinery and other equipments are lying idle, which is a major concern for the Company.

INTERNAL CONTROL SYSTEM

Your Company has reviewed internal controls and its effectiveness through the internal audit process.

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the compliance reports submitted to them.

HUMAN RESOURCES

During the period most of employees have left the services as the operations of the company were stopped at all the three units. The management after due negotiation with the Recognized Union, notified a Voluntary Retirement Scheme (VRS). The company has settled all the eligible employees who have applied for the VRS.

CORPORATE GOVERNANCE

Novopan has been regularly implementing the best practices of Corporate Governance to ensure the attainment of total transparency, accountability and integrity. The objective extends, not merely to meet with statutory requirements but also to go beyond them by putting into place procedures and systems, which are in accordance with best practices for governance. Corporate Governance at Novopan Industries means being responsive to aspiration of all the shareholders, employees, government, general trade and the public. Towards emphasizing on these guiding principles, the company, through formalized meetings and committees consisting of senior managers and staff, reviews periodically various activities of the company. The compliance report of the company, in accordance with the Stock Exchange Regulations and Listing Agreement is presented below:

1. Board of Directors

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The composition of the Board and category of Directors as on 31st March, 2012 is given below:

Category	Particulars of Directors
Promoter & Non – Executive Directors	1 Dr G V Krishna Reddy – Chairman 2 Smt G Indira Krishna Reddy – Vice Chairperson
Whole Time Director or Executive Director	1 Sri S A Naqui - Executive Director
Independent Directors	1 Sri M P Murti - Director 2 Sri A Issac George - Director 3 Sri Y Rama Murty – Director

2. Non – Executive Director's Remuneration & Sitting Fees

The non-executive Directors did not draw any remuneration from the company except sitting fees of Rs.4,000/- for attending each Board Meeting / Committee Meeting. The Company has paid total Rs.52,000/- sitting fee to directors during the financial year 2011-12.

3. Board Meetings held in the financial year 2011-12

The Board of Directors of the Company has decided to close the current Financial Year 2011-12 on 31st March, 2012. Accordingly, the Financial Year was comprising of nine months i.e., from 1st July, 2011 to 31st March, 2012. In the said 9 months period, the Board of Directors of the company had met four times (as against minimum requirement of four meetings in each financial year which consists of 12 months) on 2nd August, 2011, 31st October, 2011, 14th February, 2012 & 25th February, 2012. The gap between two Board Meetings was within the maximum time gap of four months prescribed in Clause 49 of the Listing Agreement.

4. Attendance of Board of Directors

The following is the attendance of each Director at the Board Meeting, last Annual General Meeting and number of other Directorship and Chairman/Membership of Committees of each Director in various other Companies.

Name of the Director	Category	Attendance Particulars		Number of other Directorships and Committee Member/Chairmanships #		
		Board Meeting	Last AGM	Other Directorships*	Committee Memberships	Committee Chairmanships
Dr G V Krishna Reddy	Promoter; Non-executive	4	Yes	11	Nil	Nil
G Indira Krishna Reddy	Promoter; Non- executive	4	Yes	10	Nil	Nil
S A Naqui	Whole time Director	4	Yes	Nil	Nil	Nil
M P Murti	Independent	4	Yes	3	1	2
A Issac George	Independent	2	Yes	5	3	Nil
Y Rama Murty	Independent	3	Yes	2	Nil	Nil
S P Bhasin **	Whole time Director	1	No	Nil	Nil	Nil

Committee memberships considered are of other companies only and those as required under the code of Corporate Governance.

* Directorships in other public limited companies.

** Sri S P Bhasin has resigned from the office of Director (Operations) & Director on 17th July, 2011

5. Code of Conduct

The Company has received declarations from its Directors and Senior Management Personnel affirming their compliance with the applicable code of conduct.

6. Audit committee

The role / terms of reference of the Audit Committee include the following:

- Reviewing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing with the Management the Annual Financial Statements before submission to the Board;
- Reviewing with the Management, Statutory and Internal Auditors the adequacy of Internal Control Systems;
- Discussion with Internal Auditors on any significant findings and follow-up thereon;
- Review the Company's accounting and risk management policies;
- Looking into the reasons for substantial defaults in the payment, if any, to depositors, shareholders (in case of non-payment of declared dividends) and creditors;
- Recommend the appointment and removal of Statutory Auditors and fixation of Audit Fees and approval for payment for any other services.

The Composition of Audit Committee and Attendance of members are given as under :

Name of Director and Position	Category of Director	Meetings / Attendance		
		02.08.11	31.10.11	14.02.12
M P Murti – Chairman	Independent	P	P	P
A Issac George – Member	Independent	P	A	P
Y Rama Murty – Member	Independent	P	P	A
G Indira K Reddy - Member	Non-Executive	P	P	P

P – Present, A – Absent

8. Remuneration Committee

The Remuneration Committee of the company comprises of four Non-executive Directors viz., Sri M P Murti as Chairman (Independent Director), Smt G Indira Krishna Reddy (Non-executive Director) Sri A Issac George (Independent Director) and Sri Y Rama Murty (Independent Director) as its members.

Details of Remuneration paid to the Whole time Directors for the year : The aggregate value of salary and perquisites paid for the year ended 31st March, 2012 to Sri S A Naqui, Executive Director (from the date of appointment i.e., 2nd August, 2011 to 31st March, 2012) was Rs.11.15 lacs. There is a Sub Committee of Board viz., Remuneration Committee which studies the remuneration policy and fixes the remuneration of non-executive and executive directors. The Company has one whole time director i.e. Executive Director and his salary have been fixed by the shareholders at the Annual General Meeting. The non-executive directors do not draw any remuneration from the company except sitting fees.

9. Disclosures by management to the Board

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

10. Shareholders' / Investors' Grievance Committee

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors of the Company has constituted an Investor Grievance Committee comprising of four Non-executive Directors viz., Sri M P Murti as Chairman (Independent Director), Sri A Issac George (Independent Director), Sri Y Rama Murty (Independent Director) & Smt G Indira Krishna Reddy (Non-executive Director) as its members.

The Investor Grievance Committee specifically looked into the redressal of Investor grievances pertaining to - Transfer of Shares, Payment of Dividend, Dematerialization of Shares and issue of Duplicate shares Certificates etc.,

The total number of queries / correspondence received and resolved to the satisfaction of the shareholders during the year under review is given below.

Particulars	Pending at the beginning of the year	Received during the year	Addressed during the year	Pending as on 31 st March, 2012
Transmission of Shares	Nil	3	3	Nil
Deletion of Name	Nil	3	3	Nil
Change of Address	Nil	19	19	Nil
Non Receipt of Dividends	Nil	2	2	Nil
Unclaimed Dividends	Nil	1	1	Nil
Non Receipt of Share Certificates	Nil	5	5	Nil
Complaints from Stock Exchanges, SEBI, ROC & Ministry of Corporate Affairs	Nil	4	4	Nil
Indemnity for duplicate share certificates	Nil	2	2	Nil
Miscellaneous	Nil	4	4	Nil
Non receipt of Annual Reports	Nil	2	2	Nil
Loss of Share Certificates	Nil	4	4	Nil
Splitting of Share Certificates	Nil	1	1	Nil
Exchange of Share Certificates & Letters of Exchange	Nil	5	5	Nil
Old Defunct Share Certificates	Nil	6	6	Nil
Unclaimed Share Certificates	Nil	1	1	Nil

The Company has attended to most of the investors' grievance / complaints within a period of 10 days from the date of receipt of the same.

11. CEO/CFO Certification:

A certificate from Executive Director and Finance Head on the financial statements of the company was placed before the Board.

12. General Body Meetings:

Location and time for the last three Annual General Meetings were:

Year	Location	Date	Time
2008 - 2009	Sathya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500073	22-09-2009	3.30 p.m.
2009 -2010	Sathya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500073	27-11-2010	11.30 a.m.
2010 -2011	Sathya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500073	28-11-2011	11.30 a.m.

Postal Ballots: In terms of the Provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, the company during the financial year ended 31st March, 2012 (i.e., 9 month period from 1st July, 2011 to 31st March, 2012) has passed the following Ordinary Resolution by Postal Ballot.

- 1) Ordinary resolution under section 293(1)(a) to sell or lease or otherwise dispose off or transfer the part or substantially the whole of one or more undertaking(s) of the company located at Patancheru and Shadnagar. The resolution was passed with a majority of 99.99%.

The proceedings of Postal Ballot were conducted by Mr. P. S. Rao, Partner, P.S. Rao & Associates, Company Secretaries as scrutinzers.

There is no Special or Ordinary Resolutions proposed, which needs to be passed by way of Postal Ballot at the ensuing Annual General Meeting.

13. Other Disclosures

- ◆ Related party transactions: There were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. Transactions with the related parties are disclosed in Notes to the Accounts in the Annual Report.
- ◆ There were no instances of non-compliance, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter relating to capital markets during the last three years.

14. Means of Communication

The quarterly financial results are generally published in "Financial Chronicle" & and "Andhra Bhoomi" and the same is being intimated to Stock Exchanges where the shares of the company is listed.

15. Share Transfer System

The Board of Directors has appointed XL Softech Systems Limited as Share Transfer Registrars, for affecting the transfers and other related works of the company. The transfers, which are received in physical form are registered and returned within a period of one month from the date of receipt, if the documents are valid and complete in all respects. The transfer of share in physical form is affected on fortnightly basis by the Share Transfer Registrar and the transfer of shares in electronic form is affected through the Depository Participant.

16. Distribution of Shareholding as on 31st March, 2012

Category (No. of shares)	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
0 – 1000	12786	98.75	939259	7.89
1001 – 5000	121	0.93	243532	2.04
5001 – 10000	13	0.10	91367	0.77
Above 10000	28	0.22	10635795	89.30
Total	12948	100.00	11909953	100.00

Market Capitalization : ₹ 33.35 crores as on 31st March, 2012.

17. Dematerialization of Shares

The equity shares of the Company are being traded compulsorily in dematerialized form and as on 31st March, 2012 total number of 1,15,29,552 equity shares of the face value of Rs.11.53 crores, representing 96.80% of the equity share capital have been dematerialized.

Monthly High / Low of market price of the Company's shares traded on The Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) during the Financial Year 2011-12 (i.e., 9 months period from 1st July, 2011 to 31st March, 2012).

(In Rs.)

Particulars	BSE		NSE	
	High	Low	High	Low
July, 2011	46.30	40.10	43.00	40.55
August, 2011	43.95	40.10	46.00	38.35
September, 2011	44.90	38.70	45.00	36.30
October, 2011	45.80	39.75	48.00	38.50
November, 2011	42.00	34.50	48.30	35.00
December, 2011	39.25	29.70	39.80	28.50
January, 2012	37.85	28.05	36.40	29.00
February, 2012	32.95	29.35	33.60	29.00
March, 2012	33.55	26.40	31.50	25.25

18. Shareholders information :

1. Annual General Meeting Date, Time & Venue	10 th December, 2012 at 11.30 am. “Sathya Sai Nigamagmam”, 8-3-987/2, Srinagar Colony, Hyderabad – 500 073.
2. Financial Calendar 2012-2013	Reporting of financial results for each quarter is done within 45 days of relevant quarters & for the financial year ending 31 st March, 2013 will be done during May, 2013.
3. Dates of Book Closure	From 7 th December, 2012 to 10 th December, 2012 (both days inclusive)
4. Listing on Stock Exchanges	Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 The National Stock Exchange of India Ltd. (NSE) Bandra Kurla Complex, NSE Exchange Plaza Bandra (East), Mumbai – 400 051
5. Listing Fees	Paid to both the above Stock Exchanges upto Financial Year 2012-13.
6. Stock Code	‘500310’ on the Bombay Stock Exchange Ltd., Mumbai ‘NOVOPAN IND’ on the National Stock Exchange of India Ltd, Mumbai.
7. Demat ISIN Number in NSDL & CDSL for equity shares	INE460B01016
8. Registered Office	IDA, Phase - II, Patancheru, Medak District (AP) - 502 319. Phone : 08455 - 242624 Fax : 08455 - 241883 E-mail : investor@novopan.in
9. Share Transfer Registrars (for both Physical & Electronic)	XL Softech Systems Limited No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500034 Phone : 040-23545913/14/15 Fax No.040-23553214 Email ID : xlfield@gmail.com
10. Shareholders’ Correspondence	Share Transfers in physical form and all other correspondence regarding Duplicate Share Certificates, Dividends, Change of Addresses shall be addressed to M/s XL Softech Systems Limited. – Share Transfer Registrar.

Annexure to Report of Corporate Governance

Details of Director seeking reappointment at the ensuing Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges).

Name of the Director	Dr. G V Krishna Reddy	Mr. M P Murti
Date of Birth	22 nd March, 1937	1 st December, 1919
Date of Appointment	31 st August, 1984	25 th May, 1986
Sahres held	100	606
Qualification	Bachelor's degree and completed the Owner / President Management Program from Harvard Business School	B.A. M.Sc. & MS in Chemical Engineering from Case Western University, USA.
Experience in specific functional area	<p>Dr. Reddy holds a Bachelor's degree and has completed the Owner / President Management Program from Harvard Business School. He has also been awarded a Doctorate in Philosophy from the Jawarhalal Nehru Technological University. He is a first generation industrialist and the founder of the GVK Group which has businesses in the energy, urban infrastructure, transportation, particle boards, hospitality, petrochemicals, bio-technology and finance sectors. His career spanning the last 42 years started with his involvement in the construction of major infrastructure projects for the Government such as dams, power houses, irrigation canals, bridges, roads, aqueducts and undertunnels. He established Novopan Industries Limited, one of India's first high quality pre-laminated particle board facility in 1979, followed by GVK Petrochemicals Limited for the manufacture of thermo-setting polymers to meet the requirements of the particle board industry, and GVK America Inc. in North Carolina, USA.</p> <p>The hospitality business of the GVK group of companies which was initiated as a strategic alliance forged by him with the TajGroup, comprises of Taj Krishna, Taj Deccan, TajBanjara and Taj Chandigarh. He also pioneered the establishment of the 217 MW Jegurupadu combined cycle power plant, India's first independent power producer and the Jaipur-Kishangarh BOT road project, a segment of the Golden Quadrilateral National Highways Development Project of the GoI.</p>	<p>He has over 47 years of industrial experience in various capacities both in India & abroad. He has vast and global exposure to management and Human Resource Development training and development activities, particularly in developing strategies, production & marketing and finance functions in all their respective modern aspects. After a distinguished career, he retired as the Managing Director of Union Carbide Eastern Operations and Union Carbide Ceylon. In addition to that he has also been a recipient of a number of prestigious awards.</p>
List of Public Companies in which outside directorships held as on 31.03.2012	<ol style="list-style-type: none"> 1. GVK Power & Infrastructure Limited 2. Alaknanda Hydro Power Company Limited 3. GVK Energy Limited 4. GVK Projects & Technical Services Limited 5. Pinakini Share & Stock Brokers Limited 6. Taj GVK Hotels & Resorts Limited 7. GVK Industries Limited 8. GVK Goutami Power Limited 9. GVK Power (Goindwal Sahib) Limited 10. GVK Oil & Gas Limited 11. Bangalore International Airport Limited. 	<ol style="list-style-type: none"> 1. SreeRayalaseemaAlkalies & Allied Chemicals Limited 2. Reliance Cellulose Products Limited 3. CIL Securities Limited

Auditors' Certificate on Compliance of conditions of the Corporate Governance as per clause 49 of the Listing Agreement with the Stock Exchanges.

To

The Members of
Novopan Industries Limited

We have examined the compliance of conditions of Corporate Governance by Novopan Industries Limited, Hyderabad for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and management;

We certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no Investor grievances are pending for a period exceeding one month against the Company, as per the records maintained by the Company.

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

For BRAHMAYYA & CO.,
Chartered Accountants.

(KOTESWARA RAO SSR)
Partner
Membership No.18952

Place : Hyderabad
Date : 30th May, 2012

Auditor's Report

To, The Members of
NOVOPAN INDUSTRIES LIMITED,
PATANCHERU(A.P).

We have audited the attached balance sheet of NOVOPAN INDUSTRIES LIMITED, PATANCHERU (A.P), as at 31st March, 2012, its statment of Profit and Loss for the period ended on that date annexed thereto, and its Cash Flow statement for the period ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) 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;
- (ii) 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;
- (iii) The Balance Sheet, the statement of Profit and Loss and the Cash-flow Statement dealt with by this report are in agreement with the books of account;

- (iv) In our opinion, the Balance Sheet, the Profit and Loss and the Cash- flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given us, *without qualifying our opinion, we draw attention to Note No.27 to the financial statements, regarding the going concern status of the company in view of stopping the manufacturing activity, declaring voluntary retirement to its employees and inviting tenders for disposal of plant and machinery, the said accounts give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of ;*
 - (a) the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - (b) the statement of the Profit and Loss, of the LOSS of the company for the period ended on that date; and
 - (c) the Cash-flow Statement, of the cash flows of the company for the year ended on that date.

For BRAHMAYYA & CO.,
Chartered Accountants.
Firm Regn No.:000513S

(KOTESWARA RAO SSR)
Partner
Membership No:018952

Place : Hyderabad
Date : 30th May, 2012

ANNEXURE**Re: NOVOPAN INDUSTRIES LIMITED - HYDERABAD (A.P)**

- 1.1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - 1.1.1 As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of the assets. No material discrepancies were noticed on such verification.
 - 1.1.2 During the year the assets disposed off by the company are not material. Attention invited to Note No. 27 of notes to accounts.
- 2.1 The company has physically verified its inventories during the year. In our opinion, the frequency of verification is reasonable.
- 2.2. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3. The company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- 3.1.1 According to the information furnished to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered by the register maintained under Section 301 of the Companies Act 1956. Accordingly the provisions of clauses 4(iii) (b), (c) and (d) of the order, are not applicable.
- 3.1.2 According to the information and explanations furnished to us, the company has not taken any loans secured or unsecured from companies, firms or other parties whose particulars are recorded in the register maintained under Section 301 of the Companies Act 1956. Accordingly the provisions of clauses 4(iii) (f) and (g) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further during the course of our audit, we have not come across any instances of major weaknesses in internal control that in our opinion, require correction but have so continued without correction.
- 5.1 Based on the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2 In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are having regard to the prevailing market prices at the relevant time.

6. The company has not accepted deposits from public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the company.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 9.1 According to the records of the company, the company is regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service tax, Cess and other material statutory dues applicable to it.
- 9.2 According to the information furnished to us, there were no undisputed statutory dues payable in respect of Income Tax, Wealth Tax, Service tax and Cess which were in arrears, as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.
- 9.3 According to the records of the company and the information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Excise Duty, Customs duty, Wealth Tax, Service tax, and Cess, which have not been deposited on account of any dispute except the following:

Nature of the Dues	Amount (Rs. in Lacs)	Period for which the Amount Relates (Asst. year)	Forum in which the dispute is pending
Income Tax	20.37	2003 - 2004	Income Tax Appellate Tribunal Hyderabad
	36.49	2004 - 2005	-DO-
	49.64	2006 - 2007	-DO-
	180.23	2007 - 2008	-DO-

10. The accumulated losses at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash losses during the financial year and also in the immediately preceding financial year.
11. The company has not defaulted in repayment of its dues to financial institutions and banks.
12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is neither a chit fund nor a nidhi/mutual benefit fund /society and hence the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

14. The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information furnished to us, the company has not given any guarantees for loans taken by others from any banks or financial institutions.
16. According to the information and explanations given to us, no term loans were obtained by the company during the year.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds were raised on short-term basis.
18. During the year the company has not made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year the company has not issued any debentures.
20. During the year the company has not raised any money through public issue. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
21. According to the information and explanations given to us, and based on the audit procedures generally adopted by us, we report that, during the year, no fraud on or by the company has been noticed or reported that is either significant or could have caused a material misstatement in the financial statements.

For BRAHMAYYA & CO.,
Chartered Accountants.
Firm Regn No.:000513S

Place : Hyderabad
Date : 30th May, 2012

2(KOTESWARA RAO SSR)
Partner
Membership No:018952

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31 st March, 2012		As at 30 th JUNE, 2011	
		Amount	Amount	Amount	Amount
Equity and Liabilities					
(1) Shareholders' funds					
(a) Share capital	3	36,90,99,530		36,90,99,530	
(b) Reserves and surplus	4	9,10,748		6,57,55,010	
			37,00,10,278		43,48,54,540
(2) Current liabilities					
(a) Trade payables	5	3,84,16,844		11,67,24,464	
(b) Other current liabilities	6	41,36,46,012		34,27,92,433	
(c) Short-term provisions	7	42,855		2,74,87,438	
			45,21,05,711		48,70,04,335
Total			<u>82,21,15,989</u>		<u>92,18,58,875</u>
Assets					
(1) Non-current assets					
(a) Fixed assets	8				
(i) Tangible assets		56,45,91,715		60,34,76,099	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		3,22,250		3,22,250	
		56,49,13,965		60,37,98,349	
(b) Non-current investments	9	5,37,500		5,37,500	
(e) Other non-current assets	10	81,42,459		95,42,757	
			57,35,93,924		61,38,78,606
(2) Current assets					
(a) Inventories	11	20,36,41,455		22,52,43,454	
(b) Trade receivables	12	60,78,435		1,77,21,869	
(c) Cash and cash equivalents	13	90,32,345		1,55,86,980	
(d) Short-term loans and advances	14	2,77,23,368		3,11,03,590	
(e) Other current assets	15	20,46,462		1,83,24,376	
			24,85,22,065		30,79,80,269
Total			<u>82,21,15,989</u>		<u>92,18,58,875</u>

Notes to accounts form an integral part of the Balance sheet

As per our report of even date
for BRAHMAYYA & CO.

For and on behalf of the Board of Directors

Chartered Accountants
Firm Regn No. : 000513S

(KOTESWARA RAO SSR)
Partner
Membership No.: 18952

Dr. G V KRISHNA REDDY
Chairman

S A NAQUI
Executive Director

Place : Hyderabad
Date : 30-05-2012

Mrs. Padma Loya
Asst. Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2012

Particulars	Note No.	Current Year	Previous Year
<u>Continuing Operations</u>			
Revenue from operations (gross)	16	9,91,914	55,29,13,889
Less: Excise duty		79,692	4,72,01,460
Revenue from operations (net)		<u>9,12,222</u>	<u>50,57,12,429</u>
Other income	17	91,79,677	3,04,56,372
Total Revenue		<u>1,00,91,899</u>	<u>53,61,68,801</u>
Expenses			
(1) Cost of materials consumed		-	26,44,84,415
(2) Changes in inventories of finished goods work-in-progress and Stock-in-Trade		4,779	1,05,68,437
(3) Employee benefits	18	26,78,946	13,15,74,407
(4) Finance costs	19	7,53,213	5,05,63,970
(5) Depreciation and amortization expense	8	1,93,93,356	3,58,71,988
(6) Other expenses	20	5,17,45,472	20,23,93,062
Total expenses		<u>7,45,75,766</u>	<u>69,54,56,279</u>
Profit / (Loss) before exceptional and extraordinary items and tax		(6,44,83,867)	(15,92,87,477)
Exceptional items			
Profit / (Loss) before extraordinary items and tax		(6,44,83,867)	(15,92,87,477)
Extraordinary Items		-	<u>7,08,03,346</u>
Profit / (Loss) before tax		(6,44,83,867)	(23,00,90,823)
Tax expense:			
(1) Current tax			
(2) Earlier Years		(3,60,395)	(2,35,799)
(3) Deferred tax		-	<u>(52,24,797)</u>
Profit / (Loss) (after tax) for the year from continuing operations		<u>(6,48,44,262)</u>	<u>(23,55,51,419)</u>
Earnings per equity share			
Basic	21	(5.44)	(19.78)
Diluted			

Notes to Accounts form an integral part of the statement of Profit and Loss

As per our report of even date
for BRAHMAYYA & CO.

For and on behalf of the Board of Directors

Chartered Accountants
Firm Regn No. : 000513S

(KOTESWARA RAO SSR)
Partner
Membership No.: 18952

Dr. G V KRISHNA REDDY
Chairman

S A NAQUI
Executive Director

Place : Hyderabad
Date : 30-05-2012

Mrs. Padma Loya
Asst. Company Secretary

CASH FLOW STATEMENT FOR THE YEAR 2011-12

(C)

	Current Year		Previous Year	
	Add / (Deduct)	Amount	Add / (Deduct)	Amount
A. Cash flow from operating activities				
Net Loss before tax & Extra-ordinary items		(6,44,83,867)		(15,92,87,475)
Adjustments for:				
Depreciation	1,93,93,356		3,58,71,988	
Miscellaneous Expenditure written off	3,74,145		4,92,305	
Interest	6,36,658		4,61,88,909	
Interest & others received	(4,78,690)		(12,94,921)	
Credit Balance and Excess Provision credited back	(75,03,061)		(45,60,791)	
Loss / (Profit) on sale of Assets	(6,40,000)		777	
Loss / (Profit) on sale of Assets	-		(1,05,35,096)	
Loss / (Profit) on sale of Investments	-		10,39,500	
Provision for Doubtful Debts	8,70,920		20,47,267	
Bad Debts written off	-		3,59,415	
Claims Written off	1,49,81,607		1,14,668	
Foreign Exchange Fluctuation	10,95,737		(16,60,636)	
Loss / (Profit) on sale of Raw Materials	34,858		63,90,253	
Loss / (Profit) on sale of Raw Materials	-		(65,80,769)	
Raw Materials written off	6,83,232		1,00,49,299	
Impairment loss on fixed assets	2,09,37,935		-	
Debit balances written off	31,65,879		-	
		<u>5,35,52,576</u>		<u>7,79,22,168</u>
Operating Profit before working capital changes		(1,09,31,291)		(8,13,65,307)
Voluntary Retirement Compensation		-		(7,08,03,346)
Operating Loss after extraordinary items		(1,09,31,291)		(15,21,68,653)
Adjustments for:				
Trade & Other Receivables	1,32,59,014		10,07,55,669	
Inventories	(2,13,186)		(4,84,79,086)	
Proceeds from sale of Raw Materials	2,10,97,095		3,89,54,130	
Trade & Other Payables	(2,71,13,141)	70,29,782	18,87,42,932	27,99,73,645
Cash generation from Operations		(39,01,509)		12,78,04,992
Less: Income Tax Paid		(57,212)		1,09,24,252
		<u>(39,58,721)</u>		<u>11,68,80,740</u>
B. Cash flow from Investing activities				
Interest & others received	2,25,810		7,87,894	
Proceeds from Sale of Investments	-		1,15,500	
Proceeds from Sale of Assets	7,30,000		1,69,89,354	
Foreign Exchange Loss	(10,95,737)		-	
Purchase of Fixed Assets	(15,36,907)	(16,76,834)	(1,42,800)	1,77,49,948
C. Cash flow from financing activities				
Net Borrowings	-		(32,74,86,963)	
Increase in Share Capital			25,00,00,000	
Interest paid	(6,36,658)		(4,79,78,231)	
Dividends paid	(2,82,422)	(919,080)	(2,74,947)	(12,57,40,141)
Net increase in cash & cash equivalents		(65,54,635)		88,90,547
Cash & cash equivalents at the beginning of the year		1,55,86,980		66,97,433
Cash & cash equivalents at the end of the year		90,32,345		1,55,87,980

For and on behalf of the Board of Directors

 Dr. G V KRISHNA REDDY
 Chairman

 S A NAQUI
 Executive Director

 Place : Hyderabad
 Date : 30-05-2012

 Mrs. Padma Loya
 Asst. Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**1. General Information**

Novopan Industries Limited (“the company”) is engaged in the business of production and sale of Plain & Melamine Faced Particle Boards. The company’s production activities are located at their Plants in IDA, Phase –II, Patancheru and Balanagar, Shadnagar, Mahaboobnagar (Dist) for Particle Boards and IDA, Phase – IV, Patancheru for resins production.

2. Summary of Significant Accounting Policies**a. Basis of preparation of Financial Statements:**

The financial statements have been prepared to comply in all material respects with accounting principles generally accepted in India and the applicable Accounting Standards notified under Section 211(3C) [the Companies (Accounting Standards) Rules, 2006 (as amended)] and the provisions of the Companies Act, 1956 (“the Act”). The financial statements have been prepared under the historical cost convention on accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the services rendered and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in India requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

c. Exceptional and Extraordinary Items

(i) Exceptional Items: Items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items are disclosed separately as exceptional items.

(ii) Extraordinary Items: Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly

d. Revenue Recognition:

The income from sale of goods is recognised as and when sales are made. Sales are inclusive of all Taxes, Duties and other charges and net of Trade Discounts and Rebates.

e. Fixed Assets:

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss. Cost of acquisition of fixed assets is inclusive of freight, net of duty/tax credits availed, if any, incidental expenses relating thereto and the cost of installation/erection. Financing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for intended use are also included to the extent they relate to the period upto such assets are ready for their intended use.

f. Depreciation:

Depreciation is provided on written down value method for Patancheru Unit and on Straight Line Method for Shadnagar and Resins units at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

g. Impairment of Assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generation unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

h. Inventories:

(i) Finished goods are stated at cost or realizable value whichever is less.

(ii) Work-in- process is stated at Cost.

(iii) Raw materials, Packing Material and Stores and Spares are stated at cost on Weighted Average method.

i. Foreign Exchange Fluctuation:

(i) Initial recognition: Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction.

(ii) Translation: At the year end all monetary assets and liabilities in foreign currency are restated at the rate prevailing at the year end.

(iii) Exchange Differences: Any gain or loss on translation or settlement of transaction is recognised in the statement of profit and loss.

(iv) Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

j. Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Long term Investments are stated at cost. Provision is made for diminution in value of investments only if such decline is other than temporary.

k. Retirement Benefits:

(i) Periodical contributions made to concerned authorities towards Provident Fund and ESI are charged to revenue.

(ii) Group Gratuity Scheme is administered through trustees for which policy is taken from LIC and Premiums will be paid to the said fund. At each reporting date, company's liability towards gratuity is determined by independent actuarial valuation using the projected unit credit method and is charged to revenue.

(iii) The workers of the company are eligible for leave encashment. At each reporting date, company's liability towards leave encashment is determined by independent actuarial valuation using the projected unit credit method and is charged to revenue.

- (iv) Company recognizes the undiscounted amount of employee benefits like Leave Travel Assistance, during the accounting period based on eligibility of employee as per Company's rules in this regard.
- l. Borrowing Costs:
 - (i) Borrowing costs directly attributable to the acquisition, construction/erection of qualifying assets, construction/erection of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.
 - (ii) All other borrowing costs are charged to revenue as and when incurred.
- m. Earnings per share
 - (i) Basic earnings per share: Basic earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity share holders by weighted average number of equity shares outstanding during the period.
 - (ii) Diluted earnings per share: Diluted earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.
- n. Taxes on Income
 - (i) Tax expense comprising of current and deferred tax, are considered in the determination of the net profit or loss for the year.
 - (ii) Current tax: Provision for current tax, estimated to arise on the profit for the year is made at the current rate of tax in accordance with the Income-tax Act, 1961.
 - (iii) Deferred Tax: In accordance with the Accounting Standard - 22, Accounting for taxes on income, the company has recognised the deferred tax liability in the accounts. Deferred tax reflects the impact of timing differences between taxable income and accounting income. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax asset is recognised only to the extent there is virtual certainty that sufficient taxable income will be available in future against which such deferred tax asset can be realised.
- o. Provisions and Contingencies

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed when there is a probable obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, and such liability that may arise is termed as a contingent liability.
- p. Insurance Claims:

Insurance claims are accounted for on admission by the authorities or on settlement.
- q. Unamortized Expenses:

Expenditure on account of merger/amalgamation is written off over a period of 5 years.

NOTE NO. 3
SHARE CAPITAL

Particulars	As at 31 st March, 2012		As at 30 th June, 2011	
	Number of shares outstanding		Number of shares outstanding	
Authorised: Equity Shares of ` 10/- each.	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
10 % Redeemable Non-Cumulative Preference Shares of ` 10/- each.	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Issued, subscribed and paid up: Equity Shares of ` 10/- each fully paid up	1,19,09,953	11,90,99,530	1,19,09,953	11,90,99,530
	1,19,09,953	11,90,99,530	1,19,09,953	11,90,99,530
Issued, subscribed and paid up: 10 % Redeemable Non-Cumulative Preference Shares of ` 10/- each.	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
Total	3,69,09,953	36,90,99,530	3,69,09,953	36,90,99,530

1. Out of the above 88,07,355 Equity shares are held by its holding company, i.e., GVK Projects & Technical Services Limited.
2. Redeemable Non-Cumulative preference shares are redeemable by 09 June, 2013
3. Details of share holders holding more than 5% of total number of shares

Name of the Share Holder	As at 31 st March, 2012		As at 30 th June, 2011	
	Number of shares held	%	Number of shares held	%
GVK Projects & Technical Services Limited	88,07,355	73.95	-	
G.V.Krishna Reddy	-		7,46,056	6.26%
G.Indira Krishna Reddy	-		7,45,000	6.26%
Zinger Investments Private Limited	-		50,85,199	42.70%
Total	88,07,355		65,76,255	

4. Reconciliation of Number of Shares Outstanding:

Particulars	Equity Shares		Preference Shares	
	As at 31 st March, 2012	As at 30 th June, 2011	As at 31 st March, 2012	As at 30 th June, 2011
Shares outstanding at the beginning of the year	1,19,09,953	1,19,09,953	2,50,00,000	2,50,00,000
Add: Fresh Issue during the year	-	-	-	-
	1,19,09,953	1,19,09,953	2,50,00,000	2,50,00,000
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,19,09,953	1,19,09,953	2,50,00,000	2,50,00,000

NOTE NO. 4

RESERVES AND SURPLUS

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
Capital Reserves		
Balance at the beginning of the year	27,480	27,480
Additions	<u>-</u>	<u>-</u>
	27,480	27,480
Deductions	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>27,480</u>	<u>27,480</u>
Revaluation Reserve		
Balance at the beginning of the year	28,73,28,873	28,73,28,873
Additions	<u>-</u>	<u>-</u>
	28,73,28,873	28,73,28,873
Deductions	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>28,73,28,873</u>	<u>28,73,28,873</u>
General Reserve:		
Balance at the beginning of the year	5,01,92,187	5,01,92,187
Additions	<u>-</u>	<u>-</u>
	5,01,92,187	5,01,92,187
Deductions	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>5,01,92,187</u>	<u>5,01,92,187</u>
Central and State Subsidies:		
Balance at the beginning of the year	15,00,000	15,00,000
Additions	<u>-</u>	<u>-</u>
	15,00,000	15,00,000
Deductions	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>15,00,000</u>	<u>15,00,000</u>
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	(27,32,93,530)	(37,742,113)
Add: Profit for the year	<u>(6,48,44,262)</u>	<u>(23,55,51,417)</u>
	(33,81,37,792)	(27,32,93,530)
Less: Proposed dividend		
: Tax on Proposed dividend	-	-
: Transfer to Reserves	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>(33,81,37,792)</u>	<u>(27,32,93,530)</u>
Total of Reserves and Surplus	<u>9,10,748</u>	<u>6,57,55,010</u>

NOTE NO. 5
TRADE PAYABLES

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
Dues to: Small and Micro Enterprises *	-	-
: Others than Small and Micro Enterprises	3,84,16,844	11,67,24,464
Total	3,84,16,844	11,67,24,464

* Based on the information available with the company, Refer Note No: 25

NOTE NO. 6
OTHER CURRENT LIABILITIES

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
Due to staff	861	1,82,766
Liabilities for: expenses	1,06,44,181	9,23,37,452
: Other finance	5,38,851	12,60,298
Deposits refundable	82,68,750	83,18,750
Advances received against sales	82,88,619	45,05,995
Unpaid dividends(not due for remittance)	12,68,750	15,51,172
Advance received against sale of land	38,46,36,000	23,46,36,000
Total	41,36,46,012	34,27,92,433

NOTE NO. 7
SHORT-TERM PROVISIONS

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
Employee retirement benefits *		
Gratuity	-	2,58,43,001
Leave Encashment	42,855	16,44,437
Total	42,855	2,74,87,438

* Refer Note No. 28

NOTE NO. 8
FIXED ASSETS

Particulars	GROSS BLOCK			IMPAIRMENT *			DEPRECIATION			NET BLOCK			
	As at 01.07.2011	Additions during the Period	Deductions during the Period	As at 31.03.2011	Up to 30.06.2011	during the period	reversed during the period	As at 31.03.2012	Up to 30.06.2011	for the period	On deductions	As at 31.03.2012	As at 30.06.2011
(a) Tangible Land	359,666,340	-	-	359,666,340	-	-	-	-	-	-	-	359,666,340	359,666,340
Buildings	94,231,737	-	-	94,231,737	44,649,432	1,892,628	-	44,649,432	-	1,892,628	1,710,000	46,512,000	47,719,677
Plant and Machinery	849,726,163	1,536,907	1,800,000	849,463,070	20,937,935	20,937,935	-	20,937,935	660,311,718	17,043,866	1,710,000	675,645,714	152,879,421
Furniture and Fixtures	24,467,480	-	-	24,467,480	21,160,450	206,990	-	21,160,450	-	206,990	-	21,427,440	3,307,030
Vehicles	3,445,689	-	-	3,445,689	2,351,410	149,346	-	2,351,410	-	149,346	-	2,500,756	1,094,279
Office equipment	1,591,082	-	-	1,591,082	1,257,627	20,124	-	1,257,627	-	20,124	-	1,277,751	333,455
Computers	412,754	-	-	412,754	334,509	50,272	-	334,509	-	50,272	-	384,781	78,245
Total	1,333,541,245	1,536,907	1,800,000	1,333,278,152	730,065,146	19,393,556	-	20,937,935	730,065,146	19,393,556	1,710,000	747,748,502	603,476,099
Previous Year	1,346,102,217	142,800	12,703,772	1,333,541,245	-	-	-	-	700,441,895	35,871,988	6,248,737	730,065,146	645,666,322

* Refer Note No. 26

NOTE NO. 9
NON-CURRENT INVESTMENTS

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
Others - Unquoted		
Investments in Government securities	59,600	59,600
46,498 Equity Shares of ₹ 10/-each fully paid in Patancheru Envirotech Limited	<u>4,77,900</u>	<u>4,77,900</u>
	5,37,500	5,37,500
Less: provision for diminution in value of investments	-	-
Total	<u>5,37,500</u>	<u>5,37,500</u>
Aggregate amount of : quoted investments	-	-
: market value		
Aggregate amount of unquoted investments	5,37,500	5,37,500
Aggregate provision for diminution in value of investments	-	-

NOTE NO. 10
OTHER NON-CURRENT ASSETS

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
(a) Secured, Considered Good		
Post office Deposit	<u>1,000</u>	<u>1,000</u>
	1,000	1,000
Less: Allowance for bad and doubtful		
Total (a)	<u>1,000</u>	<u>1,000</u>
(b) Unsecured, Considered Good		
Deposits recoverable	<u>81,41,459</u>	<u>95,41,757</u>
	81,41,459	95,41,757
Less: Allowance for bad and doubtful		
Total (b)	<u>81,41,459</u>	<u>95,41,757</u>
Total (a+ b)	<u>81,42,459</u>	<u>95,42,757</u>

NOTE NO. 11
INVENTORY

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
(at Cost / Net Realisable Value, as valued and certified by the management)		
Raw materials	14,62,12,203	16,61,15,645
Work-in-progress	-	17,590
Finished goods	-	4,779
Stores and spares	<u>5,74,29,252</u>	<u>5,91,05,440</u>
Total	<u>20,36,41,455</u>	<u>22,52,43,454</u>

NOTE NO. 12
TRADE RECEIVABLES

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
(a) Unsecured, Considered Good		
Outstanding for a period exceeding six months	60,78,435	84,95,726
Others	-	<u>1,50,59,824</u>
	<u>60,78,435</u>	2,35,55,550
Less: Allowance for bad and doubtful debts		
Total (a)	<u>60,78,435</u>	<u>1,77,21,869</u>
(b) Doubtful		
Outstanding for a period exceeding six months	38,33,371	58,33,681
Others	-	<u>58,33,681</u>
	<u>38,33,371</u>	58,33,681
Less: Allowance for bad and doubtful debts	38,33,371	58,33,681
Total (b)	-	-
Total (a+b)	60,78,435	1,77,21,869

NOTE NO. 13
CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
Cash Equivalents		
Balances with banks		
a. Earmarked balances with banks (for unpaid dividend)	12,68,750	15,51,172
b. Balances with banks to the extent held as margin money or security against borrowings, guarantees and other commitments		22,19,848
c. in current accounts	76,53,595	1,10,66,469
d. In fixed deposits	<u>1,10,000</u>	<u>7,49,491</u>
Total	<u>90,32,345</u>	<u>1,55,86,980</u>

NOTE NO. 14
SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
(a) Secured, Considered Good		
Staff advances	1,87,739	3,24,792
	<u>1,87,739</u>	<u>3,24,792</u>
Less: Allowance for bad and doubtful loans and advances		
Total (a)	<u>1,87,739</u>	<u>3,24,792</u>
(b) Unsecured, Considered Good		
Advance tax and Tax deducted at Source(net of Provisions)	2,26,03,296	2,29,06,479
Balances with Government Authorities	1,74,764	13,70,639
Advances to suppliers	47,57,569	65,01,680
	<u>2,75,35,629</u>	<u>3,07,78,798</u>
Less: Allowance for bad and doubtful loans and advances		
Total (b)	<u>2,75,35,629</u>	<u>3,07,78,798</u>
Total (a+ b)	<u>2,77,23,368</u>	<u>3,11,03,590</u>

NOTE NO. 15
OTHER CURRENT ASSETS

Particulars	As at 31 st March, 2012	As at 30 th June, 2011
Prepaid expenses	4,69,466	11,36,498
Interest accrued	4,05,769	1,52,889
Cenvat and Vat receivable	11,71,227	16,79,237
Incentives receivable	-	1,49,81,607
Unamortised expenses(Merger expenses)	-	3,74,145
	<u>20,46,462</u>	<u>1,83,24,376</u>
Total	<u>20,46,462</u>	<u>1,83,24,376</u>

NOTE NO. 16
REVENUE FROM OPERATIONS

Particulars	Current Period	Previous Period
Sale of products	9,91,914	55,29,13,889
	<u>9,91,914</u>	<u>55,29,13,889</u>
Total	<u>9,91,914</u>	<u>55,29,13,889</u>

NOTE NO. 17
OTHER INCOME

Particulars	Current Period	Previous Period
Interest Income	4,78,690	12,94,921
Excess provisions and credit balances written back	75,03,061	81,05,250
Profit on sale of assets	6,40,000	1,05,35,096
Profit on sale of Raw Material	-	65,80,769
Foreign exchange(net)	-	16,60,636
Miscellaneous Income	5,57,926	22,79,700
Total	91,79,677	3,04,56,372

NOTE NO. 18
EMPLOYEE BENEFITS EXPENSE

Particulars	Current Period	Previous Period
Salaries and Wages	23,37,988	9,88,43,771
Contribution to provident and other funds	1,43,665	61,85,132
Gratuity	13,462	2,27,12,869
Staff welfare expenses	1,83,831	38,32,635
Total	26,78,946	13,15,74,407

NOTE NO. 19
FINANCE COSTS

Particulars	Current Period	Previous Period
Interest expense	6,36,658	4,61,88,910
Bank charges	1,16,555	43,75,060
Total	7,53,213	5,05,63,970

NOTE NO. 20
OTHER EXPENSES

Particulars	Current Period	Previous Period
Consumption of stores and spare parts	-	2,07,23,383
Power and fuel	27,92,238	6,44,67,126
Rent	15,925	18,46,190
Repairs to : buildings	1,19,920	11,75,813
: machinery	6,900	36,06,216
: Others	32,118	6,60,890
Insurance	9,10,325	24,88,221
Freight and handling charges	30,785	3,26,10,387
Printing and Stationery	1,63,367	5,28,696
Communication costs	2,27,532	17,23,549
Rates and taxes	4,52,999	2,50,06,340
Advertisement and Sales Promotion	26,842	2,14,455
Donations	-	31,500
Directors remuneration	12,63,818	23,73,336
Directors sitting fee	52,000	1,00,000
Payments to Auditor as : Statutory auditor	3,00,000	3,00,000
: Tax matters	15,000	-
: for Certification	5,000	-
Detention charges	-	39,33,221
Security charges	3,79,537	33,63,090
Travelling and Conveyance	5,02,492	80,37,552
Legal and Professional Charges	12,11,480	56,69,359
Miscellaneous expenses	3,22,293	30,40,253
Provision for bad and doubtful debts	8,70,920	20,47,267
Foreign exchange loss(net)	10,95,737	-
Loss on sale of : assets	-	778
Investments	-	10,39,500
Raw Materials	34,858	63,90,253
Impairment loss on fixed assets	2,09,37,935	-
Raw Materials written off	6,83,232	1,00,49,299
Unamortised expenses written off	3,74,145	4,92,305
Claims written off	1,49,81,607	1,14,668
Debit balances written off	31,65,879	3,59,415
Prior period items	7,70,588	-
Total	5,17,45,472	20,23,93,062

21. Earnings per equity share:

Basic Earnings per equity share	Current Period	Previous Period
Profit / (Loss) (after tax) for the year`	(6,48,44,262)	(23,55,51,419)
Weighted average number of equity shares of` ` 10/- each fully paid up	1,19,09,953	1,19,09,953
Basic Earnings per equity share`	(5.44)	(19.78)

Since, the Company does not have any dilutive securities, the basic and diluted earnings per share are the same.

22. Capital Commitment:

Estimated amount of contracts remaining to be executed on capital account and not provided for` Nil (2011: ` Nil).

23. Contingent Liabilities not provided for:

Sl. No.	Particulars	As at 31 st March, 2012	As at 30 th June, 2011
I	Towards Bank Guarantee	1,04,085	10,33,910
II	On Account of Letter of Credit	---	3,99,86,311
III	Claims against the Company not acknowledged as Debts		
	i) Royalty and Interest to Forest Department: There has been a claim by Forest Department, Government of Andhra Pradesh for` 50.83 lacs towards Royalty on account of wood supplied from 1980 to 1984 and for` 13.02 lacs towards interest thereon out of which the Company had accepted the claim to the extent of` 30.65 lacs towards Royalty, which is provided.	33,19,244	33,19,244
	ii) Demands of the Income-tax department, contested by the company	2,86,73,707	2,86,73,707
	iii) Central Excise Department : The Excise Department filed an appeal before Hon'ble CESTAT, Bangalore against refund of Excise Duty of` 36.26 lacs on account of abatement of Octroi claimed by the company which was decided in Company's favour. Consequently, Department filed further appeal in this regard before the Hon'ble High Court of Andhra Pradesh.	36,26,892	36,26,892
	iv. Commissioner of Customs & Central Excise: Commissioner of Customs and Central Excise passed an order demanding penalty of` 87.32 lacs towards removal of Base paper from the Bonded warehouse without payment of duty. Company has filed an appeal with CESTAT, Bangalore, for waiver of the same explaining that the removal is due to the repairs to the bonded warehouse.	87,31,977	-

- IV) Even though the Company has installed an ETP Plant and not releasing any hazardous pollutants outside factory, a public interest litigation petition was filed before Supreme Court against various industries including our company in Patancheru area. Company has also obtained a certificate from AP Pollution Control Board certifying that the pollution caused by our company is within the tolerable limits of pollution control norms. Therefore the management is not envisaging any liability in this regard.
24. Additional information pursuant to the provisions of Clauses 5 of the Part II of Schedule VI to the Companies Act, 1956:

a. Details of raw materials (including packing material) consumed under broad heads;

Particulars	UOM	Current Period		Previous Period	
		Quantity		Quantity	
Wood	MTs	—	—	36,599	6,87,20,227
Chemicals	MTs	—	—	23,899	6,30,92,551
Base Paper	MTs	—	—	302	5,87,78,802
PPB Boards	Sq Mtrs	—	—	4,51,767	6,86,47,967
Others		—	—		52,44,868
TOTAL		—	—		26,44,84,415

b. The value of consumption of imported and indigenously obtained raw materials, stores and spare parts and the percentage of each to the total consumption:

Particulars	Current Period		Previous Period	
		%		%
Raw Materials				
Indigenous	—	—	17,06,57,930	60.21
Imported	—	—	11,28,01,745	39.79
TOTAL	—	—	28,34,59,675	100.00
spare parts and components consumed				
Indigenous	—	—	1,47,00,216	70.94
Imported	—	—	60,23,167	29.06
TOTAL	—	—	2,07,23,383	100.00

c. Value of Imports on CIF basis:

Particulars	Current Period	Previous Period
Raw Material	—	16,61,91,218
Components and spare parts	—	54,89,109
TOTAL	—	17,16,80,327

d. Payments / Expenditure in Foreign Currency on account of:

(Cash Basis)

Particulars	Current Year	Previous Year
Raw Material	4,07,06,931	18,72,45,196
Components and spare parts	—	54,89,109
Technical Fees	—	3,10,250
TOTAL	4,07,06,931	19,30,44,555

e. Earnings in Foreign currency ` Nil (30 June, 2011 ` Nil)

25. Disclosure under “Micro, Small and Medium Enterprises Development Act, 2006”:

As per the information available with the company, there are no dues to micro and small enterprises as on March 31, 2012.

26. Impairment of fixed assets:

During the year the company has stopped its manufacturing activity in all 3 plants. The company has invited tenders to dispose off its plant and machinery. Based on the tenders received the company has recognised impairment loss ` 20,937,935/-

27. During the period the company stopped manufacturing activity and is in the process of disposing off plant and machinery. In view of stopping the manufacturing activity, declaring voluntary retirement to its employees and inviting tenders for disposal of plant and machinery, the company’s status is considered as not a going concern.

28. Employee Benefits:

During the previous period ended 30th June,2011 the company declared a “Voluntary Retirement Scheme” and most of the employees have opted for voluntary retirement. Hence Gratuity Liability as per the Payment of Gratuity Act and Leave encashment as per the company’s policy up to 31 March, 2012 (30 June, 2011) are fully provided/ paid. Therefore particulars required under AS – 15 are not furnished for this period.

29. Segment Reporting:Novopan Industries Limited (“the company”) is engaged in the business of production and sale of Plain & Melamine Faced Particle Boards. Management is of the opinion that production and sale of Plain & Melamine Faced Particle Boards is a single business segment and the Company operates in a single geography i.e. India. Accordingly, disclosure of segment information as prescribed in the Accounting Standard 17 “Segment Reporting” is not applicable.

30. Related Party Disclosure:

Disclosures as required by the accounting standard – 18 of the Institute of Chartered Accountants of India are given below:

Companies/Firms/Trust in which key management and their relatives are interested:

Accura Constructions (P) Ltd	GVK Coal (Tokisud) Co.(P) Ltd
Accura Estates (P) Ltd	GVK Davix Research (P) Ltd
Alakananda Hydro Power Company Ltd	GVK Davix Technologies (P) Ltd
Allied Estates (P) Ltd	GVK Developmental Projects (P) Ltd
Altitude Design & Development (P) Ltd	GVK Energy Holdings (P) Ltd
Amtran Constructions (P) Ltd	GVK Energy Ltd
Anchor Estates (P) Ltd	GVK Enterprises
Appease Estates Private Ltd	GVK Estates Private Limited
Bengaluru Airport & Infrastructure Developers (P) Ltd	GVK Foundation
Bengaluru International Airport Ltd	GVK Gautami Power Ltd #
Blue Streak Consultants (P) Ltd	GVK Hydel (P) Ltd
Blue Streak Land Holdings (P) Ltd	GVK Industries Ltd
Bonanza Real Estates (P) Ltd	GVK Jaipur Expressway (P) Ltd #
Caspian Capital & Finance Private Ltd	GVK Oil & Gas Ltd
Casuarina Capital & Finance (P) Ltd	GVK Perambalur SEZ (P) Ltd
Classic Land Holdings (P) Ltd	GVK Power & Infrastructure Ltd.
Consolidated Real Estates (P) Ltd	GVK Power (Goindwal Sahib) Ltd
Cygnus Real Estates (P) Ltd	GVK Power (Ratlam) P.Ltd
Delta Land Holdings (P) Ltd	GVK Projects & Technical services Ltd #
Dhauasidh Power (P) Ltd	GVK Properties & Management.Co., (P) Ltd
Eagle Land Holdings (P) Ltd	GVK Technical & Consultancy Services (P) Limited
Fair Value Land Holdings (P) Ltd	GVK Transportation P Ltd
Fortune Real Estates (P) Ltd	GVK Virudhnagar SEZ (P) Ltd
Fresenius Intraven (P) Ltd	IKR Land Holdings (P) Ltd
Genesis Realtors (P) Ltd	Inc GVK bio (P)Ltd
GIKR Land Holdings (P) Ltd	Indigo Enterprises
Gold Green Land Holdings (P) Ltd	Indigo Estates
Goriganga Hydro Power (P) Ltd	Indira Constructions
Green Woods Golf & Resorts (P) Ltd	Indira Enterprises
Greenridge Hotels &Resorts(P)Ltd	Innovative Land Holdings (P) Ltd
GSR Land Holdings (P)Ltd	Inogen Laboratories (P) Ltd
GVK Airport Developers (P) Ltd	ISR Infrastructure
GVK Airport Holdings (P) Ltd	JK Operation & Maintainance (P) Ltd
GVK Aviation (P) Ltd	KR Bhupal Land Holdings (P)Ltd
GVK Biosciences (P) Ltd	KRAMB Land Holdings (P) Ltd
GVK Cements (P) Ltd	KRBSB Estates (P)Ltd
GVK City (P) Ltd	KRGV Land Holdings (P)Ltd

Krishna enterprises	Regulus Estates (P) Ltd
Lakshmi Enterprises	RK Estates
Lepus Land Holdings (P) Ltd	S.Bhupal & Others
Mallikarjuna Estates (P) Ltd	SBSR Land Holdings (P)Ltd
Mallikarjuna Finance (P) Ltd	Sheraton Estates (P) Ltd
Marine Developers	SHSB Land Holdings (P)Ltd
Marine Enterprises	Siregarha Mines Ltd
Marine Estates	SOMKRB Land Holdings (P)Ltd
Marriot Land Holdings (P) Ltd	SR Finance & Others
Marwell Architects & Contractors (P) Ltd	SR Finance (P) Ltd
Metro Architects & Contractors (P) Ltd	Sri Hari Developers
Midas Estates (P) Ltd	Sri Hari Enterprises
MMR Constructions	Sri Hari Estates
MR Constructions	Sri Lakshmi Enterprises
MRK Constructions	Sri Parvathi Enterprises
Mumbai Airport Developers (P) Ltd	Sri Shiva Enterprises
Mumbai Aviation Fuel Farm Facility (P) Ltd	Sri Venkateswara Enterprises
Mumbai International Airport (P) Ltd	Sri Vishnu Enterprises
Orbit Travel & Tours (P) Ltd	Starlet Land Holdings (P) Ltd
Oxford Land Holdings (P) Ltd	Sunshine Properties (P)Ltd
Pace Constructions (P) Ltd	Suphala Real Estates (P) Ltd
Pace Estates (P) Ltd	Taj GVK Hotels & Resorts Ltd #
Paigah House Hotel (P) Ltd	TRG Constructions
Parthasarathy Airconditioned Tourists (P) Ltd	Trinity Advisors (P) Ltd
Patikari Power (P) Ltd	Ubiquitous Infra tech Private Limited
Pinakini Share & Stock Brokers Ltd	Verdura
Pinnacle Land Holdings (P) Ltd	Vertex Infratech (P) Ltd
Plateau Constructions & Engg. (P) Ltd	Vertex Projects Ltd
Plateau Land Holdings.(P) Ltd	Volantis Land Holdings (P) Ltd
Raghavendra Finance (P) Ltd	Vulcon Constructions (P) Ltd
Raghavendra Land Holdings (P) Ltd	Zinger Investments (P) Ltd

Companies with which there are transactions during the year.

Directors:

- (i) Mr G V Krishna Reddy
- (ii) Mrs G Indira Krishna Reddy

Key Management Personnel:

- Mr S.P. Bhasin Director (Operations)(w.e.f. 01-11-2010 to 15-07-2011)
Mr. S A Naqui, Executive Director (w.e.f. 02-08-2011)

Details of transactions for the year ended 31st March, 2012 and amounts outstanding as on 31st March, 2012 are as follows:

Name of the related party	Nature of relationship	Nature of transaction	
Sri S. P. Bhasin	Key Management Personnel	Remuneration	1,55,767 (24,88,536)
Mr.S.A.Naqui	Key Management Personnel	Remuneration	11,15,484 (—)
Sri. G. V. Sanjay Reddy	Relative of Directors	Rent	— (6,71,175)
Alakananda Hydro Power Company Limited	Enterprises in which Directors / their relatives are interested	Sales	— (1,145)
GVK Gautami Power Limited	Enterprises in which Directors / their relatives are interested	Sales	— 24,582)
GVK Industries Limited	Enterprises in which Directors / their relatives are interested	Sales	— (84,355)
Taj GVK Hotels & Resorts Limited	Enterprises in which Directors / their relatives are interested	Sales	— (65,494)
		Hospitality Charges	54,433 (1,00,318)
		Payable	— (86,203)
GVK Power & Infrastructure Limited	Enterprises in which Directors / their relatives are interested	Sales	— (4,580)
GVK Jaipur Expressway Limited	Enterprises in which Directors / their relatives are interested	Deposits Refundable	80,88,750 (80,88,750)
GVK Projects & Technical Services Limited	Enterprises in which Directors / their relatives are interested	Advance received on sale of land	15,00,00,000 (23,46,36,000)
		Payable	38,46,36,000 (23,46,36,000)

31. Deferred Tax:

Deferred tax asset, arising on account of carry forward losses is not recognised due to lack of virtual certainty of reversal.

32. Due to market recession, shortage of raw material and irregular power supply, the management decided to stop the production in all the 3 plants w.e.f. 7th January, 2011 and declared voluntary retirement scheme to its employees. Hence provision was made for such liability in the accounts and shown under the head "Voluntary Retirement Compensation" as an extraordinary item.
33. In the opinion of the Board of Directors of the company, the current assets, loans and advances are expected to realize in the ordinary course of business approximately the value at which they are stated in accounts.
34. The balances in personal accounts are subject to confirmations and reconciliations.
35. These financial statements have been prepared under Revised Schedule VI to the Companies Act, 1956. Figures of the previous period have been regrouped / rearranged to conform to those of the current period.
36. Current period being 9 months and previous period being 15 months. Hence figures are not comparable.

As per our report of even date

For and on behalf of the Board of Directors

for BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No. : 000513S

(KOTESWARA RAO SSR)
Partner
Membership No.: 18952

Dr. G V KRISHNA REDDY
Chairman

S A NAQUI
Executive Director

Place : Hyderabad
Date : 30th May, 2012

Mrs. Padma Loya
Asst. Company Secretary



Novopan Industries Limited

Regd. Office: IDA, Phase - II, Patancheru, Medak District (AP) - 502 319.

ATTENDANCE SLIP

I hereby record my presence at the 27th Annual General Meeting of the Company held on Monday, the 10th December, 2012 at 11.30 a.m. at Sri Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073.

Name of the Shareholder/Proxy* _____ No. of Shares Held _____

Folio No. :

Client ID No. :

DP ID No. :

SIGNATURE OF THE
SHAREHOLDER/PROXY

*Strike out whichever is not applicable

Note : Please handover the slip at the entrance of the meeting Venue.

- Notes :
1. Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the Meeting and handover at the entrance duly signed.
 2. Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.



Novopan Industries Limited

Regd. Office: IDA, Phase - II, Patancheru, Medak District (AP) - 502 319.

PROXY

I/We _____
of _____ in the District of _____
being a Member/Members of the above named Company, hereby appoint _____
of _____ in the
district of _____ or failing him / her _____ or
_____ in the district of _____ as my/our
Proxy to attend and vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held on Monday, the 10th December, 2012 at 11.30 a.m. at Sri Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073 and any adjournment thereof.

Signed this _____ day of _____ 2012.

Folio No. :

Client ID No. :

DP ID No. :

No of Shares : _____

Signature _____

Affix
Revenue
Stamp

Note : The Proxy Form must be returned so as to reach the Registered Office of the Company at IDA, Phase - II, Patancheru, Medak District (AP) - 502 319 not less than 48 (forty-eight) hours before the time for holding the aforesaid meeting.

BOOK - POST

If undelivered please return to :



NOVOPAN INDUSTRIES LIMITED

IDA, Phase - II, Pathancheru,
Medak District (AP) - 502 319.