



**28th Annual Report
2012-13**

Novopan Industries Limited

BOARD OF DIRECTORS

Sri 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

Auditors	-	Brahmayya & Co., 4 th Floor, Golden Green Apartment Erramanzil Colony, Somajiguda Hyderabad – 500 082
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Bankers	-	Indian Overseas Bank IDBI Bank Ltd.
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Registered Office

IDA, Phase – II, Patancheru,
Medak District (AP) -502 319

Plant Locations

- 1) IDA, Phase – II, Patancheru,
Medak District (AP) -502 319
(Particle Board Plant)
- 2) Balanagar Village & Mandal,
Mahaboobnagar District. (A.P.) - 509 216
(Particle Board Plant)
- 3) Plot No. A-2, IDA, Phase - IV, Patancheru,
Medak District (AP) - 502 319
(Resin Plant)

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NOTICE OF THE 28TH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Shareholders of **NOVOPAN INDUSTRIES LIMITED** will be held at Sri Sathya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad – 500073 on Thursday, **the 26th December, 2013 at 11.30 am** to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2013 and the Balance Sheet as on that date together with the Reports of Directors' and Auditor's for the year ended 31st March, 2013.
2. To appoint a Director in the place of **Mr. A Issac George**, Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of **Mr. Y Rama Murty**, Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Brahmayya & Co., Chartered Accountants, Hyderabad as Statutory Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and authorize the Board to fix their remuneration.
5. To consider and if thought fit, to pass the following resolution, with or without modification(s) as Special Resolution.

“RESOLVED THAT pursuant to the provisions of sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, that may hereafter be made by the Central Government from time to time), and such other

approvals, if any, as may be required, consent of the shareholders be and is hereby accorded for the re-appointment of Sri S A Naqui as Executive Director of the Company w.e.f. 1st August, 2013 for a period of one year on the following terms and conditions including remuneration, which shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, that may hereafter be made by the Central Government from time to time)” or as may be approved by the Central Government.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do such other acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution”.

REMUNERATION:

Salary, Perquisites & Allowances: - Salary, Perquisites & Allowances subject to maximum of Rs.20,000/- per month.

- i. For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost or hire charges.
- ii. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- iii. Company's contribution to the Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company (that is half a

month salary for each year of completed service) and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

MINIMUM REMUNERATION

Notwithstanding anything to contrary herein contained, where, in any financial year, during the currency of the tenure of the Executive Director the Company has no profits or its profits are inadequate, the company shall pay remuneration by way of salary, perquisites and allowances not exceeding the overall ceiling limit as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 or such other overall ceiling amount as may be modified in the Schedule XIII by the Central Government from time to time or as approved by Central Government.

OTHER TERMS & CONDITIONS

- a) The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the whole time Directors in accordance with Schedule XIII to the Companies Act, 1956, or any amendments thereto made hereinafter in this regard / or as approved by Central Government.
- b) The agreement may be terminated by either party giving the other party One month's notice or either party paying one month's salary in lieu thereof.
- c) If at any time the Executive Director ceases to be a director of the Company for any reason whatsoever, he shall also cease to be Executive Director of the company.

By order of the Board
For Novopan Industries Limited

Place: Hyderabad
Date: 14.11.2013

S A Naqui
Executive Director

Notes:

- a. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
- b. The instrument appointing the proxy in order to be valid and effective shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 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 immediately 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 23.12.2013 to 26.12.2013 (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 2005-06 has been transferred to Investor Protection Fund. The members are requested to note that the unclaimed dividend amount pertaining to the year 2006-07 is due for

transfer to the said fund in the month of November, 2014 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

Mr. S.A. Naqui was appointed as Whole Time Director (WTD) of the Company for a period of 2 (Two) years w.e.f. 2nd August, 2011. The term of appointment of Mr. S A Naqui as WTD was ended on 1st August, 2013.

Considering the rich experience and performance of Mr. S A Naqui, it was proposed to re-appoint him as WTD of the Company for a period of One year w.e.f 01.08.2013. The Board of Directors of the Company approved his re-appointment under section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval of the shareholders, by passing resolution by way of circulation under Section 289 of the Companies Act, 1956 on 01.08.2013.

The remuneration of Mr. S A Naqui was approved by Remuneration Committee by passing resolution by way of circulation on 01.08.2013 in accordance with the Section II of Part II of Schedule XIII read of the Companies Act, 1956.

The Board of Directors recommends the re-appointment of Mr. S A Naqui as Executive Director of the Company for your approval.

None of the Directors or Key Managerial Personnel, except Mr. S A Naqui is interested in this resolution.

This may be treated as an abstract of the terms and conditions of the appointment as required under section 302 of the Companies Act, 1956.

By order of the Board

For Novopan Industries Limited

Place: Hyderabad
Date: 14.11.2013

S A Naqui
Executive Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report and Audited Accounts of your Company, together with the Schedules and Notes thereon, for the Financial Year ended 31st March, 2013.

FINANCIAL RESULTS: **Rs. in Crores)**

Particulars	2012-13 (12 months)	2011-12 *(9 months)
Gross Turnover	—	1.01
Less: Excise Duty	—	—
Net Turnover	—	1.01
Gross Operating Profit (Loss)	(3.73)	(4.42)
Less: Interest	0.05	0.08
Profit (Loss) Before Dep. & Tax	(3.78)	(4.5)
Less: Depreciation	0.23	1.94
Profit/(Loss)Before Extraordinary item	(4.01)	(6.44)
Extraordinary Item	0.24	—
Profit/ (Loss) Before Tax	(4.25)	(6.44)
Prov for Taxes of earlier years	—	0.04
Profit (Loss) After Tax	(4.25)	(6.48)

* The above results are for 12 months vis a vis 9 months for the previous year and hence not comparable.

PERFORMANCE:

As the entire operations of the company had been stopped at all its manufacturing units, there was no revenue during the financial year ended 31st March, 2013. Net revenue of your company for the financial year ended 31st March, 2013 was at Nil as compared with Rs. 1.01 Crores for the Financial Year ended 31.03.2012 (comprising of 9 months). Net loss for the year is Rs.4.25 Crores, as compared to net loss of Rs.6.48 Crores during the previous year.

OPERATIONS

Subsequent to the approval of members of the company through postal ballot, the management decided to dispose off Plant & Machinery located at all three manufacturing units.

Accordingly, the company approached various prospective buyers in and around the country who would be interested in using the plant & machinery. However the Company has not received any reasonable offer from prospective buyers who would use the machinery for setting up the Particle Board Plants.

Consequently, the plants were offered to buyers who would buy the plants on as is where is basis and segregate it into usable machines that can be sold as such and the balance to be disposed off in the form of various materials like steel, brass, aluminium and copper etc.

After evaluating various such offers received, the company has finalized the best offer received for Formaldehyde & Resin Plant. Subsequently, the Plant & machinery of Resin Plant located at Patancheru IDA Phase IV was dismantled and disposed off.

Some offers were received for Particle Board Plants located at Patancheru & Shadnagar and after evaluating the same, the company has finalized one of the best offers for Patancheru Particle Board Plant for which the dismantling has commenced.

However, for Shadnagar Particle Board Plant the offers are under evaluation.

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 9th June, 2013, 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 two years i.e., from 09.06.2013 to 08.06.2015.

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

DELISTING OF SHARES

As the members are aware the company has received a letter dated 8th August, 2013 from GVK Projects & Technical Services Ltd (“GVKPTSL”), being the main promoter of the Company, proposing to make a voluntary delisting offer (“Delisting Offer”) to the public shareholders of the Company in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (“Delisting Regulations”) with a view to delist the equity shares of the Company from BSE Limited (“BSE”) and National Stock Exchange Limited (“NSE”).

The proposal was made by the promoter, GVK Projects & Technical Services Limited (“GVKPTSL”), in view of the declining performance of the Company over the past few financial years which had also adversely impacted the liquidity status of Company’s shares on stock exchanges since a long time. Considering the reputation of the promoters in the industry and capital market, it was felt appropriate to provide an exit opportunity to the shareholders of the Company at the earliest. Once the promoter would have the full ownership of the Company, it will provide the promoter group with requisite flexibility to decide on the future course of action in respect of the company.

The promoters hold 89,07,455 Equity Shares representing 74.79% of the Equity Capital of

the Company. Delisting offer is required to be given to the remaining shareholders holding 30,02,498 Equity Shares representing 25.21%.

In terms of Regulation 8(1)(b) of the Delisting Regulations, the company has approached the members for their approval for delisting of equity shares. The Delisting Proposal was approved by the members by way of a special resolution passed through postal ballot by majority of 99.94% of non-promoter shareholders.

After obtaining approval of shareholders, the company has filed application with BSE and NSE for their in-principal approval for de-listing of equity shares of the company.

As per the Delisting Regulations, a company may voluntarily delist its equity shares from the stock exchange where its equity shares are listed, if the acquirer provides an exit opportunity to the shareholders of the company and accepts the exit price for delisting the equity shares in accordance with the reverse book building process prescribed in the Delisting Regulations and subject to the other terms and conditions contained therein (including the making of a public announcement containing the requisite information as prescribed in the Delisting Regulations).

The special resolution is passed by the members as mentioned above and subject to receipt of the in-principle approval of BSE / NSE and applicable statutory approvals, a public announcement (“Public Announcement”) of the Delisting Offer may be made by the Promoter in accordance with the Delisting Regulations followed by dispatch of letter of offer to all public shareholders. Thereafter the Delisting Offer will be conducted in accordance with the Delisting Regulations.

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:

- a. that in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. 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, 2013;
- c. 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;
- d. that the Directors prepared the annual accounts for the financial year ended 31st March, 2013, on a going concern basis.

DIVIDEND:

In view of closure of operations and losses incurred during the financial year 2012-13, 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, Mr. A Issac George and Mr. Y Rama Murty, 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 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.

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:

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)	3.12	2.74
Total Amount (Rs. in Lacs) (including demand charges)	41.48	27.92
Rate / Unit (Rs.)	13.29	10.18
b) Own Generation		
i) Through Diesel Generator		
No of Units in lacs	—	—
Units / Litre of Diesel	—	—
Cost / Unit (Rs.)	—	—
ii) Through Steam Turbine	NIL	NIL
2 COAL		
Quantity (MT)	NIL	NIL
Total Cost (Rs.in lacs)	NIL	NIL
Average Rate	NIL	NIL
3 OTHERS		
Consumption per unit of Production	—	—
Electricity (Unit / Sq. Mtr.)	NIL	NIL
Coal (Kgs./ Sq. Mtr.)	—	—
C. Disclosure of particulars to foreign exchange earnings and outgo: (Rs.in lacs)		
Foreign Exchange outgo during the current accounting period	—	407.07
Foreign Exchange Earnings	NIL	NIL

MANAGEMENT DISCUSSION & ANALYSIS

MACRO ECONOMIC OVERVIEW:

It was a challenging year for the Indian economy with lingering concerns over global growth prospects and financial stability weighing on external demand and international funding. Global Economy turned weaker in 2012. According to IMF forecast, the global growth for 2013 is expected to be at 3.3%. It is expected that growth will improve in 2014. Further, local headwinds such as firm inflation, rising interest rates and policy impediments to investment only exacerbated the impact of a shaky global environment on domestic growth.

INDUSTRY STRUCTURE, DEVELOPMENTS IN INDIA

During the year 2012-13, the Indian Economy witnessed decade low GDP growth of 5% over the previous year. Apart from the sluggish growth, the economy saw serious external sector imbalances on account of growing trade deficit led by subdued exports growth and high oil & gold imports. The domestic economy continues to face major challenges in the form of an alarming fiscal deficit (4.9%) and current account deficit (4.8% of GDP) coupled with continued rise in inflation. These factors have contributed to the deteriorating investors' confidence.

India is expected to record 5% per cent gross domestic product (GDP) growth in the current fiscal. The growth is expected to increase further to 6.7 per cent in 2014-15, according to the World Bank's latest India Development Update, a bi-annual report on the Indian economy.

OPERATIONS

Subsequent to the approval of members of the company through postal ballot, the management decided to dispose off Plant & Machinery located at all three manufacturing units. Accordingly, various offers were considered

for disposal of equipment and in this direction the company was able to finalize the best offer for Formaldehyde & Resin Plant and the same has been dismantled and disposed off. Later the offer for Particle Board Plant at Patancheru was also finalized and the dismantling process has started. The offer for Shadnagar plant is yet to be finalized and the company is still evaluating the same.

PERFORMANCE

Net revenue of your company for the financial year ended 31st March, 2013 was Nil in comparison with Rs. 1.01 Crores for the Financial Year ended 31.03.2012 (comprising of 9 months). Net loss for the year was Rs. 4.25 Crores, as compared to net loss of Rs. 6.48 crores incurred during the previous year.

OUTLOOK

As the Company is in the process of disposing off the Plant and Machinery and the equipment hence still not come out with any plans or proposals for any alternate business.

RISKS & CONCERNS

As the manufacturing activities at the plant had been closed for several unavoidable reasons, the plant, machinery and other equipments are lying idle at Shadnagar Plant, 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

As the operations of the company were discontinued, most of the employees have left the services at all the three units.

Shareholder Information

1. Annual General Meeting Date, Time & Venue 26th December, 2013 at 11.30 am.
"Sathya Sai Nigamagamam", 8-3-987/2,
Srinagar Colony, Hyderabad – 500 073
2. Financial Calendar 2013-14 Reporting of financial results for each quarter is done in the following month for the relevant quarters & for the financial year ending 31st March, is done during the month of May.
3. Dates of Book Closure From 23rd December, 2013 to 26th December, 2013 (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 up to Financial Year 2013-14..
6. Stock Code '500310' on the Stock Exchange, Mumbai
'NOVOPANIND' on the National Stock Exchange of India Limited, Mumbai.
7. Demat ISIN Number in NSDL & CDSL for equity shares INE460B01016
8. Registered Office IDA, Phase – II, Patancheru
Medak District (AP) – 502 319
Ph : 08455– 242624 / 242625 / 242626
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
Ph : 040 – 23545913/15, Fax : 040-23545914
Email : 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.

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 Limited means being responsive to aspiration of all the shareholders, employees, government, general trade and the public. 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, 2013 is given below:

Category	Particulars of Directors
Promoter & Non – Executive Directors	Dr. G V Krishna Reddy – Chairman Smt G Indira Krishna Reddy – Vice Chairperson
Whole Time Director or Executive Director	Sri S A Naqui – Executive Director
Independent Directors	Sri M P Murti - Director Sri A Issac George - Director 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.64,000/- sitting fee to directors during the financial year 2012-13.

3. Board Meetings held in the financial year 2012-13:

During the year, the Board of Directors of the company met four times on 30.05.2012, 11.08.2012, 10.11.2012 and 08.02.2013. 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	12	Nil	Nil
G Indira Krishna Reddy	Promoter; Non-executive	4	No	11	Nil	Nil
M P Murti	Independent	4	No	3	1	2
A Issac George	Independent	4	Yes	5	2	Nil
Y Rama Murty	Independent	3	Yes	2	1	Nil
S A Naqui	Whole time Director	4	Yes	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.

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			
		30.05.2012	11.08.2012	10.11.2012	08.02.2013
M P Murti – Chairman	Independent	P	P	P	P
A Issac George – Member	Independent	P	P	P	P
Y Rama Murty – Member	Independent	P	P	P	A
G Indira K Reddy - Member	Non-Executive	P	P	P	P

P – Present, A - Absent

8. Remuneration Committee:

Composition of 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, 2013 to Sri S A Naqui, Executive Director of the Company was Rs. 15.40 lakhs.

Remuneration Policy: 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 has 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	Redressed during the year	Pending as on 31st March, 2013
Transmission of Shares	Nil	2	2	Nil
Change of Address	Nil	5	5	Nil
Non Receipt of Dividends	Nil	1	1	Nil
Indemnity for duplicate share certificates	Nil	3	3	Nil
Miscellaneous	Nil	5	5	Nil
Non receipt of Annual Reports	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
2009 - 2010	Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad – 500073	27-11-2010	11.30 a.m.
2010 - 2011	Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad – 500073	28-11-2011	11.30 a.m.
2011 - 2012	Sathya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad – 500073	10-12-2012	11.30 a.m.

Special Resolutions passed in the previous 3 Annual General Meetings

Year	Special Resolution passed	AGM Date
2009 - 2010	Appointment of Mr. S P Bhasin as Executive Director under section 198, 269 read with Schedule XIII.	27-11-2010
2010 - 2011	Appointment of Mr. S A Naqui as Executive Director under section 198, 269 read with Schedule XIII.	28-11-2011
2011 - 2012	Maintenance and inspection of registers and returns at the office of RTA viz., XL Softech Systems Limited under section 163 of the Companies Act, 1956.	10-12-2012

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, 2011, the company during the financial year ended 31st March, 2013 has passed the following Ordinary Resolution by Postal Ballot.

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 ordinary resolution was passed by the shareholders by way of postal ballot.

2. In terms of the Provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules 2011 and Regulation 8(1) (b) of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009, the company has passed the following Special Resolution by means of Postal Ballot.

Special Resolution under Regulation 8(1)(b) of Chapter III of the SEBI (Delisting of Equity Shares) Regulations 2009 to voluntarily delist the Equity Shares of the Company from both the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited. The resolution was passed with a non-promoter shareholders majority of 99.94%.

The special resolution was passed by the shareholders by way of postal ballot.

The proceedings of above Postal Ballots were conducted by Mr. P. S. Rao, Partner, P.S. Rao & Associates, Company Secretaries as scrutiners.

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 Express" and "Andhra Prabha" and the same is being intimated to Stock Exchanges where the shares of the company are listed.

15. Share Transfer System:

The Board of Directors has appointed XL Softech Systems Limited as Share Transfer and Registrar Agent, 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 fifteen days 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, 2013:

Category (No. of shares)	Number of Shareholders	% of share holders	Number of Shares held	% of share holding
0 – 1000	10719	98.66	823964	6.92
1001 – 5000	103	0.95	203582	1.71
5001 – 10000	14	0.13	97533	0.82
Above 10000	28	0.26	10784874	90.55
Total	10864	100.00	11909953	100.00

Market Capitalization : Rs.37.5 Crores as on 31st March, 2013.

17. Dematerialization of Shares:

The equity shares of the Company are being traded compulsorily in dematerialized form and as on 31st March, 2013 total number of 1,15,38,784 equity shares of the face value of Rs.11.54 crores, representing 96.88% 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 2012-13.

(in Rs.)

Particulars	BSE		NSE	
	High	Low	High	Low
April, 2012	27.95	23.00	27.00	22.50
May, 2012	23.90	18.50	23.60	17.20
June, 2012	22.95	20.90	20.70	18.15
July, 2012	28.70	20.00	22.05	18.30
August, 2012	29.10	26.00	27.20	23.15
September, 2012	29.90	27.00	28.85	26.00
October, 2012	29.90	26.50	29.40	26.50
November, 2012	30.45	27.00	31.00	27.00
December, 2012	29.90	27.15	31.20	28.30
January, 2013	30.45	27.60	30.70	27.40
February, 2013	31.35	28.00	29.95	27.45
March, 2013	31.50	27.60	30.00	27.10

INDEPENDENT AUDITOR'S REPORT

To the Members of
Novopan Industries Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Novopan Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

- b. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

- 7. We draw attention to Note No. 27 and 28 to the financial statements, regarding going concern status of the Company in view of stopping the manufacturing activity, declaring voluntary retirement to its employees, inviting tenders for disposal of plant and machinery and sale of certain plant & machinery.

Report on Other Legal and Regulatory Requirements

- 8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 9. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Brahmayya & Co.

Chartered Accountants

Firm's Registration Number: 000513S

(Koteswara Rao SSR)

Partner

Membership Number: 018952

Place: Hyderabad
Date: 14th May, 2013

RE: NOVOPAN INDUSTRIES LIMITED, HYDERABAD
Annexure Referred to in Paragraph 8 of our report of even date

- 1.1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2 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.
- 1.3 During the year the company has disposed off some of its plant and machinery and balance plant & machinery and other assets except Land and Buildings were taken to "Assets held for sale" under "other current assets. Attention is 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. 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.
- 3.2. 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. Since the company stopped manufacturing activity and is in the process of disposing off its fixed assets, maintenance of cost records under Section 209(l)(d) is not applicable to the company under review.
- 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 Lakhs)	Period to which the amount relates	Forum in which the dispute is pending
Income-Tax	20.37	Asst.Year 2003-2004	Income tax Appellate Tribunal, Hyderabad
	36.49	Asst.Year 2004-2005	- Do -
	49.64	Asst.Year 2006-2007	- Do -
	180.23	Asst.Year 2007-2008	- Do -
The Central Excise Act, 1944	36.27	2006-2007	High Court of Andhra Pradesh
	18.90	2003 to 2009	CESTAT, Bangalore
Service tax	6.40	2010-2011	CESTAT, Bangalore
	18.07	2008 to 2011	- Do -
	25.22	2006 to 2010	Commissioner of Customs, Central Excise and Service Tax, Hyderabad-1
The Customs Act, 1962	87.32	2010-2011	CESTAT, Bangalore
	66.08	2004-2005	- 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. During the year the company has not obtained any loans from financial institutions and banks. Hence defaulted in repayment does not arise.
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 Brahmaya & Co.

Chartered Accountants
Firm's Registration Number: 000513S

(Koteswara Rao SSR)

Partner
Membership Number: 018952

Place: Hyderabad
Date: 14th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No	As at 31 st March, 2013		As at 31 st March, 2012	
		₹	₹	₹	₹
Equity and Liabilities					
Shareholders' funds					
(a) Share capital	3	36,90,99,530		36,90,99,530	
(b) Reserves and surplus	4	(4,16,01,374)		9,10,748	
			32,74,98,156		37,00,10,278
(2) Current liabilities					
(a) Trade payables	5	1,08,93,576		3,85,01,337	
(b) Other current liabilities	6	41,14,59,177		41,36,46,013	
(c) Short-term provisions	7	25,92,091		42,855	
			42,49,44,844		45,21,90,205
Total			75,24,43,000		82,22,00,483
Assets					
Non-current assets					
(a) Fixed assets	8				
(i) Tangible assets		40,51,01,401		56,45,91,715	
(ii) Capital work-in-progress		-		3,22,250	
		40,51,01,401		56,49,13,965	
(b) Non-current investments	9	5,37,500		5,37,500	
(e) Other non-current assets	10	77,87,691		81,42,459	
			41,34,26,592		57,35,93,924
(2) Current assets					
(a) Current investments	11	50,00,000		-	
(b) Inventories	12	17,75,29,280		20,36,41,455	
(c) Trade receivables	13	38,46,003		60,78,435	
(d) Cash and cash equivalents	14	26,34,734		90,32,345	
(e) Short-term loans and advances	15	2,74,00,185		2,78,07,862	
(f) Other current assets	16	12,26,06,206		20,46,462	
			33,90,16,408		24,86,06,559
Total			75,24,43,000		82,22,00,483
Summary of significant accounting policies	2				

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 Board of Directors

Firms' Registration Number: 000513S

Chartered Accountants

(Koteswara Rao SSR)

Dr.G.V.Krishna Reddy

S.A.Naqui

Partner

Chairman

Executive Director

Membership Number:18952

Place: Hyderabad

Ms. Priya Sharma

Date: 14th May, 2013

Asst. Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No	Current Year	Previous Period for 9 Months
		₹	₹
Continuing Operations			
Revenue from operations (gross)	17	11,473	9,91,914
Less: Excise duty		1,103	79,692
Revenue from operations (net)		10,370	9,12,222
Other income	18	64,72,549	91,79,677
Total Revenue		64,82,919	1,00,91,899
Expenses			
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	4,779
Employee benefits	19	9,96,327	26,78,946
Finance costs	20	4,54,251	7,53,213
Depreciation and amortization expense	8	22,84,616	1,93,93,356
Other expenses	21	4,28,87,443	5,17,45,472
Total expenses		4,66,22,637	7,45,75,766
Loss before exceptional items and tax		4,01,39,718	6,44,83,867
Exceptional items - Fuel Surcharge Adjustment Charges		23,72,404	-
Loss before tax		4,25,12,122	6,44,83,867
Tax expense:			
1) Current tax			
2) Earlier Years		-	3,60,395
Loss for the year		4,25,12,122	6,48,44,262
Earnings per equity share (1,19,09,953 (2012: 1,19,09,953) equity shares of Rs.10/- each (2012: 10/-)			
Basic	23	(3.57)	(5.44)
Summary of significant accounting policies	2		

Notes to accounts form an integral part of the Statement of Profit and Loss

As per our report of even date

For and on behalf of Board of Directors

for BRAHMAYYA & CO.

Firms' Registration Number: 000513S

Chartered Accountants

(Koteswara Rao SSR)

Partner

Membership Number: 18952

Place: Hyderabad

Date: 14th May, 2013

Dr.G.V.Krishna Reddy

Chairman

S.A.Naqui

Executive Director

Ms. Priya Sharma

Asst. Company Secretary

Cashflow Statement for the year ended 31st March, 2013

Particulars	Current Year ₹	Previous Year ₹
A. Cash flow from operating activities		
Net Loss before tax	(4,25,12,122)	(6,44,83,867)
Adjustments for:		
Depreciation	22,84,616	1,93,93,356
Unamortised expenses written off	-	3,74,145
Interest	4,39,992	6,36,658
Interest earned	(6,33,299)	(4,78,690)
Credit Balance and Excess Provision credited back	(57,48,414)	(75,03,061)
Foreign Exchange Fluctuation	-	10,95,737
Provision for Doubtful Debts	7,11,388	8,70,920
Claims Written off	-	1,49,81,607
Advances, Debit balances, Deposits and Investments written off	7,98,833	31,65,879
Raw Materials written off	98,375	6,83,232
Loss / (Profit) on sale of Raw Materials and Stores & Spares	84,39,127	34,858
Loss / (Profit) on sale of Assets	-	(6,40,000)
Loss on assets held for disposal (Refer Note No. 27)	2,28,70,002	-
Impairment loss on fixed assets	-	2,09,37,935
Operating Profit before working capital changes	(1,32,51,502)	(1,09,31,291)
Adjustments for:		
(Increase) / Decrease in Trade receivables	15,21,044	76,06,635
(Increase) / Decrease in Short term loans & advances	12,410	(1,95,26,257)
(Increase) / Decrease in Inventories	-	(2,13,186)
Proceeds from sale of Raw Materials	1,75,74,673	2,10,97,095
(Increase) / Decrease in Other Current Assets and Other non-current assets	9,35,727	2,51,78,636
Increase / (Decrease) in Trade payables	(2,41,71,900)	(7,55,20,180)
Increase / (Decrease) in Other current liabilities	(95,19,155)	7,58,51,622
Increase / (Decrease) in Short term provisions	25,49,236	(2,74,44,583)
Cash generation from Operations	(2,43,49,467)	(39,01,509)
Less: Income Tax Paid (net of refund)	(80,316)	(57,212)
	(2,44,29,783)	(39,58,721)
B. Cash flow from Investing activities		
Interest received	4,91,596	2,25,810
Cost of Investments	(50,00,000)	-
Proceeds from Sale of Assets	2,33,35,696	7,30,000
Foreign Exchange Loss	-	(10,95,737)
Purchase of Fixed Assets	-	(15,36,907)
	1,88,27,292	(16,76,834)
C. Cash Flow from Financing activities		
Interest paid	(439,992)	(636,658)
Dividends paid	(355,128)	(282,422)
	(795,120)	(919,080)
Net increase / (decrease) in cash & cash equivalents	(6,397,611)	(6,554,635)
Cash & cash equivalents at the beginning of the year	9,032,345	15,586,980
Cash & cash equivalents at the end of the year	2,634,734	9,032,345

As per our report of even date

For and on behalf of Board of Directors

for BRAHMAYYA & CO.

Firms' Registration Number: 000513S

Chartered Accountants

(Koteswara Rao SSR)

Partner

Membership Number: 18952

Place: Hyderabad

Date: 14th May, 2013

Dr.G.V.Krishna Reddy

Chairman

S.A.Naqu

Executive Director

Ms. Priya Sharma

Asst. Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**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 realisable 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 recognises 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, 2013		As at 31 st March 2012	
	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
Total	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
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

- Out of the above 8,906,555 (2012: 8,807,355) Equity shares are held by its holding company, i.e., GVK Projects & Technical Services Limited.
- Details of share holders holding morethan 5% of total number of shares

Name of the Share Holder	As at 31 st March, 2013		As at 31 st March 2012	
	Number of Shares held	%	Number of Shares held	%
GVK Projects & Technical Services Limited				
Equity Shares	89,06,555	74.78	88,07,355	73.95
Preference Shares	2,50,00,000	100.00	2,50,00,000	100.00

- Reconciliation of Number of Shares Outstanding:

Particulars	Equity Shares			
	As at 31 st March, 2013		As at 31 st March 2012	
	No	₹	No	₹
Shares outstanding at the beginning of the year	1,19,09,953	11,90,99,530	1,19,09,953	11,90,99,530
Add: Fresh Issue during the year	-	-	-	-
	1,19,09,953	11,90,99,530	1,19,09,953	11,90,99,530
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,19,09,953	11,90,99,530	1,19,09,953	11,90,99,530
Particulars	Preference Shares			
	As at 31 st Mar, 2013		As at 31 st March, 2012	
	No	₹	No	₹
Shares outstanding at the beginning of the year	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
Add: Fresh Issue during the year	-	-	-	-
	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000

- Rights, preferences and restrictions attached to shares:**

- Equity shares**

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed if any by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential creditors, in proportion to their shareholding.

- Preference shares**

10% redeemable non-cumulative preference shares are redeemable by 09 June 2013. The Company is in the process of requesting for postponment of redemption upto 08 June 2015.

NOTE NO. 4
RESERVES AND SURPLUS

Particulars	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Capital Reserves		
Balance at the beginning of the year	27,480	27,480
Additions	-	-
	27,480	27,480
Deductions	-	-
Balance at the end of the year	27,480	27,480
Revaluation Reserve		
Balance at the beginning of the year	28,73,28,873	28,73,28,873
Additions	-	-
	28,73,28,873	28,73,28,873
Deductions	-	-
Balance at the end of the year	28,73,28,873	28,73,28,873
General Reserve:		
Balance at the beginning of the year	5,01,92,187	5,01,92,187
Additions	-	-
	5,01,92,187	5,01,92,187
Deductions	-	-
Balance at the end of the year	5,01,92,187	5,01,92,187
Central and State Subsidies:		
Balance at the beginning of the year	15,00,000	15,00,000
Additions	-	-
	15,00,000	15,00,000
Deductions	-	-
Balance at the end of the year	15,00,000	15,00,000
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	(33,81,37,792)	(27,32,93,530)
Add: Loss for the year	(4,25,12,122)	(6,48,44,262)
	(38,06,49,914)	(33,81,37,792)
Less: Proposed dividend	-	-
: Tax on Proposed dividend	-	-
: Transfer to Reserves	-	-
Balance at the end of the year	(38,06,49,914)	(33,81,37,792)
Total of Reserves and Surplus	(4,16,01,374)	9,10,748

NOTE NO. 5
TRADE PAYABLES

Particulars	As at 31st March, 2013 ₹	As at 31 st March, 2012 ₹
Dues to: Small and Micro Enterprises *	-	-
: Other than Small and Micro Enterprises	1,08,93,576	3,85,01,337
Total	1,08,93,576	3,85,01,337

*Based on the information available with the company, Refer Note No: 26

NOTE NO. 6
OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2013 ₹	As at 31 st March, 2012 ₹
Due to staff	6,85,534	8,14,131
Liabilities for: expenses	53,90,273	98,30,912
: other finance	1,39,659	5,38,851
Deposits refundable (Includes refundable to GVK Jaipur Expressway Limited of Rs 80,88,750/-)	82,48,750	82,68,750
Advances received from customers	14,45,339	82,88,619
Advances received against sale of: fixed assets	1,00,00,000	-
: sale of land (Received from GVK Projects & Technical Services Limited)	38,46,36,000	38,46,36,000
Unpaid dividends (Not due for remittance to Investor Education and Protection Fund)	9,13,622	12,68,750
Total	41,14,59,177	41,36,46,013

NOTE NO. 7
SHORT-TERM PROVISIONS

Particulars	As at 31st March, 2013 ₹	As at 31 st March, 2012 ₹
Employee retirement benefits *		
Leave Encashment	42,855	42,855
Provision for Fuel Surcharge Adjustment Charges	25,49,236	-
Total	25,92,091	42,855

* Refer Note No. 29

NOTE NO. 8
FIXED ASSETS

Particulars	GROSS BLOCK			IMPAIRMENT			DEPRECIATION			NET BLOCK	
	As at 01-04-2012	Additions during the year	Deductions during the year (Refer Note No 27)	As at 31-03-2013	During the year	Revised during the year (Refer Note No 27)	As at 31-03-2013	For the year	On additions (Refer Note No 27)	As at 31-03-2013	As at 31-03-2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible											
Land	35,96,66,340	-	-	35,96,66,340	-	-	-	-	-	35,96,66,340	35,96,66,340
	(35,96,66,340)	-	-	(35,96,66,340)	-	-	-	-	-	(35,96,66,340)	(35,96,66,340)
Buildings	9,42,31,737	-	-	9,42,31,737	-	-	-	22,84,616	4,87,96,676	4,94,35,061	4,77,19,677
	(9,42,31,737)	-	-	(9,42,31,737)	-	-	-	(18,62,628)	(4,65,12,000)	(4,77,19,677)	(4,94,32,305)
Plant and Machinery	84,94,63,070	15,36,907	84,94,63,070	(84,94,63,070)	2,09,37,935	2,09,37,935	(2,09,37,935)	(1,70,83,946)	67,36,45,714	15,28,79,421	15,28,79,421
	(84,97,26,163)	-	-	(84,94,63,070)	-	-	-	(1,70,83,946)	(17,10,000)	(15,28,79,421)	(18,94,14,445)
Furniture and Fixtures	2,44,67,480	-	2,44,67,380	(2,44,67,480)	-	-	-	(2,65,990)	2,14,27,440	-	3,40,040
	(2,44,67,480)	-	-	(2,44,67,480)	-	-	-	(2,11,60,450)	-	(30,40,040)	(33,07,000)
Vehicles	34,45,689	-	34,45,689	-	-	-	-	25,00,756	-	-	9,44,933
	(34,45,689)	-	-	(34,45,689)	-	-	-	(23,51,400)	(1,49,346)	(25,00,756)	(10,94,279)
Office equipment	15,91,082	-	15,91,082	-	-	-	-	12,77,751	12,77,751	-	3,13,331
	(15,91,082)	-	-	(15,91,082)	-	-	-	(12,57,627)	(20,124)	(12,77,751)	(3,33,455)
Computers	4,12,754	-	4,12,754	-	-	-	-	3,84,781	3,84,781	-	27,973
	(4,12,754)	-	-	(4,12,754)	-	-	-	(3,34,599)	(50,272)	(3,84,781)	(78,264)
Total	1,33,32,78,152	15,36,907	87,93,80,075	45,38,98,077	20,97,935	2,09,37,935	(2,09,37,935)	22,84,616	70,12,36,442	48,79,66,676	40,51,01,401
Previous Year	(1,33,35,41,945)	(15,36,907)	(18,00,000)	(1,33,32,78,152)	-	-	-	(1,89,93,356)	(17,10,000)	(74,77,48,522)	(56,65,91,715)

Note: Impairment of fixed assets: During the previous period the company has stopped its manufacturing activity in its all 3 plants. The company has invited tender to dispose off its plant and machinery. Based on the tenders received the company has recognised impairment loss ₹ Nil (FY ₹ 20,937,935/-)

NOTE NO. 9
NON-CURRENT INVESTMENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Non Trade, Unquoted		
Investments in Government securities	59,600	59,600
46,498 (2012: 46,498) Equity Shares of ₹ 10/- each fully paid in Patancheru Envirotech Limited	4,77,900	4,77,900
Total	<u>5,37,500</u>	<u>5,37,500</u>
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, 2013 ₹	As at 31 st March, 2012 ₹
(a) Secured, Considered Good		
Post office Deposit	-	1,000
Total (a)	<u>-</u>	<u>1,000</u>
(b) Unsecured, Considered Good		
Deposits recoverable	77,81,173	81,41,459
Prepaid expenses	6,518	-
Total (b)	<u>77,87,691</u>	<u>81,41,459</u>
Total (a+b)	<u>77,87,691</u>	<u>81,42,459</u>

NOTE NO. 11
CURRENT INVESTMENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Non Trade, Unquoted		
Investments in Mutual funds		
347,169.182 units in Kotak Flexi Debt scheme Plan - A Growth	50,00,000	-
Total	<u>50,00,000</u>	<u>-</u>
Aggregate amount of unquoted investments	50,00,000	-
Aggregate provision for diminution in value of investments	-	-

NOTE NO. 12
INVENTORY

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(at Cost, as valued and certified by the management)		
Raw materials	13,91,64,398	14,62,12,203
Stores and spares	3,83,64,882	5,74,29,252
Total	17,75,29,280	20,36,41,455

NOTE NO. 13
TRADE RECEIVABLES

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(a) Unsecured, Considered Good		
Outstanding for a period exceeding six months	38,46,003	60,78,435
Others	-	-
Total (a)	38,46,003	60,78,435
(b) Doubtful		
Outstanding for a period exceeding six months	45,44,759	38,33,371
Others	45,44,759	38,33,371
Less: Provision for bad and doubtful debts	45,44,759	38,33,371
Total (b)	-	-
Total (a+b)	38,46,003	60,78,435

NOTE NO. 14
CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Cash Equivalents		
Balances with banks		
a. Earmarked balances with banks (for unpaid dividend)	9,13,622	12,68,750
b. in current accounts	16,02,044	76,53,595
c. In fixed deposits	1,19,068	1,10,000
Total	26,34,734	90,32,345

NOTE NO. 15
SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Unsecured, Considered Good		
Advance tax and Tax deducted at Source (net of Provisions)	2,24,93,719	2,21,99,183
Tax deducted at Source	1,89,893	4,04,113
Balances with Government Authorities	10,231	1,74,764
Deposits recoverable	3,00,000	-
Advances to suppliers and others	44,06,342	50,29,802
Total	2,74,00,185	2,78,07,862

NOTE NO. 16
OTHER CURRENT ASSETS

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Prepaid expenses	1,38,459	4,69,466
Interest accrued	5,47,472	4,05,769
Cenvat and VAT receivable	9,20,275	11,71,227
Assets held for disposal at realisable value (Refer Note No 27)	12,10,00,000	-
Total	12,26,06,206	20,46,462

NOTE NO. 17
REVENUE FROM OPERATIONS

Particulars	Current Year ₹	Previous Period for 9 Months ₹
Sale of products	11,473	991,914
Total	11,473	991,914

NOTE NO. 18
OTHER INCOME

Particulars	Current Year ₹	Previous Period for 9 Months ₹
Interest Income	6,33,299	4,78,690
Excess provisions and credit balances written back	57,48,414	75,03,061
Profit on sale of assets	-	6,40,000
Miscellaneous Income	90,836	5,57,926
Total	64,72,549	91,79,677

NOTE NO. 19**EMPLOYEE BENEFITS**

Particulars	Current Year ₹	Previous Period for 9 Months ₹
Salaries and Wages	8,73,957	23,37,988
Contribution to provident and other funds	37,020	1,43,665
Gratuity	-	13,462
Staff welfare expenses	85,350	1,83,831
Total	9,96,327	26,78,946

NOTE NO. 20**FINANCE COSTS**

Particulars	Current Year ₹	Previous Period for 9 Months ₹
Interest expense	4,39,992	6,36,658
Bank charges	14,259	1,16,555
Total	4,54,251	7,53,213

NOTE NO. 21
OTHER EXPENSES

Particulars	Current Year ₹	Previous Period for 9 Months ₹
Power and fuel	41,48,526	27,92,238
Rent	-	15,925
Repairs to : buildings	1,84,480	1,19,920
: machinery	86,230	6,900
: Others	42,275	32,118
Insurance	4,11,357	9,10,325
Freight and handling charges	-	30,785
Printing and Stationery	80,459	1,63,367
Communication costs	1,41,691	2,27,532
Rates and taxes	8,42,829	4,52,999
Advertisement and Sales Promotion	40,702	26,842
Directors remuneration	15,40,000	12,63,818
Directors sitting fee	64,000	52,000
Payments to Auditor as : Statutory auditor	3,00,000	3,00,000
: Tax maters	-	15,000
: for Certification	15,000	5,000
Security charges	-	3,79,537
Travelling and Conveyance	3,90,288	5,02,492
Legal and Professional Charges	12,89,894	12,11,480
Miscellaneous expenses	3,91,987	3,22,293
Provision for bad and doubtful debts	7,11,388	8,70,920
Foreign exchange loss (net)	-	10,95,737
Loss on sale of : Raw Materials (net)	9,03,274	34,858
: Stores & Spares	75,35,853	-
Impairment loss on fixed assets	-	2,09,37,935
Raw Materials written off	98,375	6,83,232
Unamortised expenses written off	-	3,74,145
Loss on assets held for disposal (Refer Note No 27)	2,28,70,002	-
Claims written off	-	1,49,81,607
Advances, Debit balances, Deposits and Investments written off	7,98,833	31,65,879
Prior period items	-	7,70,588
Total	4,28,87,443	5,17,45,472

22. Deferred Tax:

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

23. Earnings per equity share:

	Current Year	Previous Year
Basic Earnings per equity share		
Loss for the year ₹	(4,25,12,112)	(6,48,44,262)
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 ₹	(3.57)	(5.44)

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

24. Commitments and Contingent Liabilities not provided for:

S. No.	Particulars	As at 31st March, 2013 ₹	As at 31 st March, 2012 ₹
I	Towards Bank Guarantee	1,19,068	1,04,085
II	The Company received a demand from Assistant PF Commissioner (Compliance) for payment of Rs 7,61,604/- towards PF due from contract labour for the period March 2006 to March 2009 as principle employer. The Company contested the same before Employees Provident Fund Appellate Tribunal, New Delhi. As per the directions of Appellate Tribunal the Company has deposited Rs. 3,00,000/- which is shown under Short Term Loans and Advances.	7,61,604	---
III	Demands of the Income-tax department, contested by the company	2,86,73,707	2,86,73,707
IV	Central Excise Department : a) 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

S. No.	Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
b)	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	87,31,977
c)	Demand received from Commissioner of Customs and Service Tax (Appeals), for reversal of Cenvat Credit on Transportation of Finished Goods for the period : April 2010 to March 2011	6,39,934	---
	April 2008 to March 2011	18,07,242	---
d)	Differential customs duty for non compliance of conditions laid down under Project Import Regulations, 1986	66,07,799	---
V	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)	Interest claimed by suppliers	12,83,195	---
VI	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.		

25. The Company has not manufactured any goods or provided any services during the current year and there are no transaction in foreign currency. Hence, the additional information as required under Clause 5 of Part II of Schedule VI to the Companies Act, 1956 could not be furnished.
26. **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, 2013.
27. The Company passed an ordinary resolution to sell/lease/otherwise dispose off/transfer the part or substantially the whole of one or more undertakings of the Company located at Patancheru and Shadnagar. Accordingly the Company obtained quotations for Plant and Machinery, and assessed the realisable value of office equipment, Computers, Vehicles and Furniture. Based on the above the ultimate realisable value of these assets were shown under “Other Current Assets” as “Assets held for disposal”. The difference between the net written down value as at 31.03.2012 and the net realisable value as per quotations received is charged off to Statement of Profit and Loss as “Loss on assets held for disposal”.
28. During the previous period the company stopped manufacturing activity and is in the process of disposing off the 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 lost its status as going concern.
29. **Employee Benefits:**
During the previous year the company declared a “Voluntary Retirement Scheme” to reduce its pay bill 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 upto 31st March, 2013 (31st March, 2012) are fully provided. Therefore particulars required under AS-15 are not furnished.
30. **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.
31. **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 City (P) Ltd |
| Accura Estates (P) Ltd | GVK Coal (Tokisud) Co.(P) Ltd |
| Alakananda Hydro Power Company Ltd | GVK Davix Research (P) Ltd |

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

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

Companies with which transactions are there during the year / balances were there at the end of the year.

Directors:

- i) Mr G V Krishna Reddy
- ii) Mrs G Indra Krishna Reddy

Key Management Personnel:

- i) Mr.S.A.Naqui, Executive Director

Details of transactions for the year ended 31st March, 2013 and amounts outstanding as on 31st March, 2013 are as follows:

Name of the related party	Nature of relationship	Nature of transaction	₹
Transactions during the year			
Sri S. P. Bhasin	Key Management Personnel	Remuneration	--- (1,55,767)
Mr.S.A.Naqui	Key Management Personnel	Remuneration	15,40,000 (11,15,484)
Taj GVK Hotels & Resorts Limited	Enterprises in which Directors / their relatives are interested	Hospitality Charges	53,989 (54,433)
		Payable	3,504 (---)
GVK Jaipur Expressway Private 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 against sale of land	(---) 15,00,00,000
		Payable	38,46,36,000 (38,46,36,000)

- 32.** 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.
- 33.** The balances in personal accounts are subject to confirmations and reconciliations.
- 34.** Figures of the previous period have been regrouped / rearranged to conform to those of the current year.

As per our report of even date
for BRAHMAYYA & CO.
 Firms' Registration Number: 000513S
 Chartered Accountants

For and on behalf of Board of Directors

(Koteswara Rao SSR)
 Partner
 Membership Number:18952

Dr.G.V.Krishna Reddy
 Chairman

S.A.Naqui
 Executive Director

Place: Hyderabad
 Date: 14th May, 2013

Ms. Priya Sharma
 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 28th Annual General Meeting of the Company held on Thursday, the 26th December, 2013 at 11.30 am at Sri Sathya Sai Nigamagamam, 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 _____ beaing 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 28th Annual General Meeting of the Company to be held on Thursday, the 26th December, 2013 at 11.30 am at Sri Sathya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073 and any adjournment thereof.

Signed this _____ day of _____ 2013

Folio No. :	Client ID No. :	DP ID No. :
-------------	-----------------	-------------

No. of Shares : _____ Signature _____



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, Patancheru,
Medak District (AP) - 502 319.