



HARDOLL PAPER MILLS LIMITED

**23rd ANNUAL REPORT
2016 - 2017**



BOARD OF DIRECTORS

KAILASH AGARWAL	-	MANAGING DIRECTOR
ANIL KUMAR LAKHOTIYA	-	JOINT MANAGING DIRECTOR
JARNAIL SINGH SAINI	-	DIRECTOR

REGISTERED OFFICE

Krishna Kunj, First Floor, Bhavsar Chowk,
Central Avenue, Nagpur 440 032

BANKERS

State Bank of India,
Nagpur

WORKS

Survey No. 67,
Village Hardoli,
Taluka Katol,
Dist. Nagpur,
Maharashtra State

AUDITORS:

Walter & Associates
Chartered Accountants,
504, Windfall, Sahar Plaza,
Andheri-Kurla Road,
Andheri (E), Mumbai 400 059

HARDOLI PAPER MILLS LIMITED

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of the HARDOLI PAPER MILLS LIMITED will be held at the Registered Office of the Company at Krishna Kunj, First Floor, Bhavsar Chowk, Central Avenue, Nagpur 440 002 on 1st September, 2017 at 3.30 pm to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement for the year ended 31st March, 2017 of the Company together with the Reports of Directors and Auditors thereon.
2. To appoint Director in place of Mr. J. S. Saini, who retire by rotation and being eligible offers himself for re-appointment.
3. To declare dividend, if any.
4. To appoint M/s Ashok S. Jain & Co., Chartered Accountants, as Statutory Auditor of the Company and fix their remuneration

RESOLVED THAT Pursuant to section 139, 142 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, as amended from time to time and pursuant to recommendation of the Board of Directors, M/s Ashok S. Jain & Co., Chartered Accountants, having Firm Registration Number 111791W, be and is hereby appointed as the statutory auditors of the Company, to hold office for the period of Five consecutive years commencing from the financial year 2017-18, subject to annual ratification by members at every Annual General Meeting, on a remuneration that may be determined by the Board of Directors in consultation with the auditors

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT pursuant to section 197 read with section II, Part II of Schedule V and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, approval be and is hereby accorded to increase in the remuneration of Mr. Kailashchand Agarwal (DIN 0367292) from Rs. 85,000/- (Rupees Eighty Five Thousand only) pm to Rs. 1,20,000/- (Rupees One Lac Twenty Thousand only) per month with effect from 1st April, 2017.

FURTHER RESOLVED THAT Mr. Anilkumar M. Lakhotiya (DIN 00367361) be and is hereby authorized to take all such steps and all such acts, deeds and things as may be necessary to give effect to the foregoing resolution

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT pursuant to section 197 read with section II, Part II of Schedule V and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, approval be and is hereby accorded to increase in the remuneration of Mr. Anilkumar M. Lakhotiya (DIN 00367361) from Rs. 85,000/- (Rupees Eighty Five Thousand only) pm to Rs. 1,20,000/- (Rupees One Lac Twenty Thousand only) per month with effect from 1st April, 2017.

FURTHER RESOLVED THAT Mr. Kailashchand Agarwal (DIN 0367292) be and is hereby authorized to take all such steps and all such acts, deeds and things as may be necessary to give effect to the foregoing resolution

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT pursuant to section 197 read with section II, Part II of Schedule V and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, approval be and is hereby accorded for payment of remuneration to Mr. Jarnailsing Saini (DIN 00367656), Director of the Company, Rs. 40,000/- (Rupees Forty Thousand only) per month with effect from 1st April, 2017.

FURTHER RESOLVED THAT Mr. Anilkumar M. Lakhotiya (DIN 00367361) be and is hereby authorized to take all such steps and all such acts, deeds and things as may be necessary to give effect to the foregoing resolution.

By Order of the Board

KAILASH CHAND AGARWAL
(DIN 00367292)
MANAGING DIRECTOR

ANILKUMAR M. LAKHOTIYA
(DIN 00367361)
JOINT MANAGING DIRECTOR

Regd. Office:
Krishna Kunj, First Floor,
Bhavsar Chowk, Central Avenue,
Nagpur 440002
Date: 30.05.2017



NOTICE (Contd.)

NOTES:

- a) The Explanatory Statement pursuant to section 102 of the Companies Act, 2013, is annexed herewith in respect of Special Business.
- b) The Member entitled to attend and vote at the General Meeting is entitled to appoint a Proxy to attend and vote on Poll instead of himself and the Proxy need not be the member of the Company. The instrument appointing proxy must be deposited at the Registered Office of the Company not less than Forty Eight hours before the commencement of meeting
- c) A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than Ten percent of the Total Share Capital of the Company carrying voting right may appoint a single person as Proxy and such person shall not act as a proxy for any other person or shareholder.
- d) Members are requested to bring their copy of the Notice and Annual Report at this Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESS

Item No. 5

Mr. Kailash Chand Agarwal is the Managing Director of the Company and looks after the entire marketing affairs. There was massive fire in the Company in the year 2014-15 and during that year the Turnover was Rs. 48.23 Cr. In spite of Fire, under the leadership of Mr. Kailash Chand Agargwal, Managing Director and Mr. Anilkumar Lakhotiya, Joint Managing Director, the Company has undertaken the expansion of the capacities with the Term Loan from Bank and expanded the capacities. During the year under review the Turnover and operating income of the Company has reach to Rs.67.02 Cr and still the entire expanded capacities of the Company has not utilized.

Thus in view of the best efforts put in by Mr. Kailash Chand Agarwal for improving, stabilizing the strengthening of the Company the increase in the salaries from Rs. 85,000/- pm to Rs. 1,20,000/- per month is recommended by the Board. Since the approval from Members in General Meeting is required, the proposed resolution is included in the Notice of the Company.

None of the Director, except Mr. Kailash Chand Agarwal, shall be deemed to be concerned or interest in the above resolution.

Item No. 6

Mr. Anilkumar M. Lokhotiya is joint Managing Director of the Company and looks after the production affairs of the Company. He ensure that qualitative production as per the marketing order is ready in time and dispatched. Further as mentioned in earlier para about the fire in the factory in the year 2014-15, under the leadership of Mr. Anilkumar M. Lakhotiya, the capacity of the plant was expanded and expanded capacity was put to utilize and therefore the Turnover for the financial year 2016-17 has reached to Rs. 67.02 Cr as compared to just 48.23 Cr in 2014-15 when there was fire. With optimum utilization of the expanded capacity the Turnover will take big boost with uptrend support of marketing network. Mr. Lakhotiya, also ensure that with the increase in the production, the factory overhead shall remain in control which will improve the bottom line.

Thus in view of the best efforts put in by Mr. Anilkumar M. Lakhotiya for increasing the Production, Human Resource development and cordial relation among the employee and the management, the Board recommend the increase in the salaries from Rs. 85,000/- pm to Rs. 1,20,000/- per month with effect from 1st April, 2017. Since the approval from Members in General Meeting is required, the proposed resolution is included in the Notice of the Company.

None of the Director, except Mr. Anilkumar M. Lakhotiya, shall be deemed to be concerned or interested in the above resolution.

Item No. 7

Mr. Jarnailsing Saini is the Promoter Director of the Company and till last year ended 31.03.2017. He looks after administration and liaison with the factory to ensure continuity of production. Thus with the increase in the installed capacity of the Plant

NOTICE (Contd.)

and increase in the production trend to achieve the optimum utilization of the capacity, his efforts carry important role in the operation of the Company.

In view of the above, the Board recommend the monthly remuneration of Rs. 40,000/- (Rupees Forty Thousand only) per month with effect from 1st April, 2017. Since the approval from Members in General Meeting is required, the proposed resolution is included in the Notice of the Company.

None of the Director, except Mr. JarnailsingSaini, shall be deemed to be concerned or interested in the above resolution

By Order of the Board

KAILASH CHAND AGARWAL
(DIN 00367292)
MANAGING DIRECTOR

ANILKUMAR M. LAKHOTIYA
(DIN 00367361)
JOINT MANAGING DIRECTOR

Regd. Office:

Krishna Kunj, First Floor,
Bhavsar Chowk, Central Avenue,
Nagpur 440002
Date: 30.05.2017



DIRECTORS' REPORT

**TO
THE MEMBERS
HARDOLI PAPER MILLS LIMITED**

Your Directors have pleasures in submitting the Twenty Third Annual Report together with Audited Financial Statement of the Company for the year ended on 31st March, 2017.

FINANCIAL RESULTS

The company's financial performance, in the year ended March 31, 2017 is shown below:

(Rupees)

Particulars	For the year ended 31-3-2017	For the year ended 31-3-2016
Income from operations (including other income)	67,13,48,555	62,08,54,593
Profit before interest, Depreciation, Tax and extra-ordinary items	3,01,98,744	1,86,56,226
Less : Interest	1,88,85,125	2,06,63,193
Profit before Depreciation, Tax and extra-ordinary items	1,13,13,619	(20,06,967)
Less : Depreciation	1,64,63,046	1,58,60,377
Profit before Tax and extra-ordinary items	(51,49,427)	(1,78,67,344)
Add / (Less) Extra-ordinary item	Nil	Nil
Profit / (Loss) before Tax	(51,49,427)	(1,78,67,344)
Less: Provisions for Tax including deferred tax	(14,90,130)	(59,12,780)
Profit / (Loss) After Tax	(36,59,297)	(1,19,54,563)
Balance brought forward	3,05,08,388	4,24,62,951
Amount Available for appropriation	2,68,49,089	3,05,08,388
APPROPRIATIONS		
Proposed Dividend	Nil	Nil
Corporate Dividend Tax	Nil	Nil
Transfer to General Reserve	Nil	Nil
Balance carried to Balance Sheet	2,68,49,089	3,05,08,388

OPERATIONS AND STATE OF COMPANY AFFAIRS

The Company has undertaken the expansion of the capacities during the financial year 2014-15 which resulted in economies of factory overhead and expenses. The Operating Profit before Interest during the year under review is Rs. 301.99 Lac as against Rs. 186.56 Lac in the previous year. The Company is yet to achieve the optimum capacity utilization which the Management is expected to achieve in the years to come which will results in improved Bottom Line.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under relevant Listing Regulation, the Management Discussion and Analysis Report is enclosed as part of this Annual Report.

LISTING OF SHARES WITH METROPOLITAN STOCK EXCHANGE OF INDIA

On surrender of license by the OTC Exchange of India, your Company has been transferred to Dissemination Board of BSE Ltd. The SEBI vide circular no. SEBI/HO/MRD/DSA/CIR/P/2016/110 dated October 10, 2016 addressed the Companies Exclusively listed on de-recognized Stock Exchange / Non-operational Stock Exchange (ELC) shall move from Dissemination Board has to provide a plan of action for exercising any one of the following two options:

DIRECTORS' REPORT (Contd.)

- a) Get listed with National wide stock exchange
- b) To give exit route to the investor.

Your Company's financial criteria was meeting with the norms of listing with Metropolitan Stock Exchange of India (MSEI) (Nation-wide Stock Exchange) and has accordingly intimated to the Dissemination Board (DB) of BSE that the Company is getting listed with MSEI and get removed from DB.

Accordingly your Company has made application for listing with MSEI and paid the initial Listing fees as well as Annual Listing fees. The Management is expecting the Listing approval shortly in a month of two which will be intimated to DB of BSE and will get removed from said DB as per the direction of SEBI.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established as vigil mechanism to provide appropriate avenue to the Directors and employees to bring to the attention of the Management, the concern about the behavior of employees that raise concern including fraud by using the mechanism provided in the Whistle Blower Policy.

DIVIDEND

With a view to conserve resources, Your Directors do not recommend any dividend on the equity shares for the year.

DISCLOSURE**PARTICULARS OF EMPLOYEES:**

There was no employees drawing a salary exceeding Rs. 60.00 Lac per annum or Rs. 5.00 Lac per month, if employed for the part of the year as prescribed under the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Sub-section 3(m) of section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

- i) Your Company is constantly been trying to make optimum use of power by installation of necessary power saving equipments.

ii) POWER & FUEL CONSUMPTION

Financial Year	Year Ended 31.03.2017	Year Ended 31.03.2016
Electricity Consumption (Units)	78,20,790	78,66,375
Total Amount in Rs.	5,54,27,900	5,74,47,557
Rate per unit	7.09	7.30
Coal Consumption in Kg	12882235	1,43,31,029
Total Amount in Rs.	47899872	5,47,83,530
Rate per unit in Rs.	3.72	3.82
Fire Wood Consumption in Kg	-	-
Total Amount in Rs.	-	-
Rate Per Unit in Rs.	-	-



DIRECTORS' REPORT (Contd.)

B. TECHNOLOGY ABSORPTION

The Technology used by the Company is simple and is indigenously available.

C. FOREIGN EXCHANGE EARNING & OUTGO

The Company has spent a sum of **Rs. 11,09,95,959/-** (Rs. 14,69,50,789/-) on import of raw material, Stores and capital good.

The earning in foreign currency is **Rs. Nil** (Rs. Nil)

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no subsidiaries, Joint Venture and associate companies during the year.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The requirement as per section 135 of the Companies Act, 2013 read with relevant Rules, disclosure to include in an Annual Report on CSR activities containing the particulars specified in the Rules are not attached hereto as this is not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3) of the Companies Act, 2013, your Directors submit:

- (i) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departure.
- (ii) That the Director have 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 current year on 31st March, 2017 and of the Profit or Loss of the Company for the year ended on that date.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the Annual Accounts of the Company on a going concern basis
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (vi) The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDITORS AND AUDITOR'S REPORT

Statutory Auditor

Pursuant to section 139 of the Companies Act, 2013, rules made thereunder and subject to approval of the members of the Company at the Annual General Meeting, the Board of Directors appointed M/s WALTER & ASSOCIATES, Chartered Accountants, Mumbai hold office upto the conclusion of Twenty-fifth (25th) Annual General Meeting of the Company.

DIRECTORS' REPORT (Contd.)

The Board recommends the ratification of the appointment of WALTER & ASSOCIATES, Chartered Accountants (Firm Registration No. 112624W) as the Statutory Auditors. The Members are thus requested to ratify the appointment of the aforesaid Statutory Auditors for the next financial year 2017-18 at the ensuing Annual General Meeting

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the Financial Year 2016-17, there was no change in the composition of the Board of Directors.

Mr. J. S. Saini (DIN 00367656) retire by rotation from the Board and being eligible offers himself for re-appointment,

SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s GIRISH MURARKA & CO., Company Secretaries in Practice having Membership Number 7036 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the year 2016-17 as issued by him in the prescribed Form MR-3 is annexed to this Report. The Said Secretarial does not contain any qualification, reservation or adverse remark or disclaimer made by Secretarial Auditor

PUBLIC DEPOSITS

During the year, the Company has not accepted or renewed any deposits from the public as covered under section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014

SHARE CAPITAL

The Authorized Share Capital of the Company as on 31st March, 2017 is Rs. 3,50,00,000/- (Rupees Three Crore Fifty Lac only) divided into 35,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 3,50,00,000/- (Rupees Three Crore Fifty Lac only).

There has been no change in the Equity Share Capital of the Company during the financial year 2016-17.

The Issued, Subscribed and Paid up capital of the Company as on 31st March, 2017 is 2,69,22,650/- (Rupees Two Crore Sixty Nine Lac Twenty Two thousand Six Hundred Fifty only) divided into 26,92,265 Equity Shares of Rs. 10/- each aggregating to Rs. 2,69,22,650/- (Rupees Two Crore Sixty Nine Lac Twenty Two Thousand Six Hundred Fifty only).

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There are no significant material orders passed by the regulators / courts / tribunals which would impact the going concern status of the Company and its future operations.

COST AUDIT

The provisions of Cost Audit as prescribed under section 148 of the Companies Act, 2013 are not applicable to the Company.

MEETINGS OF THE BOARD

Six Meeting of Board of Directors were held during the year, the details of which is as under

Date	Board Strength	No. of Directors Present
12th May, 2016	3	3
21st June, 2016	3	3
12th August, 2016	3	3
12th November, 2016	3	3
2nd January, 2017	3	3
11th February, 2017	3	3
20th March, 2017	3	3



DIRECTORS' REPORT (Contd.)

RISK MANAGEMENT POLICY

The Risk Management Policy is formulated and implemented by the Company in compliance with the provisions of the New Companies Act, 2013. The Policy helps to identify the various elements of risks faced by the Company, which in the opinion of the Board threatens the existence of the Company.

PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES

Loans, guarantees and investment covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

Particulars of Contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as Annexure I to this Board's Report.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is annexed herewith as Annexure II of this Report.

OTHER DISCLOSURES

- a) Your Company has not issued :-
 - Any shares with differential rights
 - Any sweat equity shares
- b) There were no material changes and commitments affecting the financial position of your Company between the end of financial year and the date of this report.
- c) There was no revision in the financial statements.
- d) Your Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENTS

Your Director acknowledge with gratitude the co-operation extended by the Company's Bankers, Registrars, consultants and government / semi government authorities. The Directors also place on record their appreciation for sincere efforts put in by the employees at all level.

By Order of the Board

KAILASH CHAND AGARWAL
MANAGING DIRECTOR
(DIN – 00367292)

ANILKUMAR M. LAKHOTIYA
JOINT MANAGING DIRECTOR
(DIN - 00367361)

Regd. Office:

Krishna Kunj, First Floor,
Bhavsar Chowk, Central Avenue,
Nagpur 440002
Date: 30.05.2017

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry / Products:

The Company is engaged in manufacture of Kraft Paper and Board, which finds its application in the packaging industries, especially for making corrugated boxes. Over the years the Company has undergone several phases of expansion & has an installed capacity of 60000 MT per Annum. The Company manufactures Kraft Paper of various Grades.

b) Opportunities:

The booming automobiles, pharma, food & beverages, electric equipments & textiles in the developing economies of India and have augmented the demand of Kraft Paper. The continued growth expected in all above sector in India as well as the overall economy recover from the recent slowdown expected to boost the uptake of Kraft Paper market, which also projected to have positive impact on Company's growth. For all above marketing strategy, we are having well established Dealer's network for marketing to all over India span.

c) Threat and challenges:

The Business in which the Company is engaged in Labour intensive. Thus the Shortage of Manpower may affect the production. However the Management has adequate system in place to constantly monitoring Manpower requirement, provide internal training.

d) Future Outlook:

The growing adoption of sustainable packaging with biodegradable and eco-friendly material has triggered a huge demand for Kraft Paper in recent times. The demand for this type of paper is expected to soar in the coming years as the material shows eco-friendly as well as environment friendly equal to synthetic or Plastic materials. Some of the factors that are expected to have the demand for Kraft Paper are features. Such as porosity, Extensibility, Printability, durability. Furthermore, this paper is also known to offer an exceptional high Tensile Energy Absorption and is this being used for Industrial & consumers packaging. Thus it has earned the status of being excellent substitute for Plastics that are regularly used in Industrial & Consumer Packaging.

The Management has embarked on operational excellence and Business Strategic Growth. Fresh Steps have been taken to improve cost effectiveness, excellence in product quality, customer service and operational productivity.

e) Internal Control System

The Company has adequate system of internal controls with regards to purchase of stores, raw materials including components of Plant & Machinery, equipment, sale of goods and other assets. The internal control system is supplemented by well documented policies and guidelines and is conducted by outside Audit Firm.

f) Financial and Operational Performance

Yours Directors' Report has specifically dealt which the subject under the headings – Financial Results and Review of Operations.

e) Human Resource Development

Human resource is the most important resource in Management and needs to be used efficiently. The Company views its employees as valuable resources who are important stakeholders in growth, prosperity and development of organization. The Company is committed to provide necessary training / conducts development program to imbibe necessary skill required with the employees. The Management of the Company enjoys cordial relations with its employee at all level.



ANNEXURE – III

Form : MGT – 9

Extract of Annual Return as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rules 12 (1) of the Companies (Management and Administration) Rules, 2014

REGISTRATION AND OTHER DETAILS		
1. CIN	U21010MH1995PLC05883	
2. Registration Date	24/02/1995	
3. Name of the Company	HARDOLI PAPER MILLS LIMITED	
4. Category/Sub-Category of the Company	Company Limited by Shares	
5. Address of Registered Office and Contact Details	First Floor, Krishna Kunj, BhavsarChowk, C.A. Road, Nagpur 440 002 Email ID – hardolipaper@gmail.com Tele : 0712-2770966, 2733846 Fax-0712-2770168	
6. Name, Address and Contact Details of Registrar and Transfer Agent	MCS Share Transfer Agent Limited 002, Ground Floor, KashiramJamnadas Building, 5 P'Demellow Road, Masjid East, Mumbai 400 009 Email ID – helpdesknum@mcsregistrars.com Website – www.mcsregistrars.com Tele : 022-40206022/23/24 Fax – 022-40206021	
PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY		
All the business activities contributing 10% or more of the total turnover of the Company		
NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICE	NIC CODE OF PRODUCT/ SERVICE	% OF TOTAL TURNOVER
Kraft Paper	48042900	99.83%
PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY - NOT APPLICABLE		
1. Category-wise Shareholding	As per Annexure "A"	
2. Shareholding of the Promoter	As per Annexure "B"	
3. Changes in Promoters' Holding	No Change	
4. Shareholding of Top Ten Shareholders (Other than Director, Promoter and Holder GDRs and ADRs)	As per Annexure "C"	
5. Shareholding of Directors and Key Managerial Personnel	As per Annexure "D"	
INDEBTEDNESS Indebtedness of the Company including interest outstanding / accrued But not due	As per Annexure "E"	
REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	As per Annexure "F"	
PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCE	Not Applicable	

ANNEXURE “A”
CATEGORY – WISE SHAREHOLDING

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of changes during year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoter and Promoter Group									
1)	Indian									
a)	Individual / HUF	115600	714370	829970	30.8279	296000	533970	829970	30.8279	
b)	Central / State Govt	0	0	0	0	0	0	0	0	
c)	Bodies Corporate	0	0	0	0	0	0	0	0	
d)	FIs / Bank	0	0	0	0	0	0	0	0	
e)	Others	0	0	0	0	0	0	0	0	
	Sub-Total A(1)	115600	714370	829970	30.8279	296000	533970	829970	30.8279	
2)	Foreign									
a)	Individual (NRI / foreign Individuals)	0	0	0	0	0	0	0	0	
b)	Bodies Corporate	0	0	0	0	0	0	0	0	
c)	Institutions	0	0	0	0	0	0	0	0	
d)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	
e)	Others	0	0	0	0	0	0	0	0	
	Sub-Total A(2)	0	0	0	0	0	0	0	0	
	Sub-Total A(1)+A(2)	115600	714370	829970	30.8279	296000	533970	829970	30.8279	Nil
B	Public Shareholding									
1)	Institutions									
a)	Mutual Funds / UTI	0	0	0	0	0	0	0	0	
b)	FIs and Banks	0	0	0	0	0	0	0	0	
c)	Central / State Govt.	0	0	0	0	0	0	0	0	
d)	Venture Capital Fund	0	0	0	0	0	0	0	0	
e)	Insurance Company	0	0	0	0	0	0	0	0	
f)	Foreign Institutional Investors	0	0	0	0	0	0	0	0	
g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	
h)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	
i)	Other - FDI	0	0	0	0	0	0	0	0	
	Sub-Total B(1)	0	0	0	0	0	0	0	0	Nil
2)	Non-Institutions									
a)	Bodies Corporate Indian Overseas	0	55000	55000	2.0429	0	55000	55000	2.0429	
b)	Individuals Holding nominal Capital upto Rs. 2 Lac	39850	886222	926072	34.3975	37925	860737	898662	33.7136	
	Holding nominal capital In excess of Rs. 2 Lac	213650	657573	871223	32.3602	213650	684983	898633	33.3783	
c)	Others – Specify Non Resident Indians	0	10000	10000	0.3714	0	10000	10000	0.3714	
	Sub-Total B(2)	253500	1608795	1862295	69.1721	251575	1610720	1862295	69.1721	Nil
C	Shares held by Custodian for ADRs	0	0	0	0				0	
	Grand Total	369100	2323165	2692265	100.00	547575	2144690	2692265	100.00	Nil



ANNEXURE “B”

SHAREHOLDING OF PROMOTER

Sr. No.	Name of the Shareholder	At the beginning of the year			At the end of the year			% of change during year
		No. of Shares	% of Total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of Total shares of the Company	% of shares pledged/ encumbered to total shares	
1	OmprakashRathi	267360	9.9307	0	267360	9.9307	0	Nil
2	KailashchandraAgarwal	231495	8.5985	0	231495	8.5985	0	Nil
3	Rajiv Behal	100	0.0037	0	100	0.0037	0	Nil
4	JarnailsinghSaini	108105	4.0154	0	108105	4.0154	0	Nil
5	Anilkumar M. Lakhotiya	186295	6.9196	0	186295	6.9196	0	Nil
6	RajendrasinghSaini	2600	0.0966	0	2600	0.0966	0	Nil
7	Kamal K. Agarwal	34015	1.2634	0	34015	1.2634	0	Nil

ANNEXURE “C”

SHAREHOLDING OF PROMOTER

Sr. No.	Name of the Shareholder	Shareholding			Cumulative Shareholding During The Year	
		No. of Shares at the beginning	% of Total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of Total shares of the Company
1	AkshayRathi	224905	224905	0	224905	8.3537
2	KailashchandraAgarwal HUF	62790	63150	0.5733	63150	2.3456
3	Anilkumar M. Lakhotiya HUF	83578	86578	3.5895	86578	3.2158
4	SnehlataLakhotiya	77900	77900	0	77900	2.8935
5	ManglaRathi	150845	150945	0.0663	150945	5.6066
6	JugalkishoreDhoot	111800	111800	0	111800	4.1526
7	GauravRathi	99705	99705	0	99705	3.7034
8	GarimaRathi	24700	24700	0	24700	0.9174
9	JaswantsinghSaini	35000	35000	0	35000	1.3000
10	Samarkardand Investment Pvt. Ltd.	50000	50000	0	50000	1.8572

ANNEXURE “D”

SHAREHOLDING DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Name of the Shareholder	Shareholding			Cumulative Shareholding During The Year	
		No. of Shares at the beginning	No. of Shares at the end of the year	% of changes increase / Decrease	No. of Shares	% of Total shares of the Company
1	Kailashchandra Agarwal	231495	231495	0	231495	0
2	Anilkumar M. Lakhotiya	186295	186295	0	186295	0
3	JarnailsinghSaini	2600	2600	0	2600	0

ANNEXURE “E”
INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT

	Secured Loan Excluding Deposit	Unsecured Loan	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
a) Principal Amount	12,38,00,312	3,23,09,506	--	15,61,09,818
b) Interest due but not paid	--	--	--	--
c) Interest accrued but not due	15,04,066	--	--	15,04,066
TOTAL	12,53,04,378	3,23,09,506	--	15,76,13,884
Changes in Indebtedness during the financial year				
a) Addition	74,91,56,487	1,44,19,571		74,84,96,547
b) Reduction	75,01,84,333	56,32,261		75,25,15,186
NET CHANGE	(10,27,846)	87,87,310		(40,18,639)
Indebtedness at the end of the financial year				
a) Principal Amount	12,27,72,466	--		1,61,07,357
b) Interest due but not paid	--	--		--
c) Interest accrued but not due	7,69,496	--		7,69,496
TOTAL	12,35,41,962	4,10,96,816		16,38,69,282

ANNEXURE “F”
REMUNERATION TO MANAGING DIRECTOR, WHOLE TIME DIRECTOR AND / OR MANAGER

Sr. No.	PARTICULARS OF REMUNERATION	NAME OF MD/WTD/MANAGER		TOTAL INDEBTEDNESS
		KailashAgrawal / Managing Director	Anilkumar M. Lakhotiya Jt. Managing Director	
1	Gross Salary	11,05,000	11,05,000	22,10,000
a)	Salary as per the provisions contained in section 17(1) of the Income Tax Act, 1961	--	--	--
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	--	--	--
c)	Profit in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission i) % of Profit ii) Others – specify	--	--	--
5	Others-Contribution of Provident and other funds	--	--	--
	TOTAL	11,05,000	11,05,000	22,10,000



Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014]

To,
The Members
HARDOLI PAPER MILLS LIMITED
First Floor, Krishna Kunj,
BhavsarChowk, C.A. Road,
Nagpur 440 002

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to corporate practices by **HARDOLI PAPER MILLS LIMITED** (herein after called "the Company") for the audit period covering the financial year ended on 31st March, 2017. The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in the Annexure I, for the financial year ended on March 31, 2017, according to the provisions (to the extent applicable) of:
 - i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
 - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder applicable to the extent of receipt of funds on non-repatriation basis from foreign investor;
 - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and
 - f) The Securities and Exchange Board of India (Registrar to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
2. I have relied on the representations made by the Company and its Officers for system and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulation to the Company.
3. **We further report that :**
 - a) **The Company was listed with OTC Exchange of India and the listed capital was 23,41,100 fully paid equity shares.**
 - b) **Security and Exchange Board of India vide circular No. CIR/MRD/DSA/14/2012 dated May 30, 2012 has provided exit option to the recognized stock exchange to voluntary surrender of license and OTC Exchange of India vide its letter reference 0076/LSTG/13-14/0393 dated February 4, 2014 intimated to the Said Company that the said exchange has decided in-principle to go for voluntary surrender its license and as an option, the Company moved to Dissemination Board of BSE Ltd.**
 - c) **The said Company has come out of Right Issue in June,2015 in the ratio of 15 equity shares for holder of 100 shares at issue price of Rs. 35/- which include Rs. 25/- Premium. The Right issue shares were 3,51,165 which was allotted on July 1, 2015. This Right Issue was made during the time, the Company was with Dissemination Board, 3,51,165 shares are unlisted as on date**
 - d) At present the Company has applied for listing with Metropolitan Stock Exchange of India Limited and the listing is in process. Thus at present the Company is unlisted Public Company and No Listing Agreement has been entered into and in force for compliance and hence SEBI (LODR), 2015 is not applicable
 - e) I further report that –
The Board of Directors of the Company is duly constituted with three Promoter Directors only as the Company is unlisted Public Company. Adequate notice is given to all the Directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance and a system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All resolutions / decisions at the Board and Committee Meeting are carried out unanimously as recorded in the minutes of meeting of the Board of Directors or the Committee.

I further report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance of applicable laws, rules, regulations and guidelines except as mentioned above.

- I further report that during the audit year, there were no instances of
- i) Public Issue of Equity Shares & Equity Warrants / Sweat Equity
 - ii) Buy-back of securities
 - iii) Merger / Amalgamation / Reconstruction etc.
 - iv) Foreign Technical Collaborations.

Place: Mumbai
Date: May 30, 2017

Sd/
GIRISH MURARKA
Proprietor
GirishMurarka & Co.
ACS No. 7036
CP No. 4576

INDEPENDENT AUDITORS' REPORT

TO

**THE MEMBERS,
HARDOLI PAPER MILLS LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of HARDOLI PAPER MILLS LIMITED, which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow statement for the year then ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, the implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and Rules made thereunder. We conducted our audit in accordance with Standards on Auditing specified under section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Auditors Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March 2017 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in the Annexure "A" a statement on the matters specified in the paragraph 3 and 4 of the Order.



INDEPENDENT AUDITORS' REPORT (Contd.)

7. As required by Section 143 (3) of the Act, we report that:
- i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
 - iii) 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;
 - iv) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, 2013 read with Rule 7 of Rules.
 - v) On the basis of written representations received from the directors, as on 31st March, 2016, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2016 from being appointed as a director in terms of sub-section (2) of section 164 of the Act;
 - vi) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The company has disclosed the impact of pending litigation on its financial position in its financial statements—Refer Note No 31 to the financial statements.
 - b. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - c. There were no amounts required to be transferred to the Investor Education Protection Fund by the Company.
 - d. The Company has provided requisite disclosure in note No. 42 of financial statements as to holding as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For **WALTER & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Registration No. 112624W

(CA. WALTER D'SOUZA)
PARTNER
Membership No. 40144

Place: Mumbai
Date: 30.05.2017

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 6 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained the records showing full particulars including quantitative details and situation of its Fixed Assets.
 (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 (c) The title deeds of all the immovable property are held in the name of the company.
- ii. The inventory, except goods in transit, has been physically verified during the year by the management. In our opinion the frequency of such verification is reasonable. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records are not material and have been dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. According information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investment and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted the deposits from public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under wherever applicable, have been complied with. Further, we are informed that no order has been passed by the Company Law Board or National Company Law tribunal or Reserve Bank of India or any court or any other tribunal in respect of the same.
- vi. As informed to us, the provisions for maintenance of cost records under sub section (1) of the section 148 of the Act, as prescribed by the Central Government is applicable to the Company and such accounts and records have been made and maintained by the Company. We have not, however, made a detailed examination of the records with view to determine whether they are accurate or complete.
- vii. (a) According to the records, information and explanations provided to us, the Company is generally regular in depositing undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, cess and other material statutory dues with appropriate authorities.
 (b) According to the information and explanations given to us, as on 31st March 2017 there is no amount outstanding in respect of disputed income tax, sales tax, wealth tax, service tax, excise duty, cess, education cess and custom duty except for the following:

Name of the Statute	Nature of the Dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1994 & Cenvat Credit Rules, 2004	> Excise Duty under Rule 14 and 11D of the Act	172,25,881	F.Y. 2008-09 to F.Y. 2010-11	Custom, Excise & Service Tax Appellate Tribunal, Mumbai
	> Penalty u/s.11AC of the Act	1,00,80,910		
	> Excise Duty u/s 11A of the Act	6,67,226	For the period from July 2003 to March 2004	The Commissioner (Appeals), Customs, Central Excise & Service Tax, Nagpur
	> Penalty u/s 11AC of the Act	6,67,226		
	> Excise Duty u/s 11A of the Act	6,27,223	For the period from April 2004 to October 2004	The Commissioner (Appeals), Customs, Central Excise & Service Tax, Nagpur
	> Penalty u/s 11AC of the Act	6,27,223		
Name of the Statute	Nature of the Dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Bombay Sales Tax Act, 1959 & Central Sales Tax Act, 1956	> Bombay Sales Tax	1,389	F.Y. 2003-2004	Sr. Deputy Commissioner of Sales Tax, Nagpur



ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT (Contd.)

- viii. According to information and explanation given to us, there is no default made by the Company in repayment of dues to the Banks or Financial institution, Government and Debenture holders during the year.
- ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration to the directors of the company which is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.(Refer Note No.43)
- xii. The Company is not a Nidhi Company nor associated with such company, hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence clause (xv) of Order not applicable
- xvi. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

As per our Report of even date
For **WALTER & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Registration No. 112624W

Place: Mumbai
Date: 30.05.2017

(CA. WALTER D'SOUZA)
PARTNER
Membership No. 40144

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT (Contd.)

(Referred to in paragraph 7 (vi) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Hardoli Paper Mills Limited** ("the Company") as of 31st March 2017 in conjunction with our audit of financial statements of the Company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **WALTER & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Registration No. 112624W

(CA. WALTER D'SOUZA)
PARTNER
Membership No. 40144

Place: Mumbai
Date: 30.05.2017



BALANCE SHEET AS AT 31ST MARCH, 2017

	NOTE	31.3.2017 (Rupees)	31.3.2016 (Rupees)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share Capital	2	2,69,22,650	2,69,22,650
Reserve & Surplus	3	5,77,28,024	6,13,87,321
Non-Current Liabilities			
Long Term Borrowings	4	7,86,87,991	8,11,22,469
Deferred Tax Liabilities (Net)	5	82,87,047	97,77,178
Current Liabilities			
Short Term Borrowings	6	6,84,41,292	6,35,20,349
Trade Payable	7	7,84,75,775	5,96,96,663
Other Current Liabilities	8	2,03,10,446	1,60,30,092
Short-Term Provisions	9	33,35,805	25,66,767
		34,21,89,030	32,10,23,490
<u>ASSETS</u>			
Non-Current Assets			
Fixed Assets	10		
- Tangible Assets		19,36,36,602	17,74,63,746
- Capital Work In Progress		-	24,97,535
Long Term Loans and Advances	11	91,00,988	1,64,25,335
Current Assets			
Inventories	12	4,97,89,442	3,56,21,656
Trade Receivables	13	7,22,01,577	7,84,92,275
Cash and Bank Balances	14	37,44,260	30,42,527
Short Term Loans and Advances	15	1,21,54,575	66,99,000
Other Current Assets	16	15,61,586	7,81,415
		34,21,89,030	32,10,23,490
Summary of Significant Accounting Policies and Notes to Financial Statement	1 to 44		

AS PER OUR REPORT OF EVEN DATE
For **WALTER & ASSOCIATES**
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 112624W

(CA. WALTER D"SOUZA)
PARTNER
Membership No. 40144

MUMBAI: 30.05.2017

FOR AND ON BEHLAF OF THE BOARD

KAILASH AGARWAL - **MANAGING DIRECTOR**
ANIL KUMAR LAKHOTIYA - **JOINT MANAGING DIRECTOR**
JARNAIL SINGH SAINI - **DIRECTOR**

NAGPUR: 30.05.2017

HARDOLI PAPER MILLS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2017

	NOTE	31.3.2017 (Rupees)	31.3.2016 (Rupees)
INCOME			
Revenue From Operations (Net)	17	67,02,25,180	61,98,23,301
Other Income	18	11,23,375	10,31,291
TOTAL REVENUE		67,13,48,555	62,08,54,592
EXPENDITURE			
Raw Material Consumed	19	45,49,03,714	41,85,25,931
Changes in Inventories of Finished Goods	20	21,42,532	(65,28,742)
Employee Benefits Expenses	21	1,62,23,370	1,33,67,923
Finance Costs	22	1,88,85,125	2,06,63,193
Depreciation and Amortisation Expense	10	1,64,63,046	1,58,60,377
Other Expenses	23	16,78,80,195	17,68,33,255
TOTAL EXPENSES		67,64,97,982	63,87,21,937
PROFIT/ (LOSS) BEFORE TAX		(51,49,427)	(1,78,67,345)
Add/(Less) : EXTRA ORDINARY ITEMS		-	-
Tax Expense:		(51,49,427)	(1,78,67,345)
- Current Tax		-	-
- Deferred Tax		(14,90,130)	(59,12,780)
		(14,90,130)	(59,12,780)
PROFIT FOR THE YEAR		(36,59,297)	(1,19,54,565)
EARNINGS PER SHARE (Equity shares , par value Rs.10/- each)			
- Basic		-1.36	-4.59
- Diluted		-1.36	-4.59
Summary of Significant Accounting Policies and Notes to Financial Statement	1 to 44		

AS PER OUR REPORT OF EVEN DATE

For **WALTER & ASSOCIATES**

CHARTERED ACCOUNTANTS

FIRM REGISTRATION NO. 112624W

(CA. WALTER D"SOUZA)

PARTNER

Membership No. 40144

MUMBAI: 30.05.2017

FOR AND ON BEHALF OF THE BOARD

KAILASH AGARWAL - **MANAGING DIRECTOR**

ANIL KUMAR LAKHOTIYA - **JOINT MANAGING DIRECTOR**

JARNAIL SINGH SAINI - **DIRECTOR**

NAGPUR: 30.05.2017



CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2017

	(Rupees) 2016 - 17	(Rupees) 2015 - 16
A. Cash flow from operating activities		
Net Profit before tax and extraordinary items and tax	(51,49,427)	(1,78,67,345)
Extraordinary items	-	-
Net Profit before tax	(51,49,427)	(1,78,67,345)
Adjustments for:		
Depreciation	1,64,63,046	1,58,60,377
Loss Due to Fire	-	11,89,234
Provision for Leave Encashment	1,82,399	1,51,480
Loss on Sale of Assets	1,18,531	(2,25,850)
Loss on sale of mutual funds	-	(16,358)
Interest Expenses	1,93,80,856	2,11,78,032
Operating profit before working capital changes	3,09,95,405	2,02,69,571
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
- Inventories	(1,41,67,786)	58,89,466
- Trade Receivables	62,90,698	(6,25,64,033)
- Short Term Loans And Advances (Excluding Income Tax)	(54,55,575)	55,54,859
- Long term loans & Advances	32,09,058	(13,12,125)
- Other Current assets	(7,80,171)	3,69,232
Adjustments for increase / (decrease) in operating liabilities:		
- Trade payables	1,87,79,112	4,35,37,479
- Other Current Liabilities	(3,14,659)	5,02,369
- Short Term Provisions	5,86,639	(19,118)
Cash generated from operations:	3,91,42,722	1,22,27,700
Income Taxes Paid	(39,002)	(3,50,790)
Net Cash from operating activities	3,91,03,720	1,18,76,910
B. Cash flow from investing activities		
Payments for Capital Assets	(2,64,83,527)	(2,28,44,377)
Sale of fixed asset	4,37,500	17,03,323
Sale of Mutual Funds	-	1,16,358
Net Cash used in investing activities	(2,60,46,027)	(2,10,24,696)
C. Cash flow from Financing Activities		
Long Term Borrowings(Net)	28,38,522	22,26,652
Short Term Borrowings (Net)	49,20,943	1,66,37,165
Issue of Shares at premium	-	1,21,76,595
Interest paid	(2,01,15,425)	(2,03,58,558)
Net Cash used in Financing Activities	(1,23,55,960)	1,06,81,854
D. Net Increase in Cash & Cash Equivalents	15,34,068	2,27,194
Cash and cash equivalents as at the beginning of the year	30,42,527	15,08,459
Cash and cash equivalents as at the end of the year	37,44,260	30,42,527

KAILASH AGARWAL - MANAGING DIRECTOR
 ANIL KUMAR LAKHOTIYA - JOINT MANAGING DIRECTOR
 JARNAIL SINGH SAINI - DIRECTOR
 NAGPUR: 30.05.2017

AUDITORS' CERTIFICATE

We have verified the attached cash flow statement of Hardoli Paper Mills Ltd., derived from audited financial statement and the books and records maintained by the Company for the years ended 31st March, 2017 and 31st March, 2016 and found the same in agreement therewith.

For **WALTER & ASSOCIATES**
 FIRM REGISTRATION NO. 112624W
 CHARTERED ACCOUNTANTS

MUMBAI: 30.05.2017

(CA. WALTER D'SOUZA)
 PARTNER
 Membership No. 40144

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

Company Overview

HARDOLI PAPER MILLS LIMITED was incorporated on 24th February, 1995 as a Public Limited Company under the Companies Act, 1956. The company manufactures Kraft paper of various grades which are used as packing material. The Company sells the Kraft Paper directly to various parties and through network of dealers in the domestic market. The Company is in the process of getting its equity shares listed on Metropolitan Stock Exchange of India.

A. Basis of Preparation of Financial Statements

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

B. Use of estimates

The preparation of financial statements, in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and disclosures of contingent liability at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring material adjustments to the carrying amounts of assets or liabilities in future periods.

C. Inventories

i. Raw Materials

These inventories are valued at lower of cost or realizable value. Cost is determined on First-in-First-Out basis.

ii. Stores, Spares, Packing Materials & Consumables

These inventories are valued at lower of cost or realizable value. Cost is determined on First-in-First-Out basis.

iii. Work in Process

These inventories are valued at lower of cost or realisable value. The cost of work in process comprises of raw & packing materials, direct labour, other direct costs and related production overheads as applicable. Cost of materials is determined on actual cost of materials issued.

iv. Manufactured Finished Goods

These inventories are valued at lower of cost or net realizable value. The cost of finished goods comprises of materials, direct labour, other direct costs and related production overheads and excluding Excise duty. Cost of materials is determined on First-in-First-Out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

v. Excise Duty/Cenvat

Excise duty on purchase of material has been deducted in the value of finished goods Inventory. Cenvat credit in respect of raw materials, packing materials, Stores and Spares, and capital expenditure has been accounted for on accrual basis. Cenvat on capital goods has been deducted from the cost of such capital goods. Service tax input credit is accounted in the books for the period in which the underlying service received is accounted and when there is no uncertainty in availing/ utilizing the credits.

D. Cash Flow Statement

Cash Flow Statement has been prepared under the "Indirect Method", set out in AS 3, "Cash Flow Statement" as prescribed by the Companies (Accounting Standards) Rules, 2006. Cash and cash equivalents, includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

E. Revenue Recognition

Sale of goods: Sales are recognized upon delivery of products and are recorded inclusive of excise duty but are net of trade discounts and sales tax.

Other Income

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable

F. Tangible Fixed Assets and Depreciation

All fixed Assets are stated at cost of acquisition less depreciation. All cost relating to the acquisition and installation of the fixed



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

assets are capitalised and includes financing costs relating to borrowed fund attributable to the acquisition of fixed asset up to the date the fixed asset are put to use. The carrying amounts of assets are reviewed at Balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price and value in use of the assets. The estimated future cash flow considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

i) **Depreciation and amortization**

The Company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Act except for machinery which is depreciated over a period of 15 years based on technical evaluation. Depreciation for assets purchased / sold during a period is proportionately charged. Individual low cost assets (acquired for less than Rs.5, 000/-) are depreciated over a period of one year from the date of acquisition. Depreciation on additions to assets or on sale/discardment of assets is calculated on prorata basis from the date of such addition or up to the date of such sale/discardment, as the case may be.

G. Foreign currency transaction

Transactions in foreign currency are accounted at exchange rates prevailing on the date of transaction taking place. Transactions remaining outstanding at the year-end are adjusted at the rates prevailing at the year-end. Gain or Loss arising on foreign exchange transaction is recognized in Statement of Profit & Loss. In case they relate to the acquisition of fixed assets, they are adjusted to the carrying cost of such assets.

H. Government Grants and Subsidy

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them and the grants/subsidies will be received. Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

I. Investments

Current Investments are carried at the lower of cost and quoted/fair value, computed category wise. Long-term investments are valued at cost of acquisition. Cost of acquisition includes brokerage, legal, professional and other charges incidental/related to the acquisition. Reduction in the carrying value of current investment, if any, is charged to the Statement of Profit and Loss. However no provision is made for the decline in value of the investments, if such decline is temporary in the opinion of the management.

J. Employee Benefit

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of profit and loss of the year in which the related service is rendered.

Long term benefits: Gratuity:

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Company has taken a group Gratuity Policy with the Life Insurance Corporation of India. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Post-employment and other long term employee benefits are recognized as an expense in the Statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Statement of profit and loss.

Leave encashment

Leave encashment is accounted on accrual basis and the liability is discharged at each balance sheet date. Leave encashment is recognized as an expense in the Statement of profit and loss for the year in which the employee has rendered services.

Provident fund

It is accounted on accrual basis with the contributions to the Employees Provident Fund administered by the Central Government.

K. Borrowing cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of assets. A qualifying asset is one that necessary takes substantial part of time to get ready for its intended use. All other borrowing cost is charged to Statement of Profit and Loss.

L. Identification of segments

The operations of the company predominantly comprise of manufacturing of Kraft paper. This activity constitutes the primary segment and is the only reportable segment.

M. Leases

Lease rental for assets taken on operating lease are charged to the Statement of Profit and Loss in accordance with Accounting Standard 19 on Leases.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

N. Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

). Taxes on Income

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

Current Tax

Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred Taxation

Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) credit is recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. The said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

P. Provisions, Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements

Q. Disclosure of Accounting Policies

The accounting policies have been disclosed to the extent applicable to the company.



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
NOTE 2 : SHARE CAPITAL		
<u>AUTHORISED CAPITAL</u>		
35,00,000 (35,00,000) Equity Shares of Rs. 10/- each	3,50,00,000	3,50,00,000
	-----	-----
	3,50,00,000	3,50,00,000
	=====	=====
<u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>		
26,92,265 (26,92,265) Equity Shares of Rs. 10/- each fully paid up	2,69,22,650	2,69,22,650
	-----	-----
	2,69,22,650	2,69,22,650
	=====	=====

a. Details of shareholders holding more than 5% shares in the company

NAME OF SHAREHOLDER	31.03.2017 % Held	31.03.2016 % Held	No. of shares	No. of shares
Akshay Omprakash Rathi	8.48	8.48	2,28,405	2,28,405
Kailash P. Agarwal	8.60	8.60	2,31,495	2,31,495
Mangla Omprakash Rathi	5.61	5.60	1,50,945	1,50,845
Omprakash Damodar Rathi	9.93	9.93	2,67,360	2,67,360
Anil Kumar Lakhotiya	6.92	6.92	1,86,295	1,86,295
			-----	-----

b. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

PARTICULARS	Number of Shares	Number of Shares
Equity Shares at the beginning of the year	26,92,265	23,41,100
Add: Shares issued during the year	-	3,51,165
Equity Shares at the end of the year	26,92,265	26,92,265

c. The Company has not allotted any shares for consideration other than cash during 5 years preceding March 31, 2017.

d. Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote per share held. The dividend proposed 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 amounts, in proportion to their shareholding.

HARDOLI PAPER MILLS LIMITED

Notes (Contd.)

		31.3.2017 (Rupees)	31.3.2016 (Rupees)
NOTE 3 : RESERVE AND SURPLUS			
Capital Reserve			
As per last Balance Sheet		2,04,13,989	2,04,13,989
(+) Current Year Transfer		-	-
	(A)	2,04,13,989	2,04,13,989
Securities Premium			
Opening Balance			
Add : On Issue of share Capital		86,64,946	-
Less : Share issue Expenses		-	87,79,125
		-	1,14,179
Closing Balance	(B)	86,64,946	86,64,946
General Reserve			
As per last Balance Sheet		18,00,000	18,00,000
Add: Current Year Transfer		-	-
	(C)	18,00,000	18,00,000
Surplus			
As per last Balance Sheet		3,05,08,386	4,24,62,951
Add: Net profit for current year		(36,59,297)	(1,19,54,565)
	(D)	2,68,49,089	3,05,08,386
	(A + B + C +D)	5,77,28,024	6,13,87,321

NOTE 4: LONG TERM BORROWING

Non-Current

Secured

From Banks

Term Loan from State Bank of India (Refer Note. 8)

4,70,91,175

5,38,12,963

(Term Loan is secured by way of Hypothecation of all movable created out of bank finance as well on Land, factory building, Plant and Machinery, Electrical fittings and Misc. assets with the personal guarantees of the directors and two promoters which carries rate of interest @13.95% p.a. First term loan of Rs 5.5 crore is repayable in 60 monthly installment amounting to Rs 9.16 lacs from F.Y.2015-2016, second term loan of Rs 1.50 crore is repayable in 72 monthly installments amounting to Rs 2 lacs for 71 months and 8 lacs for last one month and third term loan of Rs 2 crore is repayable in 72 monthly installments amounting to Rs 2.67 lacs for 11 month, Rs. 2.75 lacs for 60 month and last installment of Rs. 3 lacs from FY 2016-2017 onwards.)

Unsecured Loans

From Others

Related Parties - Repayable on demand after 1st April, 2018

3,15,96,816

2,73,09,506

7,86,87,991

8,11,22,469



Notes (Contd.)

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
NOTE 5: DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability on		
Depreciation	2,46,32,040	2,21,08,648
	<u>2,46,32,040</u>	<u>2,21,08,648</u>
Deferred Tax Assets on		
Section 43B Disallowances	9,81,643	7,33,406
Unabsorbed depreciation and Business Loss	1,50,79,612	1,13,14,327
Business Loss	2,83,738	2,83,738
	<u>1,63,44,993</u>	<u>1,23,31,471</u>
Deferred Tax Liability (Net)	<u>82,87,047</u>	<u>97,77,178</u>

NOTE 6: SHORT TERM BORROWINGS

Loans repayable on demand

Secured

From Banks

Working Capital Facilities from State Bank of India

(Secured by way of hypothecation of entire stock of the unit at its godowns or at some other places including goods in transit ,outstanding moneys,book debts, receivable, both present and future including personal guarantee of all the Directors & the Promoters of the Company)

5,89,41,292

5,85,20,349

Unsecured

From Others

- Related Party

- Intercorporate Loan

15,00,000

80,00,000

-

50,00,000

6,84,41,292

6,35,20,349

NOTE 7: TRADE PAYABLES

Trade Payables

7,47,89,567

5,43,12,131

Others

36,86,208

53,84,532

(Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro & Small Enterprises. The Company is in the process of compiling relevant information from its supplier about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material. This has been relied upon by the Auditors.)

7,84,75,775

5,96,96,663

HARDOL PAPER MILLS LIMITED

Notes (Contd.)

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
NOTE 8: OTHER CURRENT LIABILITIES		
Current Portion of Long Term Borrowings (Refer Note. 4)		
- Term Loan from State Bank of India	1,67,40,000	1,14,67,000
- Interest Accrued but not due on Term Loans	7,69,497	15,04,066
Payable for Capital Goods	6,35,166	5,78,584
Statutory Dues	14,05,525	19,02,784
Employee Payables	7,60,258	5,77,658
	2,03,10,446	1,60,30,092
	=====	=====

NOTE 9: SHORT TERM PROVISIONS

Provision for employee benefits	33,35,805	25,66,767
	33,35,805	25,66,767
	=====	=====

Note 10: FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON	ADDITIONS	DELETION	AS ON	As On	For The Year	DELETION	As On	As On	As On
	1.4.2016			31.3.2017	1.4.2016			31.3.2017	31.3.2017	31.3.2016
Tangible Assets										
Freehold Land	11,56,704	-	-	11,56,704	-	-	-	-	11,56,704	11,56,704
Factory Building	1,27,78,600	24,18,925	-	1,51,97,525	49,40,851	4,40,442	-	53,81,293	98,16,232	78,37,749
Building (Others)	2,40,58,926	30,85,664	-	2,71,44,590	46,10,592	9,91,530	-	56,02,122	2,15,42,468	1,94,48,334
Plant & Machinery	17,39,26,145	2,58,26,509	7,60,306	19,89,92,348	4,26,93,384	1,18,36,935	2,04,275	5,43,26,044	14,46,66,304	13,12,32,761
Electrical Installation	2,36,23,541	17,83,825	-	2,54,07,366	76,45,080	26,79,420	-	1,03,24,500	1,50,82,867	1,59,78,461
Computer	7,93,799	49,009	-	8,42,808	7,17,528	46,216	-	7,63,744	79,064	76,271
Office Equipment	7,65,112	28,000	-	7,93,112	5,98,193	60,683	-	6,58,876	1,34,236	1,66,919
Furniture & Fixture	15,22,306	-	-	15,22,306	10,45,160	1,33,960	-	11,79,120	3,43,186	4,77,146
Vehicle	16,18,086	-	-	16,18,086	5,28,685	2,73,860	-	8,02,545	8,15,541	10,89,401
TOTAL	24,02,43,218	3,31,91,932	7,60,306	27,26,74,844	6,27,79,473	1,64,63,046	2,04,275	7,90,38,243	19,36,36,602	17,74,63,746
PREVIOUS YEAR	23,23,39,056	1,09,78,837	30,74,675	24,02,43,218	4,73,01,214	1,58,60,377	3,82,118	6,27,79,473	17,74,63,746	18,50,37,841

NOTE 11: LONG TERM LOANS AND ADVANCES

Capital Advances

Unsecured, Considered Good

- Security Deposits	2,66,300	51,48,674
Advance for Capital Goods	1,82,049	43,36,340
MAT Credit Entitlement	25,33,363	25,33,363
Balance with Government Authorities	48,43,031	31,15,315
Loans and Advances to Employees	2,33,600	2,88,000
Income Tax Receivables (Net)	10,42,645	10,03,643
	91,00,988	1,64,25,335
	=====	=====



Notes (Contd.)

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
NOTE 12: INVENTORIES		
Raw Materials(Including Goods in Transit Rs.2,24,064 (Rs.Nil)	3,61,01,004	2,10,07,979
Stores, Packing Material & Fuel	80,79,113	68,61,820
Finished Goods	56,09,325	77,51,857
	-----	-----
	4,97,89,442	3,56,21,656
	=====	=====
NOTE 13: TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered Good	5,68,460	1,55,812
	-----	-----
	5,68,460	1,55,812
	-----	-----
Other Debts	7,16,33,117	7,83,36,463
	-----	-----
	7,22,01,577	7,84,92,275
	=====	=====
NOTE 14: CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents		
Cash on Hand	50,245	79,760
Balances with Banks		
Current Account	13,776	14,407
Other Bank Balance	1,278	1,910
(Balance earmarked for Unclaimed Dividend)		
Balance with Bank in Deposit Accounts		
(Fixed deposits has been lien marked for total facility against the said fixed deposit)	36,78,961	29,46,450
	-----	-----
	37,44,260	30,42,527
	=====	=====
NOTE 15: SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Advance to Suppliers	45,10,207	21,63,205
Advance Held in Trust by Directors (Refer Note No.43)	9,60,000	-
Balance with Government authorities	66,84,368	45,35,795
	-----	-----
	1,21,54,575	66,99,000
	=====	=====
NOTE 16: OTHER CURRENT ASSETS		
Insurance Claim Receivable	4,49,139	20,105
Interest accrued but not due	3,47,395	3,53,272
Prepaid Expenses	7,65,052	4,08,038
	-----	-----
	15,61,586	7,81,415
	=====	=====

HARDOL PAPER MILLS LIMITED

Notes (Contd.)

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
NOTE 17: REVENUE FROM OPERATIONS		
Sale of Goods		
Manufacturing (Net of Sales Tax)	69,89,00,370	65,58,83,945
Less: Excise duty	3,95,28,065	3,76,01,644
	-----	-----
	65,93,72,305	61,82,82,301
Other Operating Revenue (Refer Note 38)	1,08,52,875	15,41,000
	-----	-----
	67,02,25,180	61,98,23,301
	=====	=====
NOTE 18: OTHER INCOME		
Gain /(Loss) on Foreign Exchange Fluctuation	11,23,375	6,82,591
Profit on Sale of Fixed Assets	-	2,25,850
Profit on sale of Mutual Fund	-	16,358
Profit on sale of Mutual Fund	-	27,220
Miscellaneous Income	-	1,06,493
	-----	-----
	11,23,375	10,31,291
	=====	=====
NOTE 19: RAW MATERIAL CONSUMED		
Opening Stock	2,10,07,979	3,39,59,997
Add: Purchases	46,99,96,739	42,36,03,063
	-----	-----
	49,10,04,718	45,75,63,060
Less: Stock destroyed by Fire	-	1,80,29,150
Less: Closing Stock	3,61,01,004	2,10,07,979
	-----	-----
	45,49,03,714	41,85,25,931
	=====	=====
NOTE 20: CHANGES IN INVENTORIES OF FINISHED GOODS		
Opening Stock	77,51,857	12,23,115
Less: Closing Stock	56,09,325	77,51,857
	-----	-----
	21,42,532	(65,28,742)
	=====	=====
NOTE 21: EMPLOYEE BENEFITS EXPENSE		
Salary & Wages	1,40,85,750	1,19,14,653
Contribution to Funds	19,60,398	13,19,443
Staff Welfare Expenses	1,77,222	1,33,827
	-----	-----
	1,62,23,370	1,33,67,923
	=====	=====



Notes (Contd.)

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
NOTE 22: FINANCE COSTS		
Interest Expenses	1,92,66,686	2,04,71,772
Other Borrowing Cost	1,14,170	7,06,260
	-----	-----
	1,93,80,856	2,11,78,032
Less: Interest Income	4,95,731	5,14,839
	-----	-----
	1,88,85,125	2,06,63,193
	=====	=====
NOTE 23: OTHER EXPENSES		
MANUFACTURING EXPENSES		
Stores & Spares Consumed	44,80,039	53,50,566
Power and Fuel Consumed	10,29,95,653	11,37,57,725
Packing Material Consumed	60,09,335	58,61,981
Raw Material Sorting Charges	28,74,409	36,82,076
Repairs & Maintenance -Machinery	62,10,303	71,82,014
Repairs & Maintenance -Building	1,37,843	3,66,907
Finished Goods Packing and Allied Charges	21,40,185	25,65,385
Waste paper Feeding Charges	44,69,531	33,27,437
Security Service Charges	6,53,554	6,22,232
Factory Expenses	36,49,080	28,70,066
	-----	-----
(A)	13,36,19,932	14,55,86,389
	-----	-----
ESTABLISHMENT EXPENSES		
Auditors Remuneration	6,24,750	4,65,692
Repairs & Maintenance		
- Vehicle	5,32,161	5,16,508
- Others	3,78,862	4,99,261
Bank Commission & Charges	5,26,936	7,88,918
Insurance Charges	11,48,214	9,58,683
Rent for Office Premises	2,93,350	2,58,040
Rates & Taxes	15,97,610	14,48,035
Legal & Professional Charges	7,33,592	4,59,023
Travelling & Conveyance	5,46,602	10,37,283
Telephone Charges	2,55,583	3,27,025
Donation	8,100	46,302
Printing & Stationery	2,36,560	2,36,521
Office Expenses	4,29,382	5,32,723
Loss Due to Fire	-	26,93,897
Loss on Sale of Assets	1,18,531	-
Bad Debts	4,88,863	-
General Expenses	4,27,960	3,57,482
	-----	-----
(B)	83,47,056	1,06,25,394
	-----	-----
SELLING & DISTRIBUTION EXPENSES		
Discount & Commission	2,55,08,799	2,02,60,115
Advertisement	38,400	27,980
Insurance on Sales	3,66,008	3,33,377
	-----	-----
(C)	2,59,13,207	2,06,21,472
	-----	-----
(A+ B + C)	16,78,80,195	17,68,33,255
	=====	=====

HARDOLI PAPER MILLS LIMITED

Notes (Contd.)

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
NOTE 24: SUPPLEMENTARY INFORMATION		
A. CIF VALUE OF IMPORTS:		
Raw Material - Waste Paper	10,43,17,259	14,66,03,836
Capital goods	66,78,700	-
Stores & Spare Parts	-	3,46,953
	----- 11,09,95,959 =====	----- 14,69,50,789 =====
B. STOCKS:		
RAW MATERIAL		
Waste Paper	3,43,60,660	1,94,28,510
Chemicals	17,40,344	15,79,469
	----- 3,61,01,004 =====	----- 2,10,07,979 =====
C. FINISHED GOODS		
Kraft Paper	56,09,325	77,51,857
D. VALUE OF RAW MATERIAL, STORES & SPARES CONSUMPTION:		
Imported		
<u>Raw Material</u>		
Value	12,23,76,316	13,94,43,594
Percentage of total consumption	27%	33%
<u>Stores & Spares</u>		
Value	-	3,46,953
Percentage of total consumption	0%	6%
Indigenous		
<u>Raw Material</u>		
Value	33,25,27,398	27,90,82,337
Percentage of total consumption	73%	67%
<u>Stores & Spares</u>		
Value	44,80,039	50,03,613
Percentage of total consumption	100%	94%
E. SALES:		
Kraft Paper		
<u>Manufacturing Sales (Net of Taxes)</u>		
Karft Paper	67,02,25,180	61,98,23,301

NOTE 25:

In accordance with the accepted practice of the concerned authorities, the excise duty on the aforesaid finished goods will be provided/ paid as and when these goods are cleared from the factory gate. Estimated liability in this respect is Rs. 4,09,675/- . However, this will have no impact on the profit or loss for the year. This has been relied upon by the auditors.

NOTE 26:

Operating Leases

The company has obtained its office premises for its business operations under operating lease or leave and license agreements. These are generally cancellable under leave and licence, or renewed longer for other lease and are renewable by mutual consent on mutually agreeable terms. Lease payments are recognised in the Statement of Profit and Loss under "Rent" in Note 23.



Notes (Contd.)

NOTE 27: RELATED PARTIES DISCLOSURE

Entities in which Directors/ Key Management Personnel have significant influence

Saini Transport Company
Chandra Sales Corporation
Chandra Coal Private Limited

Directors/ Key Management Personnel

Mr. Kailash Chand Agarwal
Mr. Anil Kumar Lakhotiya
Mr. Jarnailsingh Saini

Director's & Key Management Personnel Relative

Mr. Sartaj Manindersingh Saini	Mrs. Kajal Sanjay Agarwal
Mrs. Sushil Kaur Saini	Mr. Kailash Kaur
Mr. Karnailsingh Saini	Mrs. Snehlata A Lakhotiya
Mr. Baljit Singh Saini	Mrs. Hazelkaur Manindersingh Saini
Mr. Kuldeepsingh Saini	Mrs. Sanjamkaur Saini
Mrs. Baljit Kaur	Mr. Prakashkaur Saini
Navita K. Agrawal	Gurmitsingh Gurdassingh (HUF)
Mrs. Amarjit kaur Saini	Mrs. Snehlata A Lakhotiya
Mrs. Satnamkaur Karnail Singh Saini	Karnail Singh Gurudassingh (HUF)
Mr. Gaurav A Lakhotiya	Mrs. Garima Maheshwari
Mrs. Anita Lakhotiya	

	31.3.2017	31.3.2016
	(Rupees)	(Rupees)
Disclosure of material transaction with related parties		
TRANSACTIONS DURING THE YEAR		
Freight Charges		
Saini Transport Company	63,25,076	56,34,736
Interest Paid		
Mr. Anil kumar Lakhotiya	59,506	1,69,833
Mr. Jarnailsingh Saini	3,09,126	3,98,944
Mr. Kailashchandra P Agarwal	49,761	1,17,886
Mrs. Sushil Kaur Saini	-	9,631
Mr. Karnailsing Saini	40,183	72,886
Mr. Baljit Singh Saini	1,31,487	2,85,281
Mr. Kuldeepsingh Saini	20,092	36,442
Mr. Sartaj Manindersingh Saini	73,985	1,34,198
Mrs. Baljit Kaur	72,458	1,25,881
Mrs. Anita Lakhotiya	47,173	80,196
Mrs. Kailash Kaur	1,86,061	3,32,804
Mrs. Hazelkaur Manindersingh Saini	36,182	65,628
Mrs. Sanjamkumar Saini	44,340	80,424
Mrs. Kajal Sanjay Agrawal	3,56,176	6,46,046
Mrs. Navita K. Agrawal	-	3,46,311
Mrs. Garima Maheshwari	3,534	
Mrs. Snehlata A Lakhotiya	1,15,836	1,56,928
M/s. Chandra Coal Pvt Limited	16,883	7,438
Director's Remuneration and Incentives		
Mr. Kailash Chand Agarwal	11,05,000	10,90,000
Mr. Anil kumar Lakhotiya	11,05,000	10,90,000
Purchase of Raw material (Net)		
Chandra Sales Corporation	72,97,160	14,34,023
Sale of Finished Goods (Net)		
Chandra Sales Corporation	6,79,34,913	2,02,41,185

HARDOLU PAPER MILLS LIMITED

Notes (Contd.)

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
Purchase of Coal		
Chandra Coal Private Ltd	46,91,869	1,08,81,992
Loan Accepted		
Mr. Anil M. Lakhotiya	6,71,156	-
Mr. Omprakash Damodar Rathi	2,45,997	-
Mrs. Anita Lakhotiya	92,456	-
Mrs. Hazelkaur Manindersingh Saini	4,32,564	-
Mr. Karnailsingh Saini	36,165	-
Mr. Baljitsingh Saini	1,18,338	-
Mr. Kuldeepsingh Saini	18,083	-
Mr. Sartaj Manindersingh Saini	66,587	-
Mr. Gaurav Lakhotiya	15,06,858	-
Mrs. Garima Maheshwari	2,03,181	-
Sanjamkumar Saini	39,906	-
Kajal Sanjay Agrawal	3,20,558	-
Mrs. Kailash Kaur	1,67,455	5,00,000
M/s. Chandra Sales Corporation	-	1,64,81,000
Baljitsingh Saini	1,18,338	-
Mrs. Snehlata A Lakhotiya	6,04,253	8,00,000
Jarnailsingh Saini	10,28,214	10,36,000
Kailashchandra P Agarwal	7,94,785	-
Chandra Coal Private Limited	40,16,611	85,00,000
Loan Repaid		
MMr. Anil M. Lakhotiya	17,600	31,85,000
Mr. Kailashchandra P Agarwal	-	27,25,000
Navita K. Agrawal	-	20,00,000
Jarnailsingh Saini	-	9,11,000
M/s. Chandra Sales Corporation	-	1,64,81,000
Chandra Coal Private Limited	40,16,611	85,00,000
Mr. Omprakash D Rathi	-	31,41,000
Mr. Gaurav Lakhotiya	6,858	-
Mrs. Snehlata A Lakhotiya	6,00,000	8,00,000
CLOSING BALANCES		
	Max.O/S. 31.03.2017	31.03.2016
Loans Taken		
Mr. Anil M. Lakhotiya	11,48,317	35,26,911
Mr. Omprakash D. Rathi	38,80,444	63,26,250
Mr. Rajiv D. Behal	42,85,572	41,00,542
Smt. Sushil Kaur Saini	-	4,68,718
Mr. Karnailsingh Saini	5,70,480	5,34,315
Baljit Singh Saini	22,09,526	20,91,188
Mr. Kuldeepsingh Saini	2,85,242	2,67,159
Mr. Sartaj Manindersingh Saini	10,50,357	9,83,770
Mr. Baljit Kaur	10,28,673	9,63,461
Mrs. Anita Lakhotiya	6,80,351	5,87,895
Mrs. Kailash Kaur	26,41,490	24,74,035
Kajal Sanjay Agrawal	50,56,602	47,36,044
Navita K. Agrawal	-	25,93,576
Mr. Jarnailsingh Saini	46,48,384	41,36,102
Mr. Kailashchandra P Agarwal	10,20,507	28,44,625
Mrs. Hazelkaur Manindersingh Saini	9,13,673	4,81,109
Sanjamkumar Saini	6,29,487	5,89,581
Mrs. Satnamkaur Karnail Singh Saini	-	-
Mrs. Snehlata A Lakhotiya	20,25,307	22,91,653
Mr. Gaurav Lakhotiya	15,00,000	-
Mrs. Garima Maheshwari	2,03,181	-
Chandra Coal Private Limited	10,00,000	29,99,257
Chandra Sales Corporation	-	1,03,75,000



Notes (Contd.)

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
Trade Payables Closing Balances		
Chandra Coal Private Ltd	16,10,061	40,78,643
Trade Receivables Closing Balance		
Chandra Sales Corporation	17,17,512	60,33,772

NOTE 28: EARNING PER SHARE(AS 20)

Net Profit/(Loss) attributable to Shareholders	(36,59,297)	(1,19,54,564)
Nominal Value per Share (Rs.)	10	10
Weighted average number of equity shares used in computing basic/Diluted earning per share	26,92,265	26,04,474
Basic/Diluted Earning Per Share	(1.36)	(4.59)

NOTE 29: AUDITORS REMUNERATION

Audit fees	3,00,000	2,68,750
Tax Audit	50,000	20,000
Other Matters	2,74,750	1,76,942
	6,24,750	4,65,692
	=====	=====

NOTE 30: PRIOR PERIOD EXPENSES

Clearing & Forwarding Charges	28,444	-
	28,444	-
	=====	=====

NOTE 31: CONTINGENT LIABILITIES

Contingent liabilities not provided for in respect of:

Bank Guarantee given to M.S.E.D.C.L.	50,00,000	50,00,000
Bank Guarantee given to Western Coal Fields Ltd	16,00,000	3,50,000
Bank Guarantee given to M.P.C.B.	5,00,000	5,00,000
Bank Guarantee given to N.S.I.C	34,00,000	-

TDS Demand,Interest and Penalty

F.Y.2008-2009	-	4,680
F.Y.2009-2010	-	270
F.Y.2015-2016	1,03,161	-

Sales tax demands

F.Y.2003-2004	1,389	1,389
F.Y.2004-2005	-	2,40,359

Excise Duty From F.Y.2008-09 to 2010-2011

- Demand Raised excluding interest	1,72,25,881	1,72,25,881
- Penalty Levied	1,00,80,910	1,00,80,910

(the Company had received demand of Rs. 2,73,06,791 in eariler years on account of Excise Duty & Penalty excluding interest for the period from F.Y.2008-09 to 2010-2011. The Company had obtained stay order against the same and filed an appeal with Custom, Excise & Service Tax Appellate Tribunal, Mumbai. Based on Legal advice, the Company

HARDOL PAPER MILLS LIMITED

Notes (Contd.)

had not made any provision against the same).

	31.3.2017 (Rupees)	31.3.2016 (Rupees)
Excise Duty From July 2003 to March 2004		
- Demand Raised excluding interest	6,67,226	6,67,226
- Penalty Levied	6,67,226	6,67,226
Excise Duty From April 2004 to October 2004		
- Demand Raised excluding interest	6,27,223	6,27,223
- Penalty Levied	6,27,223	6,27,223

During the previous year, The Company had received order from the office of the Commissioner of Central Excise, Custom & Service Tax, Nagpur-II demanding Excise duty of Rs.25,88,898 including penalty. The Company has filed an appeal with the Commissioner (Appeals) under section 35 of the Act against the said order. However the Company has paid the basic Demand amounting to Rs. 12,94,419 to save interest and penalty on suo moto. Based on Legal advice, the Company had not made any provision against the said duty).

CAPITAL COMMITMENTS (NET OF ADVANCES)

Estimated amount of contracts remaining to be executed on Capital accounts and not provided	-	89,64,208
	3,55,00,239	3,99,56,595
	=====	=====

NOTE 32:

The balances of Trade Payables, Trade Receivables and Loans & Advances are subject to confirmation and reconciliation.

NOTE 33:

The Company is into manufacturing of Kraft Paper which is considered as the only reportable segment. The Company's operations are based in India.

NOTE 34:

Borrowing cost and pre operative expenses capitalised during the year as follows:

Particulars	31.3.2017 Rupees	31.3.2016 Rupees
Salary and Wages	2,95,437	-
Interest Expenses	7,03,867	-
Goods Sorting Charges	3,88,917	-
TOTAL	13,88,221	-
	=====	=====

NOTE 35:

During the year, the Company had employed temporary labour and contractual labour. The compliance of labour laws with respect to these labourers, is inadequate. The Company based on legal advice has not recognised any liability towards these non-compliances.

NOTE 36:

In the opinion of the Board and as certified by the management, all expenses charged to revenue and various cash payments to the suppliers of materials and services through out the accounting year are genuine and have been solely and exclusively incurred out of business expediency.

NOTE 37 :

The Company's Raw material purchases include cash purchases from suppliers of waste paper who are not registered with statutory authorities. These suppliers stay in their vehicles or hutments and being unorganized don't possess Bank Accounts or permanent address. They collect the waste paper from various sources locally, stack it and bring it to the Company's premises where these are weighed and payments are made to them. During the year, such purchases constitute 8% (Previous Year 40%) of total raw material purchased domestically.

NOTE 38:

During the year, the electricity board has extended Power incentive as a part of the Packaged Scheme of Incentive (PSI), Rs.91,25,009 (Rs.Nil). The said Incentive has been adjusted in the monthly bills from July 2016 to March 2017 the Company has filed application for payment of incentive Rs.22,65,835 for the period April 2016-June 2016. The Company has reported the said Incentive of Rs 91,25,009 as Other Operating Revenue.



Notes (Contd.)

NOTE 39:

During the previous year on 23.05.2015, there was a fire at the Factory. The loss of inventory and fixed assets caused by the fire was limited; The Company was insured against damage to inventories as well as for the fixed assets. The management has filed the insurance claims towards the damage to inventories and fixed assets amounting to Rs. 217.96 lacs and received the final amount from the insurer amounting to Rs. 184.21 lacs during the current year as a full and final settlement. The Company has charged total loss of Rs 26.93 lacs to Profit and Loss Statement, out of which Rs. 11.89 lacs pertains to the discardment of fixed Assets due to fire in the previous year.

NOTE 40: EMPLOYEE BENEFITS

a) Gratuity - Defined Benefit Plans:

The present value of the defined benefit obligations and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. The following table provides the disclosures in accordance with Revised AS 15.

Reconciliation of present value of the obligation and the fair value of plan assets

PARTICULARS	31.3.2017 (Rupees)	31.3.2016 (Rupees)
Reconciliation of Opening and Closing balance of the Present Value of the defined benefit obligation		
Obligation at period beginning	40,76,104	40,18,934
Current service cost	3,24,368	2,68,276
Interest Cost	3,28,534	3,21,113
Actuarial (gain) / loss	2,48,243	(61,057)
Benefits paid	(1,70,619)	(4,71,162)
Obligations at the year end	48,06,630	40,76,104
Change in Plan Assets		
Plan assets at period beginning, at fair value	26,94,372	29,31,759
Expected return on plan assets	2,17,166	2,34,248
Actuarial gain / (loss)	(18,836)	(16,543)
Contributions	2,37,266	16,070
Benefits paid	(1,70,619)	(4,71,162)
Plan assets at the year end, at fair value	29,59,349	26,94,372
Reconciliation of present value of the obligation and the fair value of plan assets		
Fair Value of plan assets at the end of the year	(29,59,349)	(26,94,372)
Present value of the defined benefit obligations at the end of the year	48,06,630	40,76,104
Liabilities/(Assets) recognised in the Balance Sheet	18,47,281	13,81,732
Cost for the year		
Current service cost	3,24,368	2,68,276
Interest Cost	3,28,534	3,21,113
Expected return on plan assets	(2,17,166)	(2,34,248)
Actuarial (gain) / loss	2,67,079	(44,514)
Net Cost recognised in the Statement of Profit and Loss	7,02,815	3,10,627
Assumptions used to determine the benefit obligation:		
Discount Rate	7.57%	8.06%
Estimated rate of return on plan assets	7.57%	8.06%
Expected rate of increase in salary	6.00%	6.00%

b) Defined Contribution Plans:

"Contribution to provident and other funds" is recognised as an expense in the Statement of Profit and Loss.

Notes (Contd.)**NOTE 41:****Unhedged Foreign Exchange Exposure**

	Currency	Outstanding in Forex	Outstanding in INR 31 March, 2017
Advance to Suppliers for Capital goods and stores	USD	(Nil) (29,400)	(Nil) 19,50,187
Trade Payables for Raw Materials & Stores	USD	Nil Nil	Nil Nil

NOTE 42:**Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:**

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8-11-2016	12,00,000	58,458	12,58,458
(+) Permitted receipts	-	3,43,799	3,43,799
(-) Permitted payments	-	3,81,423	3,81,423
(-) Amount deposited in Banks	12,00,000	-	12,00,000
Closing cash in hand as on 30-12-2016	-	20,834	20,834

NOTE 43:**Directors Remuneration**

During the year, pursuant to the approval from the Board of Directors, the company has paid incremental remuneration of Rs. 9,60,000 to its Directors. Since the same was subject to approval from its shareholders and central government, as applicable, the said excess remuneration stands recoverable from the Directors and is classified as 'Advance held in Trust by Directors'.

NOTE 44:

Previous year's figures have been regrouped and rearranged to correspond with the figures of current year wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For **WALTER & ASSOCIATES**

CHARTERED ACCOUNTANTS

FIRM REGISTRATION NO. 112624W

(CA. WALTER D"SOUZA)

PARTNER

Membership No. 40144

MUMBAI: 30.05.2017

FOR AND ON BEHALF OF THE BOARD

KAILASH AGARWAL - **MANAGING DIRECTOR**

ANIL KUMAR LAKHOTIYA - **JOINT MANAGING DIRECTOR**

JARNAIL SINGH SAINI - **DIRECTOR**

NAGPUR: 30.05.2017