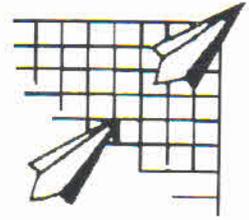


# HARDOLI PAPER MILLS LTD.

Redg. Office : Krishna Kunj, 1st Floor, Bhavsar Chowk, C. A. Road, Nagpur-440002.  
Phone (O) (0712) 2770168, 2770968, 2733846 FAX (0712) 2770168  
E-mail : hardolipaper@gmail.com



**September 3, 2020**

Head- Listing & Compliance  
**Metropolitan Stock Exchange of India Ltd. (MSEI)**  
Vibgyor Towers, 4th floor,  
Plot No C 62, G - Block,  
Opp. Trident Hotel,  
BandraKurla Complex,  
Bandra (E), Mumbai – 400 098, India.

Dear Sir / Madam,

**Ref : Scrip Code - HARDOLI**  
**Sub : Annual Report for the Financial year 2019-20**

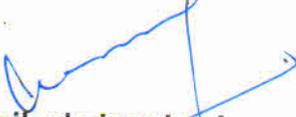
Dear Sir,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we are submitting herewith the Annual Report including the Notice of Annual General Meeting for the Financial Year 2019-20

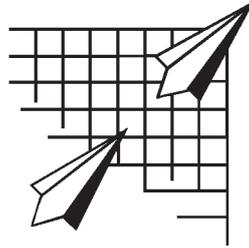
Please take the above documents on record and oblige.

Thanking you.

Yours faithfully,  
**For Hardoli Paper Mills Limited**

  
**Kailashchandra Agarwal**  
**Managing Director**  
**(DIN – 00367292 )**

WORKS : 42 KM, NAGPUR-AMRAVATI ROAD, VILLAGE HARDOLI, DIST. NAGPUR.  
PHONE : 07112-202636



# **HARDOLL PAPER MILLS LIMITED**

**26th ANNUAL REPORT  
2019 - 2020**





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## BOARD OF DIRECTORS

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<b>KAILASH AGARWAL</b> (DIN 00367292)	-	<b>MANAGING DIRECTOR</b>
<b>ANIL KUMAR LAKHOTIYA</b> (DIN 00367361)	-	<b>JOINT MANAGING DIRECTOR</b>
<b>JARNAIL SINGH SAINI</b> (DIN 00367656)	-	<b>EXECUTIVE DIRECTOR &amp; CHIEF FINANCIAL OFFICER (CFO)</b>
<b>OMPRAKASH RATHI</b> (DIN 00895316)	-	<b>EXECUTIVE DIRECTOR</b>
<b>NARASIMHAN VARADARAJAN</b> (DIN 08177714)	-	<b>INDEPENDENT NON EXECUTIVE DIRECTOR</b>
<b>PREM KEWALRAMANI</b> (DIN 08177725)	-	<b>INDEPENDENT NON EXECUTIVE DIRECTOR</b>
<b>PRIYANKA DESHMUKH</b> (DIN 08177708)	-	<b>INDEPENDENT NON EXECUTIVE WOMAN DIRECTOR</b>
<b>MAYANK LUNIYA</b>	-	<b>COMPANY SECRETARY</b>

**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**  
**Darak And Associates**  
Chartered Accountants,  
304, Mahalaxmi Complex,  
23, Central Avenue,  
Nagpur – 440002

# HARDOLI PAPER MILLS LIMITED

## NOTICE

**NOTICE** is hereby given that the 26th Annual General Meeting of the members of **Hardoli Paper Mills Limited** will be held on Thursday, the 24th September, 2020 at 3.00 p.m. through Video Conference ("VC")/Other Audio Visual Means ("OAVM") without physical presence of the shareholders at a common venue, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2020 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Shri. Anilkumar Muralilal Lakhotiya** (DIN:00367361), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

### Regd. Office:

Krishna Kunj, First Floor,  
Bhavsar Chowk, Central Avenue, Nagpur 440002

Place: Nagpur  
Date: 31/08/2020

By Order of the Board  
**For Hardoli Paper Mills Limited**

**KAILASH CHAND AGARWAL**  
MANAGING DIRECTOR  
(DIN 00367292)

### Details of Director seeking Appointment / reappointment in Annual General Meeting fixed for 24th September 2020

Name of Director	<b>Mr. Anilkumar Muralilal Lakhotiya</b> (DIN: 00367361)
Date of Birth	23/01/1952
Date of Appointment	24/02/1995
Expertise in specific functional areas	N.A.
Directorship in other Indian Public Limited Companies as on 31.03.2020	NIL
Chairman/Member of the Committees of the Board of other Indian Public Limited Companies as on 31.03.2020	NIL
No. of Shares held in the Company	186295
Disclosure in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	None of the Directors and KMP are related to Mr. Anilkumar Muralilal Lakhotiya

### NOTES FOR MEMBERS' ATTENTION

- 1) In view of the continuing Covid-19 pandemic and restrictions on the movements apart from social distancing, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as "MCA Circulars") and SEBI vide its Circular dated 12th May, 2020 permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means ("VC" or "OAVM"), without requiring the physical presence of the Shareholders at a common venue.
- 2) In compliance with the applicable provisions of the Companies Act, 2013 read with the MCA Circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 26th Annual General Meeting of the Company is being conducted through Video Conferencing ("VC") (hereinafter referred to as "AGM" or "e-AGM"). The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the "AGM" or "e-AGM".



## NOTICE (Contd.)

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- 3) e-AGM: The Company has appointed Central Depository Securities Limited (CDSL) to provide Video Conferencing facility for the e-AGM.
- 5) PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 2013, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. THEREFORE, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE E-AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.
- 4) Institutional Shareholders / Corporate Shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., authorising its representative to attend the e-AGM on its behalf and to vote through remote e voting or during the e-AGM. The said Board Resolution/Authorisation shall be sent to the Scrutinizer through registered e-mail address to girishmurarka@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com
- 5) The Members can join the e-AGM through Video Conferencing 15 minutes before and after the scheduled time of the commencement of the e-AGM by following the procedure mentioned in the Notice. As per the MCA Circular, the facility of participation at the e-AGM through VC will be available to the members on a first-Come First-served basis.
- 6) The Members attending the AGM through Video Conferencing shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- 7) In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the e-AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice calling the AGM and the Annual Report 2019-20 will also be available on the Company's website [www.hardolipaper.com](http://www.hardolipaper.com), websites of the Stock Exchanges i.e. Metropolitan Stock Exchange at [www.msei.in](http://www.msei.in) and on the website of Central Depository Securities Limited (NSDL) at <https://www.evotingindia.com>.
- 8) Since the AGM will be held through VC, the Route Map is not annexed to this Notice.
- 9) Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company mentioning their name, demat account number/folio number, email id, mobile number on or before 14th September, 2020 through email on [hardolipaper@gmail.com](mailto:hardolipaper@gmail.com) The same will be replied by the Company suitably.
- 10) The Register of Members and Transfer Books of the Company will be closed from Monday the 21st September, 2020 to Wednesday, the 23rd day of September, 2020 (both days inclusive).
- 11) Members are requested to write/intimate to Company's Registrar and Share Transfer Agent, changes in their registered addresses, profile details, if any, for sending future communication(s), any query in connection with claim of the unclaimed and unpaid dividends, etc.
- 12) Documents referred to in the Notice shall be available for inspection by the Members through e-mail. The Members are requested to send an e-mail to [hardolipaper@gmail.com](mailto:hardolipaper@gmail.com) for the same.
- 13) Register of Directors and Key Managerial Personnel and their Shareholding and Register of Contracts or arrangements in which directors are interested, will be available for inspection by the Members through e-mail. The Members are requested to send an e-mail to [hardolipaper@gmail.com](mailto:hardolipaper@gmail.com) for the same.
- 14) As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 01st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, Members holding shares in physical form are requested to convert their holdings to dematerialised form. Members can contact the Company or Company's Registrar and Share Transfer Agent for assistance in this regard.
- 15) As per the provisions of the Companies Act, 2013, facility for making nominations is available to the members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrars and Share Transfer Agent by Members holding shares in physical form. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant.

## NOTICE (Contd.)

- 16) Further pursuant to Rule 18(1) of the Companies (Management and Administration) Rules, 2014, the Company needs to send the Notice, Annual Report electronically on the e-mail addresses as obtained from the Company/ Depositories/ Registrar and Share Transfer Agent to the members. If you are holding the shares of the Company in dematerialized form and already registered your email address, you would be receiving the Notices of General Meeting/Postal Ballot, Annual Report and other Shareholders communication by electronic mode.

The Members who hold shares in physical mode and have not registered their e-mail address may request the Company to receive Notices of General Meeting/Postal Ballot, Annual Report and other shareholders communication by electronic mode by registering their valid e-mail address with the Company / Registrar and Share Transfer Agents.

Members are requested to support this Green Initiative by registering/updating their e-mail addresses, with the Depository Participant (in case of Shares held in dematerialised form) or with Registrar and Share Transfer Agents. (in case of Shares held in physical form).

- 17) Instructions for voting through e-voting and joining the e-AGM as follows:

### INSTRUCTIONS FOR REMOTE E-VOTING

- ↪ Pursuant to Section 108 of the Companies Act, 2013 Rule 20 of the Companies (Management and Administration), rules, 2014, as substituted by the Companies (Management and Administration), Amendment, Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 the Members are provided with the facility to cast their vote electronically on the resolution proposed to be passed at the AGM through the e-voting services provided by (CDSL). The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
- ↪ The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Thursday, 17th September, 2020**, i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice.
- ↪ The facility for voting through electronic voting system shall made be available at the AGM and the members attending the AGM who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM. The Members who have cast their vote by e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- ↪ The voting period will commence at **9.00 a.m. on Monday 21st September, 2020 and will close at 5.00 pm on 23rd September, 2020**. In addition, the facility for voting shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by e-voting shall be eligible to vote at the AGM.

### PROCEDURE FOR REMOTE E-VOTING:

1. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (i) Now, select the "HARDOLI PAPER MILLS LIMITED" from the drop down menu and click on "SUBMIT"
  - (ii) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (iii) Next enter the Image Verification as displayed and Click on Login.
  - (iv) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (v) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
<b>PAN</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and 8 digits of the Sequence number which is mentioned in address Label affixed on Annual Report, in the PAN Field.</li><li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li></ul>
<b>DOB</b>	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
<b>Dividend Bank Details</b>	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li></ul>



## NOTICE (Contd.)

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- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting on resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <HARDOLI PAPER MILLS LIMITED> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF and NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A)
    1. In case a Member receives physical copy of the Notice of the AGM (for Members whose e-mail addresses are not registered with the Company / Depositories): i. Initial password is provided in the enclosed attendance slip: EVEN (E-voting Event Number) + USER ID and PASSWORD
    2. Please follow all steps for e-voting for shareholders holding shares in physical mode to cast vote, as given above.
  - (B) The voting period begins on 9.00 a.m. on Monday 21st September, 2020 and will close at 5.00 pm on 23rd September, 2020. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e 17th September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (C) The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, as well as voting at the Meeting through electronic voting system or poll paper.
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**NOTICE (Contd.)**

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- (D) Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@cDSL.co.in](mailto:evoting@cDSL.co.in). However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing User ID and password for casting vote. If you forget your password, you can reset your password by using "Forgot User Details / Password" option available on [www.evoting.cDSL.com](http://www.evoting.cDSL.com).
- (E) The Board of Directors has appointed M/s. Girish Murarka & Co., Practicing Company Secretary (Membership No.4576) as the Scrutinizer to scrutinize the remote e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- (F) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- (G) The Chairman or authorized representative shall declare the results of the electronic voting after the AGM. The results along with the Scrutinizer's Report shall also be placed on the website of the Company in the annual reports section.
- (H) The investors may contact the Compliance Officer for redressal of their grievances /queries. For this purpose, they may either write to him at the registered office address or e-mail their grievances /queries to the Compliance officer at the following e-mail address: [grievance@tpiindia.com](mailto:grievance@tpiindia.com).

**Regd. Office:**

Krishna Kunj, First Floor,  
Bhavsar Chowk, Central Avenue, Nagpur 440002

By Order of the Board  
**For Hardoli Paper Mills Limited**

**KAILASH CHAND AGARWAL**  
MANAGING DIRECTOR  
(DIN 00367292)

Place: Nagpur  
Date: 31/8/2020



**DIRECTORS' REPORT**

**TO  
THE MEMBERS  
HARDOLI PAPER MILLS LIMITED**

Your Directors have pleasures in submitting the Twenty Sixth Annual Report together with Audited Financial Statement of the Company for the year ended on 31st March, 2020.

**FINANCIAL RESULTS**

The Company's financial performance, in the year ended March 31, 2020 as shown below:

**(Amount Rupees in Lacs)**

<b>Particulars</b>	<b>For the year ended 31-3-2020</b>	<b>For the year ended 31-3-2019</b>
Income from operations (including other income)	<b>6997.64</b>	8066.52
Profit before interest, Depreciation, Tax and extra-ordinary items	<b>480.48</b>	1017.81
Less : Interest	<b>93.56</b>	143.76
Profit before Depreciation, Tax and extra-ordinary items	<b>386.92</b>	875.51
Less : Depreciation	<b>171.92</b>	164.68
Profit before Tax and extra-ordinary items	<b>214.98</b>	710.83
Add / (Less) Extra-ordinary item	-	-
Profit / (Loss) before Tax	<b>214.98</b>	710.83
Less: Provisions for Tax including deferred tax	<b>101.06</b>	120.90
Profit / (Loss) After Tax	<b>113.92</b>	589.93
Earning per share-Basic & Diluted	<b>4.23</b>	21.91

**OPERATION AND STATE OF COMPANIES AFFAIRS:**

During the year under review the Company has recorded turnover of 6997.64 lacs as against turnover of Rs 8066.52 lacs during previous year. Profit after tax is Rs. 113.92 Lac as compared to Rs. 589.93 Lacs during previous year showing a decrease of 80.68% as the operational expenses has been increased during this 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 result in improved Bottom Line.

**COVID-19**

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

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

**RESERVES:**

Your Board of Directors does not recommend carrying any amount to reserves, the entire profit amount was carried forward to next year.

**DIRECTORS' REPORT (Contd.)**

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**CHANGE IN THE NATURE OF BUSINESS:**

There is no change in the nature of the business of the Company during the financial year under review.

**MATERIAL CHANGES BETWEEN THE PERIOD FROM END OF FINANCIAL YEAR TO THE DATE OF REPORT OF THE BOARD:**

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.

**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.

**LISTING OF SHARES WITH METROPOLITAN STOCK EXCHANGE OF INDIA:**

The Shares of the Company are listed on Metropolitan Stock Exchange of India.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established a vigil mechanism to provide appropriate avenue to the Directors and employees to bring to the attention of 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 did not recommended any dividend on the equity shares for the year.

**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 31.03.2020	Year Ended 31.03.2019
Electricity Consumption Unit	9284871	9155010
Total Amount in Rs.	70499746	61750084
Rate per unit	₹ 7.59 per unit	₹ 6.74 per unit
Coal Consumption in MT	13717.425	13834.90 MT
Total Amount in Rs.	60508044	66070643/-
Rate per unit in Rs.	₹ 4411/- per MT	₹ 4775/- per MT

**B. TECHNOLOGY ABSORPTION:**

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

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

The Company has spent a sum of Rs. 1749.66 Lacs (P.Y. Rs.1659.982 Lacs) on import of raw material, Stores and capital good.

The earning in foreign currency is Rs. Nil (P.Y. Rs. Nil).

**SUBSIDIARIES, JOINT VENTURE 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.

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## DIRECTORS' REPORT (Contd.)

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### DIRECTORS' RESPOSIBILITY 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, 2020 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.

### AUDIORS AND AUDITORS' REPORT:

#### Statutory Auditor

At the Annual General Meeting held on 31st August, 2018 M/s DARAK AND ASSOCIATES, Chartered Accountants, Nagpur were appointed for the period of Five Financial years. During the year, the Statutory Auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013 and Code of ethics issued by the Institute of Chartered Accountants of India.

There were no adverse comments in the report of statutory auditors. The Statutory Auditors have not reported any incident of fraud to the Board of Directors of the company in the year under review.

#### 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 2019-20 as issued by him in the prescribed Form MR-3 is annexed to this Report.

There were no adverse comments in the report of secretarial auditors.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are: Kailashchandra Agrawal, Managing Director, Anilkumar Lakhotiya, Joint Managing Director, Jarnailsingh Saini, Chief Financial Officer (Appointed as C.F.O. w.e.f. 22/04/2019) and Whole time Director, Mr. Om Prakash Rathi (Whole time Director) and Mr. Mayank Luniya, (Company Secretary) cum Compliance Officer (Appointed w.e.f. 22/04/2019).

At the ensuing Annual General Meeting, Mr. Anilkumar Lakhotiya (DIN:00367361) retires by rotation and being eligible, offers himself for re-appointment.

### INDEPENDENT DIRECTORS:

In accordance with the provision of Section 149, 150 and 152 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014, along with schedule IV of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) during the Financial year 2018-19, Mrs. Priyanka P. Deshmukh (DIN 08177708), Mr. Narasimhan Varadarajan (DIN 08177714) and Mr. Prem S. Kewalramani (DIN 08177725) were appointed as Independent Directors to hold office for the Period of Five years.

- a) Declaration by an Independent Director(s)  
Pursuant to the provisions of Section 149 of the Act, Mrs. Priyanka P. Deshmukh (DIN 08177708), Mr. Narasimhan Varadarajan (DIN 08177714) and Mr. Prem S. Kewalramani (DIN 08177725) have submitted declaration that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company.
- b) Independent Directors Meeting  
In accordance with the provisions of Schedule IV (Code for independent Directors) of the Companies Act, 2013, the Independent Directors of the company met once during the financial year 2019-20 without the attendance of Non- Independent Directors and members of the Management of the Company.

## DIRECTORS' REPORT (Contd.)

c) Familiarisation Programme:

The details of programmes for familiarisation of Independent Directors with the Company is available at the Company's website at [www.hardolpaper.com](http://www.hardolpaper.com).

**COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178:**

a) **Nomination & Remuneration Committee**

The Company has constituted Nomination & Remuneration Committee which comprise of independent directors. The Members of the Committee are Mr. Prem Kewalramani, Mr. Narasimhan Varadarajan and Mrs. Priyanka P. Deshmukh. The quorum for the Nomination and Remuneration Committee is two members. The Committee met once during the year i.e. on 22/04/2019.

The details of attendance of the members of the committee at the meeting are given below:

Sr. No.	Name of the Director	Meeting details	
		Held	Attended
1	Mr. Prem Kewalramani (Chairman)	1	1
2	Mr. Narasimhan Varadarajan	1	1
3	Mrs. Priyanka P. Deshmukh	1	1

b) **Policy on Directors' appointment and remuneration**

The remuneration and compensation for Directors, Key Managerial Personnel and other Employees is guided by the requisite Policy. The Remuneration Policy ("Policy") has been framed in line with the requirement under Section 179 of the Companies Act, 2013 ("Act") and has been recommended by the Nomination and Remuneration Committee, and approved by the Board of Directors. The Policy serves as a framework for determining the remuneration of Directors, Key Managerial Personnel and Senior Management, seeks to balance the fixed pay, and reflects the short and long-term performance objectives of the Company. Further, the Policy has been designed to motivate employees for delivery of our key business strategies, create a strong performance-orientated environment and reward achievement of meaningful targets over the short and long-term.

c) Evaluation of performance of the Board

Pursuant to and in line with the requirements prescribed under the Act, the Board of Directors carried out an annual evaluation of its performance, and that of its Committees and Individual Directors. Further, the Independent Directors met separately, without the attendance of non-Independent Directors and Members of the Management, to discuss and review the performance of non-Independent Directors, Board and of the Chairperson. They further assessed the quality, quantity and timelines of flow of information between the Company Management and the Board.

Overall, the Independent Directors expressed their satisfaction on the performance and effectiveness of the Board, Individual non-Independent Board Members, and the Chairman, and on the quality, quantity and timeliness of flow of information between the Company Management and the Board. The Independent Directors shared additional suggestions on certain aspects to further improve the process.

The Nomination & Remuneration Committee also undertook an evaluation of Individual Director's performance and expressed its satisfaction on performance of each Director. There has been no material adverse observation or conclusion, consequent to such evaluation and review.

**AUDIT COMMITTEE:**

The details of the Committee along with the details of the meetings held and attended by the members of the committee during the financial year 2019-20 are as under:

Sr. No.	Name of the Director	Meeting details	
		Held	Attended
1	Mr. Narasimhan Varadarajan (Chairman)	5	5
2	Mr. Prem Kewalramani	5	5
3	Mrs. Priyanka P. Deshmukh	5	5



**DIRECTORS' REPORT (Contd.)**

**RECOMMENDATION OF AUDIT COMMITTEE TO THE BOARD OF DIRECTORS**

During the financial year 19-20, the Board of Directors of the Company accepted all recommendations put forth to it by the Audit Committee.

**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, 2020 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 2019-20.

The Issued, Subscribed and Paid up capital of the Company as on 31st March, 2020 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).

**COST AUDIT**

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

**MEETING OF THE BOARD**

During the financial year under review the Board of Directors duly met 8 (Eight) times in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the minute's book maintained for the purpose.

Date of Meeting	Board Strength	No. of Directors Present
22-04-2019	7	7
30-05-2019	7	7
05-08-2019	7	7
13-11-2019	7	7
23-12-2019	7	7
13-01-2020	7	7
13-02-2020	7	7
28-02-2020	7	4

**RISK MANAGEMENT POLICY**

The Risk Management Policy is formulated and implemented by the Company in compliance with the provisions of the 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**

Company has not provided any loans, guarantees and investment covered under section 186 of the Companies Act, 2013.

**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.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The CSR Committee of Company comprises of following members: -

- Mr. NarsimhanVaradrajan - Chairman &Independent Director
- Mr. Kailashchandra Agarwal - Managing Director
- Mr. Anilkumar M. Lakhotiya - Joint Managing Director

## DIRECTORS' REPORT (Contd.)

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As required under 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 attached hereto as Annexure III to this Report.

### Reasons for not spending the entire amount:

**During the year under review, the Company had spent Rs. 3.80 lacs on CSR activity.**

Despite of best efforts, the Company could not identify suitable project/s for CSR spending of entire amount as stipulated U/s. 135 of the Companies Act 2013 and in line with the Company's CSR policy. The CSR Committee of the Company shall take necessary steps to find suitable project/s for CSR activity and will utilise the unspent amount related to F. Y 2019-2020 along with the amount that needs to be spent on CSR activity during the F. Y 2020-2021..

### DISCLOSURE:

#### PARTICULARS OF EMPLOYEES:

There were no employees drawing a salary in excess of limits as prescribed under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014.

Pursuant to Section 197 of the Companies Act 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 as amended from time to time, applicable details are given in the attached statement marked as Annexure IV to this Report.

#### TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

Unpaid Dividend for FY 2010-11, is transferred to Investor Education and Protection Fund, on 30/06/2020, i.e. before the date of declaration of audited results.

#### SEXUAL HARASSMENT:

The Company has constituted an Internal Complaint Committee as required under section 4 of Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaints were reported.

#### OTHER DISCLOSURES

- a) Your Company has not issued :-
  - Any shares with differential rights
  - Any sweat equity shares
- b) There was no revision in the financial statements.
- c) Your Company has complied with Secretarial Standards issued by ICSI.

#### ACKNOWLEDGEMENT

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)

#### Regd. Office:

Krishna Kunj, First Floor,  
Bhavsar Chowk, Central Avenue,  
Nagpur 440002  
Date: 03.07.2020

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



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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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**

Your Directors' Report has specifically dealt with the subject under the headings - Financial Results and Operations and State of companies affairs.

g) **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 – I**

**PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES [Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]**

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**Details of contracts or arrangements or transactions not at arm's length basis**

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2020, which were not at arm's length basis.

**Details of material contracts or arrangement or transactions at arm's length basis**

The details of material contracts or arrangement or transactions at arm's length basis for the year ended 31st March, 2020 are as follows:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangement/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
<b>Kaygaon Paper Mills Private Limited</b> (Common Director)	Sale of goods	Ongoing	Goods Sold amounting to Rs. 17,17,324/-	22-04-2019	--
<b>Kaygaon Paper Mills Private Limited</b> (Common Director)	Purchase of Raw Material	Ongoing	Raw Material purchased amounting to Rs. 3,41,586/-	22-04-2019	--
<b>Saini Transport Company</b> <i>Owned by Relative of Director Mr. Jarnailsingh Saini</i>	Freight Charges paid	Ongoing	Charges paid amounting to Rs.60,84,086/-	22-04-2019	--
<b>Chandra Coal Private Limited</b> <i>Owned by relatives of Managing Director Mr. Kailashchand Agarwal</i>	Purchase of Coal	Ongoing	Purchases amounting to Rs. 10,43,247/-	22-04-2019	--
<b>Chandra Coal Private Limited</b> <i>Owned by relatives of Managing Director Mr. Kailashchand Agarwal</i>	Purchase of Raw Materials	Ongoing	Purchases amounting to Rs. 6,32,928/-	22-04-2019	--
<b>Chandra Sales Corporation</b> <i>Owned by relatives of Managing Director Mr. Kailashchand Agarwal</i>	Sale of Finished Goods	Ongoing	Sales amounting to Rs. 6,02,41,594/-	22-04-2019	--

Place: Nagpur  
Date: 03-07-2020

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

**KAILASH CHAND AGARWAL**  
MANAGING DIRECTOR  
(DIN -00367292)



**ANNEXURE – III**

**Form : MGT – 9**

Extract of Annual Return as on the financial year ended on March 31, 2020

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

<b>I. REGISTRATION AND OTHER DETAILS</b>		
1. CIN	L21010MH1995PLC05883	
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, Bhavsar Chowk, C.A. Road, Nagpur 440 002 Email ID – hardolipaper@gmail.com Tele : 0712-2770966, 2733846 Fax-0712-2770168	
6. Whether listed company	YES	
7. Name, Address and Contact Details of Registrar and Transfer Agent	MCS Share Transfer Agent Limited A-209, C Wing, 2nd Floor, Gokul Industrial Estate Sagbaug, Marol Co-op. Industrial Estate, Mumbai - 59 Email ID – helpdesknum@mcsregistrars.com Website – www.mcsregistrars.com Tele : 022-28516022 Fax – 022-28516021	
<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>		
All the business activities contributing 10% or more of the total turnover of the Company		
<b>NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICE</b>	<b>NIC CODE OF PRODUCT/ SERVICE</b>	<b>% OF TOTAL TURNOVER</b>
Kraft Paper	48042900	100%
<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY - NOT APPLICABLE</b>		
1	Category Wise Shareholding	As Per Annexure "A"
2	Shareholding of the Promoter	As Per Annexure "B"
3	Changes in Promoter's Shareholding	As Per Annexure "C"
4	Shareholding of Top Ten Shareholders (Other than Director, Promoter, and Holder GDRs and ADRs)	As Per Annexure "D"
5	Shareholding of Directors and Key Managerial Personnel	As Per Annexure "E"
6	"Indebtedness Indebtedness of the Company including interest Outstanding/ accrued but not due"	As Per Annexure "F"
7	Remuneration of Directors And Key Managerial Personnel	As Per Annexure "G"
8	Penalties /Punishment/ Compounding of Offence	As Per Annexure "H"

**ANNEXURE “A”**
**CATEGORY – WISE SHAREHOLDING**

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year (As on 31- March - 2019)				No. of Shares held at the end of the year (As on 31- March - 2020)				% of changes during year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoter and Promoter Group									
1)	<b>Indian</b>									
a)	Individual / HUF	833670	100	833770	30.97	850870	100	850970	31.61	0.64
b)	Central / State Govt.	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	FIs / Bank	-	-	-	-	-	-	-	-	-
e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(1)</b>	<b>833670</b>	<b>100</b>	<b>833770</b>	<b>30.97</b>	<b>850870</b>	<b>100</b>	<b>850970</b>	<b>31.61</b>	<b>0.64</b>
2)	<b>Foreign</b>									
a)	Individual (NRI / foreign Individuals)	-	-	-	-	-	-	-	-	-
b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
c)	Institutions	-	-	-	-	-	-	-	-	-
d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Sub-Total A(1)+A(2)</b>	<b>833670</b>	<b>100</b>	<b>833770</b>	<b>30.97</b>	<b>850870</b>	<b>100</b>	<b>850970</b>	<b>31.61</b>	<b>0.64</b>
B	<b>Public Shareholding</b>									
1)	<b>Institutions</b>									
a)	Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b)	FIs and Banks	-	-	-	-	-	-	-	-	-
c)	Central / State Govt.	-	-	-	-	-	-	-	-	-
d)	Venture Capital Fund	-	-	-	-	-	-	-	-	-
e)	Insurance Company	-	-	-	-	-	-	-	-	-
f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i)	Other - FDI	-	-	-	-	-	-	-	-	-
	<b>Sub-Total B(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2)	<b>Non-Institutions</b>									
a)	Bodies Corporate Indian Overseas	-	5000	5000	0.19	0	5000	5000	0.19	-
b)	Individuals Holding nominal Capital upto Rs. 2 Lac	79775	619443	699218	25.97	85775	585743	671518	24.94	-1.03
	Holding nominal capital In excess of Rs. 2 Lac	1068877	75400	1144277	42.50	1119777	35,000	11,54,777	42.89	0.39
c)	Others – Specify Non Resident Indians	-	10000	10000	0.37	10000	-	10000	0.37	0.00
	<b>Sub-Total B(2)</b>	<b>1148652</b>	<b>709843</b>	<b>1858495</b>	<b>69.03</b>	<b>1215552</b>	<b>625743</b>	<b>1841295</b>	<b>68.39</b>	<b>0.64</b>
	<b>Sub-Total B(1)+B(2)</b>	<b>1148652</b>	<b>709843</b>	<b>1858495</b>	<b>69.03</b>	<b>1215552</b>	<b>625743</b>	<b>1841295</b>	<b>68.39</b>	<b>0.64</b>
C	<b>Shares held by Custodian for ADRs GDRs</b>	1148652	709843	1858495	69.03	1215552	625743	1841295	68.39	0.64
	<b>Grand Total</b>	<b>1982322</b>	<b>709943</b>	<b>2692265</b>	<b>100</b>	<b>2066422</b>	<b>625843</b>	<b>2692265</b>	<b>100</b>	<b>Nil</b>



## 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	Mr. OmprakashRathi	267360	9.93	0	267360	9.93	0	0
2	Mr. Kailashchandra P. Agarwal	231495	8.60	0	241995	8.99	0	-0.39
3	Mr. Jarnail Singh Saini	107105	3.98	0	112805	4.19	0	0.21
4	Mr. AnilkumarLakhotiya	186295	6.92	0	186295	6.92	0	0
5	Mr. Rajinder Singh Saini	2600	0.10	0	3600	0.13	0	0.04
6	Mr. Kamal K. Agarwal	38815	1.44	0	38815	1.44	0	0.00
7	Mr. Rajiv Behal	100	0.00	0	100	0.00	0	0.00

## ANNEXURE “C”

Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	KAILASH PURUSHOTTAM AGRAWAL				
	At the beginning of the year	2,31,495	8.60	2,31,495	8.60
	Changes during the year	10,500	0.39	10,500	0.39
	At the end of the year	2,41,995	8.99	2,41,995	8.99
2	JARNAILSINGH GURDASSINGH SAINI				
	At the beginning of the year	1,07,105	4.00	1,07,105	4.00
	Changes during the year	5,700	0.22	5,700	0.22
	At the end of the year	1,12,805	4.22	1,12,805	4.22
3	RAJINDERSINGH BISHANSINGH SAINI				
	At the beginning of the year	2,600	0.10	2,600	0.10
	Changes during the year	1,000	0.03	1,000	0.03
	At the end of the year	3,600	0.13	3,600	0.13
4	KAMALKUMAR KAILASH AGRAWAL				
	At the beginning of the year	34,300	1.27	34,300	1.27
	Changes during the year	4,515	0.17	4,515	0.17
	At the end of the year	38,815	1.44	38,815	1.44

**ANNEXURE “D”**
**SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTOR,PROMOTER AND HOLDERS OF ADRs AND GDRs**

SN	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>Mr. Jugalkishore Dhoot</b>				
	At the beginning of the year	1,11,800	4.15	1,11,800	4.15
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>1,11,800</b>	<b>4.15</b>	<b>1,11,800</b>	<b>4.15</b>
<b>2</b>	<b>Mr. Akshay O. Rathi</b>				
	At the beginning of the year	2,28,405	8.48	2,28,405	8.48
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>2,28,405</b>	<b>8.48</b>	<b>2,28,405</b>	<b>8.48</b>
<b>3</b>	<b>Mrs. Mangla Rathi</b>				
	At the beginning of the year	1,50,945	5.61	1,50,945	5.61
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>1,50,945</b>	<b>5.61</b>	<b>1,50,945</b>	<b>5.61</b>
<b>4</b>	<b>Mrs. SnehlataLakhotiya</b>				
	At the beginning of the year	77,900	2.89	77,900	2.89
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>77,900</b>	<b>2.89</b>	<b>77,900</b>	<b>2.89</b>
<b>5</b>	<b>Mr. Gaurav A. Lakhotiya</b>				
	At the beginning of the year	1,26,080	4.68	1,26,080	4.68
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>1,26,080</b>	<b>4.68</b>	<b>1,26,080</b>	<b>4.68</b>
<b>6</b>	<b>Ms. Garima Lakhotiya</b>				
	At the beginning of the year	40,400	1.50	40,400	1.50
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>40,400</b>	<b>1.50</b>	<b>40,400</b>	<b>1.50</b>
<b>7</b>	<b>Mr. Jaswant Saini</b>				
	At the beginning of the year	35,000	1.30	35,000	1.30
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>35,000</b>	<b>1.30</b>	<b>35,000</b>	<b>1.30</b>
<b>8</b>	<b>AnilkumarLakhotiya HUF</b>				
	At the beginning of the year	1,37,078	5.09	1,37,078	5.09
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>1,37,078</b>	<b>5.09</b>	<b>1,37,078</b>	<b>5.09</b>
<b>9</b>	<b>KailashchandraAgarwal HUF</b>				
	At the beginning of the year	62,790	2.33	62,790	2.33
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>62,790</b>	<b>2.33</b>	<b>62,790</b>	<b>2.33</b>
<b>10</b>	<b>Mr. Baljit Singh Saini</b>				
	At the beginning of the year	35,635	1.32	35,635	1.32
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>35,635</b>	<b>1.32</b>	<b>35,635</b>	<b>1.32</b>
<b>11</b>	<b>Mr. Sanjay Kailashchandra Agrawal</b>				
	At the beginning of the year	47,460	1.76	47,460	1.76
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>47,460</b>	<b>1.76</b>	<b>47,460</b>	<b>1.76</b>



**ANNEXURE "E"**

**SHAREHOLDING DIRECTORS AND KEY MANAGERIAL PERSONNEL**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>Mr. Kailashchandra P. Agarwal</b>				
	At the beginning of the year	2,31,495	8.60	2,31,495	8.60
	Changes during the year	10,500	0.39	10,500	0.39
	<b>At the end of the year</b>	<b>2,41,995</b>	<b>8.99</b>	<b>2,41,995</b>	<b>8.99</b>
<b>2</b>	<b>Mr. Anilkumar M. Lakhotiya</b>				
	At the beginning of the year	1,86,295	6.92	1,86,295	6.92
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>1,86,295</b>	<b>6.92</b>	<b>1,86,295</b>	<b>6.92</b>
<b>3</b>	<b>Mr. Jarnailsingh Saini</b>				
	At the beginning of the year	1,07,105	3.98	1,12,805	4.19
	Changes during the year	5,700	0.21	-	0.00
	<b>At the end of the year</b>	<b>1,12,805</b>	<b>4.19</b>	<b>1,12,805</b>	<b>4.19</b>
<b>4</b>	<b>Mr. Omprakash Rathi</b>				
	At the beginning of the year	2,67,360	9.93	2,67,360	9.93
	Changes during the year	-	0.00	-	0.00
	<b>At the end of the year</b>	<b>2,67,360</b>	<b>9.93</b>	<b>2,67,360</b>	<b>9.93</b>

**ANNEXURE "F"**

**INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs.)

	Secured Loan Excluding Deposit	Unsecured Loan	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
a) Principal Amount	8,71,59,700	1,82,00,001	-	10,53,59,701
b) Interest due but not paid	-	-	-	-
c) Interest accrued but not due	2,62,026	-	-	2,62,026
<b>Total (i+ii+iii)</b>	<b>8,74,21,726</b>	<b>1,82,00,001</b>	<b>-</b>	<b>10,56,21,727</b>
<b>Changes in Indebtedness during the financial year</b>				
a) Addition	-	10,90,502.00	-	10,90,502
b) Reduction	(1,11,72,754)	-	-	(1,11,72,754)
<b>NET CHANGE</b>	<b>(1,11,72,754)</b>	<b>10,90,502</b>	<b>-</b>	<b>(1,00,82,252)</b>
<b>Indebtedness at the end of the financial year</b>				
a) Principal Amount	7,56,74,937.00	1,92,90,503	-	9,49,65,440
b) Interest due but not paid	-	-	-	-
c) Interest accrued but not due	5,74,035.00	-	-	5,74,035.00
<b>Total (i+ii+iii)</b>	<b>7,62,48,972.00</b>	<b>1,92,90,503</b>	<b>-</b>	<b>9,55,39,475</b>

**ANNEXURE “G”**

**REMUNERATION TO MANAGING DIRECTOR, WHOLE TIME DIRECTOR AND / OR MANAGER**

Sr. No.	PARTICULARS OF REMUNERATION	NAME OF MD/WTD/MANAGER					TOTAL AMOUNT
		KailashAgrawal Managing Director	Anilkumar M. Lakhotiya Jt. Managing Director	Jarnailsing Saini Executive Director	O. D. Rathi Executive Director	Mayank Luniya Company Secretary	
1	Gross Salary	17,80,000	17,80,000	7,60,000	7,60,000	2,03,540	52,83,540
a)	Salary as per the provisions contained in section 17(1) of the Income Tax Act, 1961	17,80,000	17,80,000	7,60,000	7,60,000	2,03,540	52,83,540
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 please specify- Contribution of Provident and other funds	21,600	21,600	21,600	---	--	64,800
	<b>TOTAL</b>	<b>18,01,600</b>	<b>18,01,600</b>	<b>7,81,600</b>	<b>7,60,000</b>	<b>2,03,540</b>	<b>53,48,340</b>

**ANNEXURE “H”**

**PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty		N.A	N.A	N.A	N.A
Punishment		N.A	N.A	N.A	N.A
Compounding		N.A	N.A	N.A	N.A
<b>B. DIRECTORS</b>					
Penalty		N.A	N.A	N.A	N.A
Punishment		N.A	N.A	N.A	N.A
Compounding		N.A	N.A	N.A	N.A
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty		N.A	N.A	N.A	N.A
Punishment		N.A	N.A	N.A	N.A
Compounding		N.A	N.A	N.A	N.A

Place: Nagpur  
Date: 03.07.2020

Sd/-  
**ANILKUMAR M. LAKHOTIYA**  
(DIN:00367361)

Sd/-  
**KAILASH CHAND AGARWAL**  
(DIN:00367292)



## Annexure IV

### Ratio of Remuneration

Details as per Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as follows:

- The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-2020:

Sr. No.	Name of the Director	Ratio to Median Remuneration
1.	Mr. Kailash Chand Agarwal	9.64
2.	Mr. Anil Kumar Lakhotiya	9.64
3.	Mr. Omprakash Rathi	4.13
4.	Mr. Janrail Singh Saini	4.13
5.	Mr. Narasimhan Varadarajan (only sitting fee)	NA
6.	Mr. Prem Kewalramani (only sitting fee)	NA
7.	Mrs. Priyanka P. Deshmukh (only sitting fee)	NA

- The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Finance Officer, Company Secretary or Manager, if any, in the financial year 2019-2020 compared to financial year 2018-19:

Sr. No.	Name of the Director	Ratio to Median Remuneration
1.	Mr. Kailash Chand Agarwal- Managing Director	NA
2.	Mr. Anil Kumar Lakhotiya – Joint Managing Director	NA
3.	Mr. Omprakash Rathi – Whole Time Director	NA
4.	Mr. Janrail Singh Saini- Executive Director & CFO	NA
5.	Mr. Mayank Luniya- Company Secretary	NA

- The Median Remuneration of Employee (MRE) excluding executive Director was ₹ 138714 and ₹ 133727 in fiscal year 2020 and 2019 respectively. The decrease/increase in MRE in fiscal year is 3.7% as compared to fiscal year 2019.
- Number of permanent employees on the rolls of the Company: 64 employees as on 31.03.2020.
- Explanation on the relationship between average increase in remuneration and the Company performance: - The Company's reward principle is influenced by individual performance as well as various factors operating in competitive market practice and cost considerations. The salary increase that were made during the year were based on the individual performance as well as the Company's market competitiveness.
- Key parameters for any variable component of remuneration availed by the Directors: - Considered by the Board of Directors based on the recommendations of the nomination and Remuneration Committee as per the Remuneration policy for Directors, Key Managerial personnel and other employees.

# HARDOLI PAPER MILLS LIMITED

## Annexure IV (Contd.)

### Remuneration of Top 10 Employees of the Company

Employees Name Designation Education Qualification Experience in Year Remuneration previous employment and designation.

Employees Name	Designation	Education Qualification	Experience in Year	Remuneration	Previous employment and designation
NITIN THAKRE	Production Manager	SSC	20	440673	Samrudhi Paper Mill, Nashik
DEVIDAS PANDE	Administrative Officer	M. Com	32	439200	Crystal Potteries P. Ltd., MIDC Nagpur
JAYSHREE THAWRE	Sr. Accounts Officer	M.Com. with O'level Computer Diploma	25	378000	Monalisa Enterprises, Pharmaceutical, Nagpur
MAHESH MIRASHE	Chemist	BSC. MS Office Internate Course	11	305020	Madhya Bharat Papers Ltd., Chanpa
KUNAL JAIN	Purchase Officer	B. Com	10	280600	Murli Industries Ltd. Nagpur
SURYAKANT SADAWARTI	Personal Relation Officer	B. Com	24	270192	Infocat Computer Institute, Nagpur
MOHAN FULZELE	Shift Incharge	Upto SSC	12	262731	Murli Agro Product Ltd., Patansawangi
MANOJ GORE	Electrical Incharge	HSSC, ITI, A.V.T.S. Electric Maintenance, Rewinding Testing	26	246885	Murli Agro Industries
VINOD KAROLE	Sr. Clerk	B. Com.	24	246622	Work with PF Distributor Accounts
SHEKHAR AGARWAL	Store Incharge	B. Com (Part I)	23	220800	Mehadia Medical
GHANSHYAM JAIPURKAR	Maintenance Incharge	SSC, I.T.I. (Fitter)	27	300000	Vindhya Paper Mill, Bhusawal

Place: Nagpur  
Date: 03-07-2020

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

**KAILASH CHAND AGARWAL**  
MANAGING DIRECTOR  
(DIN -00367292)



**Annexure “III” CORPORATE SOCIAL RESPONSIBILITIES ACTIVITIES (CSR)**

**Report on Corporate Social Responsibility as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014**

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken by the Company has been given on the website of the Company. A brief area of CSR activities are given below:
  - Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
  - Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
  - Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
  - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
  - Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
  - Measures for the benefit of armed forces veterans, war widows and their dependents;
  - Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
  - Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
  - Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]
  - rural development projects
  - slum area development
  - disaster management, including relief, rehabilitation and reconstruction activities.
  - rural development projects

2. Composition of CSR Committee:

Sr. No.	Name	Designation
1	Mr. Narsimhan Varadrajana	Chairman
2	Mr. Kailashchandra Agarwal	Member
3	Mr. Anilkumar M. Lakhotiya	Member

3. Average Net profit for last three Financial Years:

Net Profit	For the Financial Year ended 31st March (Rs. in Lacs)		
	2017	2018	2019
	(51.49)	439.00	710.83
Average Net Profit for the preceding three Financial Years			366.11

4. Prescribed CSR expenditure (2% of Average Net Profit) : **Rs. 7.32 Lacs**

5. Amount unspent during previous year : **Rs. 3.52 Lacs**

6. Total eligible fund for expenditure : **Rs. 7.32 Lacs**

**7. Details of CSR spend & Unspent for the financial year**

- a. Total amount spent for the financial year : **Rs. 3.80 Lacs**
- b. Amount unspent, if any : **Rs. 3.52 Lacs**

**Annexure “III” CORPORATE SOCIAL RESPONSIBILITIES ACTIVITIES (CSR)**

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1)Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2)Overheads (Rs. In Lacs)	Cumulative expenditure upto the reporting period (Rs. In Lacs)	Amount spent: Direct or through implementing agency
1.	Bhandara Expenses for Ringnabodi Gram Panchayat Kondhali	Eradicating hunger, poverty and malnutrition	Local Area	84,000	Direct Expenditure: 84,000 Overheads: NIL	84,000	Amount spent Directly
2.	For Sweet Boxes Distribution to Ringnabodi Gram Panchayat Kondhali	Eradicating hunger, poverty and malnutrition	Local Area	96,250	Direct Expenditure: 96,250 Overheads: Nil	96,250	Amount spent Directly
3	For Superintendent of Police for Army Force	measures for the benefit of armed forces veterans,	Local Area	2,00,000	Direct Expenditure: 2,00,000 Overheads: NIL	2,00,000	Amount spent Directly
Total				3,80,250	3,80,250	3,80,250	

**Reasons for not spending the entire amount:**

**During the year under review, the Company had spent Rs. 3.80 lacs on CSR activity.**

Despite of best efforts, the Company could not identify suitable project/s for CSR spending of entire amount as stipulated U/s. 135 of the Companies Act 2013 and in line with the Company's CSR policy. The CSR Committee of the Company shall take necessary steps to find suitable project/s for CSR activity and will utilise the unspent amount related to F. Y 2019-2020 along with the amount that needs to be spent on CSR activity during the F. Y 2020-2021..

Place: Nagpur  
Date: 03-07-2020

**NARSIMHAN VARADRAJAN**  
CHIARMAN  
(DIN - 08177714)

**KAILASH CHAND AGARWAL**  
MEMBER  
(DIN -00367292)



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,  
Bhavsar Chowk, 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, 2020. 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, 2020, 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, 2020, 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; **(Not Applicable to the Company during the Audit Period)**
  - 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 **(Not Applicable to the Company during the Audit Period)**
    - 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 **(Not Applicable to the Company during the Audit Period)**
    - e) The Securities and Exchange Board of India ( Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period)** 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. **(Not Applicable to the Company during the Audit Period)**
    - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during audit period)** and
    - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during audit period).**
    - i) The examination of compliance of the provisions of other special applicable laws was limited to the verification of procedure on test basis.

**I have also examined compliance with the applicable clauses of the following:**

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc. mentioned above.

**I further report that:**

- i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There are no changes in the composition of the Board of Directors during the period under review.

**Form No. MR-3 (Contd.)**

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- ii. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- iv. The Company appointed Mr. Jarnail Singh Saini as Chief Financial Officer (CFO) and Mr. Mayank Luniya as Company Secretary at the Board Meeting held on 22nd April, 2019

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standard etc. referred to above.

Sd/-  
**GIRISH MURARKA**  
Proprietor  
Girish Murarka & Co.  
ACS No. 7036  
CP No. 4576  
UDIN A007036B000634861

Place: Mumbai  
Date: 31st August, 2020

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-  
**GIRISH MURARKA**  
Proprietor  
Girish Murarka & Co.  
ACS No. 7036  
CP No. 4576

Place: Mumbai  
Date: 31st August, 2020

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**ANNEXURE – I**

**List of documents verified:**

1. Memorandum & Articles of Association of the Company
2. Annual Report for the financial year ended March 31, 2018 and March 31, 2019
3. Minutes of meeting of Board of Directors, Audit Committee, Nomination & Remuneration Committee along with attendance register held during the financial year under report
4. Minutes of General Body Meeting held during the financial year under report
5. Statutory Registers
6. Agenda papers provided to all the Directors / Members for the Board Meeting and Committee Meeting
7. Declaration received from Directors of the Company pursuant to the provisions of section 184 of the Companies Act, 2013
8. E-forms filed by the Company, from time to time, under the applicable provisions of the Companies Act, 1956/ 2013 and attachments thereof during the financial year under report.



## INDEPENDENT AUDITORS' REPORT

TO

### THE MEMBERS OF HARDOLI PAPER MILLS LIMITED

- We have audited the accompanying standalone financial statements of Hardoli Paper Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended and the notes to the financial statements, including summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Indian accounting standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

- Basis for opinion**

We conducted our audit in accordance with the standards on Auditing specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

- Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Sr. No.	Key Audit Matter	AUDITOR'S RESPONSE
1	<p><b>The company's revenue is derived from sales of Kraft paper of different sizes, quality etc. The company recognize the revenue, when the control is transferred to the customer.</b></p> <p>The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and is, therefore, subject to an inherent risk of misstatement to meet targets or expectations and because errors in the recognition of revenue could have a material impact on the Company.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"> <li>Evaluating the design, implementation and operating effectiveness of key internal controls over the existence, accuracy and timing of revenue recognition;</li> <li>Performing substantive test of details over revenue recognized throughout the period by selecting a sample of transactions to ensure that the samples selected meet the revenue recognition criteria and are appropriately recorded;</li> <li>Tested sample transactions around the period end to ensure they were recorded in the correct period; and</li> <li>Tested journal entries posted to revenue accounts focusing on unusual or irregular items, if any.</li> </ul>

- Other Information**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the other information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon and we do not express any form of assurance conclusion thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## INDEPENDENT AUDITORS' REPORT (Contd.)

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

### 5. **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

### 6. **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



## INDEPENDENT AUDITORS' REPORT (Contd.)

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 7. Report on Other Legal and Regulatory Requirements

1. 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 "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Further to our comments in Annexure A, as required by sub-section 3 of Section 143 of the Act, we report that:
  - (a) 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;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued there under;
  - (e) On the basis of the written representations received from the Directors as on 31st March 2020 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2020 from being appointed as a Director in terms of subsection 2 of Section 164 of the Act;
  - (f) 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" and
  - (g) 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:
    1. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 36 to the standalone financial statements;
    2. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    3. Amount to be transferred to the Investor Education Protection Fund –Refer Note 42 to the standalone financial statements.

For **DARAK AND ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 132818W

**(CA. AMIT M. DARAK)**  
**PARTNER**

Membership No. 144005  
UDIN: 20144005AAAAAL9647

Place: Nagpur  
Date: 03.07.2020

**ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2020**

(Referred to in our report of even date)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- ii. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of Property, Plant & Equipment.
- (b) As per the information and explanation given to us, all the fixed assets have been physically verified by the management at regular intervals, which in our opinion, is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification
- (c) The title deeds of all the immovable property (which are included under the Note 2A – 'Property, Plant and equipment') are held in the name of the company.
- iii. The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iv. In our opinion and according to information and explanations given to us, 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 Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- v. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.
- vi. 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 other tribunal in respect of the same.
- vii. We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under sub section 1 of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- viii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, Goods & Service Tax, cess, professional tax and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no material undisputed amounts payable in respect of provident fund, employees state insurance, income tax, Goods & Service Tax, cess, professional tax and other material statutory dues were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, as on 31st March 2020 there is no amount outstanding in respect of disputed income tax, Goods & Service tax, wealth 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 and 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		



**ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2020 (Contd.)**

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- viii. The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or Government or any dues to debenture holders during the year.
- ix. The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by applicable Ind AS. (Refer note 35).
- xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **DARAK AND ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 132818W

**(CA. AMIT M. DARAK)**  
**PARTNER**

Membership No. 144005  
UDIN: 20144005AAAAAL9647

Place: Nagpur  
Date: 03.07.2020

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT- 31st MARCH 2020**

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

We have audited the internal financial controls over financial reporting of Hardoli Paper Mills Limited (“the Company”) as of 31st March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**1. Management’s Responsibility for Internal Financial Controls**

The Company’s Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to financial statements 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 Companies Act, 2013 (“the Act”).

**2. Auditor’s 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 Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 controls based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalone 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 control system over financial reporting.

**3. Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial controls 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 controls 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**4. 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.

**5. Opinion**

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For **DARAK AND ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 132818W

**(CA. AMIT M. DARAK)**  
**PARTNER**

Membership No. 144005

UDIN: 20144005AAAAAL9647

Place: Nagpur

Date: 03.07.2020



**BALANCE SHEET AS AT 31ST MARCH, 2020**

	NOTE	31.3.2020 (Rupees)	31.3.2019 (Rupees)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	2A	22,63,95,167	23,44,11,871
Capital work-in-progress	2B	4,02,479	4,84,789
<b>Financial Assets</b>			
(i) Other Assets	3	22,13,235	28,70,555
Other Non-current assets	4	63,77,241	56,74,789
<b>Total Non-current assets</b>		23,53,88,122	24,34,42,004
<b>Current assets</b>			
Inventories	5	6,78,23,512	5,11,84,927
<b>Financial Assets</b>			
(i) Trade receivables	6	9,48,54,388	8,99,57,466
(ii) Cash and cash equivalents	7	2,83,263	96,650
(iii) Bank balances other than (ii) above	8	83,454	1,92,300
(iv) Other Financial assets	9	85,43,300	57,69,158
Other current assets	10	51,06,736	72,76,608
Current Tax assets (Net)	11	5,85,094	5,72,621
		17,72,79,746	15,50,49,729
<b>Total Assets</b>		41,26,67,869	39,84,91,733
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	12	2,69,22,650	2,69,22,650
Other Equity		20,59,69,136	19,47,63,308
<b>Total Equity</b>		23,28,91,786	22,16,85,958
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	13	2,63,42,951	3,11,05,627
(ii) Provisions	14	21,83,355	16,62,107
Deferred tax liabilities (Net)	15	1,84,56,792	1,30,24,010
<b>Total non-current liabilities</b>		4,69,83,097	4,57,91,744
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	16	6,18,43,531	5,56,75,684
(ii) Trade payables	17	5,90,45,467	4,96,56,875
(iii) Other financial liabilities	18	82,40,997	2,05,99,587
(iv) Other current liabilities	19	5,37,842	5,39,205
Provisions	20	31,25,149	45,42,679
<b>Total Current liabilities</b>		13,27,92,986	13,10,14,031
<b>Total Equity and Liabilities</b>		41,26,67,869	39,84,91,734

Significant accounting policies & Notes to Accounts 1 to 43  
The accompanying notes are an integral part of these standalone financial statements.

AS PER OUR REPORT OF EVEN DATE	FOR AND ON BEHALF OF THE BOARD
For <b>DARAK AND ASSOCIATES</b>	<b>KAILASH AGARWAL</b> (DIN:00367292) - <b>MANAGING DIRECTOR</b>
<b>CHARTERED ACCOUNTANTS</b>	
FIRM REGISTRATION NO. 132818W	<b>ANIL KUMAR LAKHOTIYA</b> (DIN:00367361) - <b>JOINT MANAGING DIRECTOR</b>
<b>CA AMIT M. DARAK</b>	<b>JARNAIL SINGH SAINI</b> (DIN:00367656) - <b>CHIEF FINANCIAL OFFICER &amp; WHOLE TIME DIRECTOR</b>
<b>PARTNER</b>	
Membership No. 144005	<b>OMPRAKASH RATHI</b> (DIN:00895316) - <b>WHOLETIME DIRECTOR</b>
UDIN : 20144005AAAAAL9647	
NAGPUR: 03.07.2020	<b>MAYANK LUNIYA</b> - <b>COMPANY SECRETARY</b>
	NAGPUR: 03.07.2020

# HARDOLI PAPER MILLS LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2020

	NOTE	31.3.2020 (Rupees)	31.3.2019 (Rupees)
Revenue From Operations	21	69,87,26,029	80,56,48,112
Other Income	22	10,37,875	10,03,456
<b>Total Income</b>		<b>69,97,63,904</b>	<b>80,66,51,568</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	43,28,76,064	48,81,47,531
Trading Purchase		12,34,765	-
Changes in inventories of finished goods,	24	56,86,699	-44,56,285
Employee benefits expense	25	2,13,36,667	2,14,22,390
Finance costs	26	93,56,361	1,43,76,694
Depreciation and amortization expense	2	1,71,92,939	1,64,67,600
Other expenses	27	19,05,81,609	19,96,10,852
<b>Total expenses</b>		<b>67,82,65,104</b>	<b>73,55,68,781</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>2,14,98,799</b>	<b>7,10,82,787</b>
Exceptional Item		-	-
<b>Profit/(loss) before tax</b>		<b>2,14,98,799</b>	<b>7,10,82,787</b>
Tax expense:			
(1) Current tax		45,14,807	1,61,60,409
(1) MAT credit Entitlement		54,40,948	-
(2) Deferred tax		1,50,965	-40,70,982
		1,01,06,721	1,20,89,427
<b>Profit (Loss) for the year</b>		<b>1,13,92,079</b>	<b>5,89,93,360</b>
<b>Other Comprehensive Income</b>	28		
A (i) Items that will not be reclassified to profit or loss		-1,86,251	-5,35,558
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Total other Comprehensive Income</b>		<b>-1,86,251</b>	<b>-5,35,558</b>
<b>Total Comprehensive Income for the year</b>		<b>1,12,05,828</b>	<b>5,84,57,802</b>
Basic EPS	29	4.23	21.91
Diluted EPS		4.23	21.91
Significant accounting policies & Notes to Accounts	1 to 43		

AS PER OUR REPORT OF EVEN DATE  
For **DARAK AND ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
FIRM REGISTRATION NO. 132818W

**CA AMIT M. DARAK**  
**PARTNER**

Membership No. 144005  
UDIN : 20144005AAAAAL9647

NAGPUR: 03.07.2020

FOR AND ON BEHALF OF THE BOARD

**KAILASH AGARWAL** (DIN:00367292) - **MANAGING DIRECTOR**

**ANIL KUMAR LAKHOTIYA** (DIN:00367361) - **JOINT MANAGING DIRECTOR**

**JARNAIL SINGH SAINI** (DIN:00367656) - **CHIEF FINANCIAL OFFICER & WHOLE TIME DIRECTOR**

**OMPRAKASH RATHI** (DIN:00895316) - **WHOLETIME DIRECTOR**

**MAYANK LUNIYA**  
NAGPUR: 03.07.2020 - **COMPANY SECRETARY**



**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED ON 31ST MARCH, 2020**

	<b>31.3.2020 (Rupees)</b>	<b>31.3.2019 (Rupees)</b>
<b>A. Equity Share Capital</b>		
Opening Balance	2,69,22,650	2,69,22,650
Changes in the Equity Share Capital during the year	-	-
Closing Balance	<u>2,69,22,650</u>	<u>2,69,22,650</u>
<b>B. Other Equity Capital Reserve</b>		
Opening Balance	2,04,13,989	2,04,13,989
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the reporting period	2,04,13,989	2,04,13,989
Movement during the year'	-	-
<b>Closing Balance</b>	<u>2,04,13,989</u>	<u>2,04,13,989</u>
<b>Securities Premium</b>		
Opening Balance	86,64,946	86,64,946
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the reporting period	86,64,946	86,64,946
Movement during the year'	-	-
<b>Closing Balance</b>	<u>86,64,946</u>	<u>86,64,946</u>
<b>General Reserves</b>		
Opening Balance	18,00,000	18,00,000
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the reporting period	18,00,000	18,00,000
Movement during the year'	-	-
<b>Closing Balance</b>	<u>18,00,000</u>	<u>18,00,000</u>
<b>Revaluation Surplus</b>		
Opening Balance	5,09,05,005	5,09,05,005
Addition During Prior period	-	-
Additions During the year	-	-
Restated balance at the beginning of the reporting period	5,09,05,005	5,09,05,005
Movement during the year'	-	-
<b>Closing Balance</b>	<u>5,09,05,005</u>	<u>5,09,05,005</u>
<b>Retained Earnings</b>		
Opening Balance	11,29,79,368	5,45,21,566
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the reporting period	11,29,79,368	5,45,21,566
Profit for the year	1,13,92,079	5,89,93,360
Other Comprehensive Income for the year	-1,86,251	-5,35,558
Total Comprehensive Income for the year	1,12,05,828	5,84,57,802
<b>Transactions with owners in capacity as owners</b>		
Transfer to retained earnings	-	-
Movement during the year'	-	-
<b>Closing Balance</b>	<u>12,41,85,196</u>	<u>11,29,79,368</u>
	<u>20,59,69,136</u>	<u>19,47,63,308</u>

AS PER OUR REPORT OF EVEN DATE  
For **DARAK AND ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
FIRM REGISTRATION NO. 132818W

**CA AMIT M. DARAK**  
**PARTNER**  
Membership No. 144005  
UDIN : 20144005AAAAAL9647

NAGPUR: 03.07.2020

FOR AND ON BEHALF OF THE BOARD

**KAILASH AGARWAL** (DIN:00367292) - **MANAGING DIRECTOR**  
**ANIL KUMAR LAKHOTIYA** (DIN:00367361) - **JOINT MANAGING DIRECTOR**  
**JARNAIL SINGH SAINI** (DIN:00367656) - **CHIEF FINANCIAL OFFICER & WHOLE TIME DIRECTOR**  
**OMPRAKASH RATHI** (DIN:00895316) - **WHOLETIME DIRECTOR**  
**MAYANK LUNIYA** - **COMPANY SECRETARY**  
NAGPUR: 03.07.2020

# HARDOLI PAPER MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Year ended	31.3.2020 (Rupees)	31.3.2019 (Rupees)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE INCOME TAX</b>	2,14,98,799	7,10,82,787
Adjustments for:		
Other comprehensive Income - Actuarial Gain / (loss)	-1,86,251	-5,35,558
Depreciation, amortisation and impairment	1,71,92,939	1,64,67,600
Finance costs	93,56,361	1,43,76,694
Net (Gain)/ Loss on disposal of property, plant and equipment	-18,263	-
<b>Operating profit before working capital changes</b>	4,78,43,585	10,13,91,523
<b>Change in operating assets and liabilities:</b>		
(Increase)/ Decrease in inventories	-1,66,38,585	-83,87,052
(Increase)/ Decrease in trade receivables	-48,96,923	1,05,00,931
(Increase)/ Decrease in other financial assets	-27,74,142	-23,02,658
(Increase)/ Decrease in other current assets	21,69,872	11,20,682
(Increase)/ Decrease in other Bank Balance	1,08,847	629
Increase/ (Decrease) in trade payables	93,88,591	-1,54,78,726
Increase/ (Decrease) in other Non Current Provisions	5,21,248	-1,50,620
Increase/ (Decrease) in other financial liabilities	-95,174	-40,090
Increase/ (Decrease) in other current liabilities	-1,363	-1,12,885
Increase/ (Decrease) in provisions	71,120	9,35,245
(Increase)/ Decrease in other financial assets (Non Current)	6,57,320	8,385
(Increase)/ Decrease in other non-current assets	-22,24,221	-1,72,497
<b>Changes in Working Capital</b>	-1,37,13,409	-1,40,78,654
<b>Cash generated from Operations</b>	3,41,30,177	8,73,12,869
<b>Income taxes paid (net of refunds)</b>	-61,75,062	-1,36,74,793
<b>NET CASH INFLOW GENERATED FROM OPERATING ACTIVITIES</b>	2,79,55,114	7,36,38,076
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	-86,29,888	-2,13,84,868
Proceeds from sale of property, plant and equipment	3,00,000	-
<b>NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES</b>	-83,29,888	-2,13,84,868
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Borrowing	61,67,846	-12,70,522
Repayment of borrowings	-1,65,62,108	-3,63,63,803
Interest paid	-90,44,352	-1,45,63,017
Dividends paid to company's shareholders	-	-
<b>NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES</b>	-1,94,38,614	-5,21,97,342
<b>D NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	1,86,613	55,865
<b>E CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR.</b>	96,650	40,785
<b>F CASH AND CASH EQUIVALENTS AT END OF THE YEAR.(Refer Note No.7)</b>	2,83,263	96,650

AS PER OUR REPORT OF EVEN DATE	FOR AND ON BEHALF OF THE BOARD	
For <b>DARAK AND ASSOCIATES</b>	<b>KAILASH AGARWAL</b> (DIN:00367292)	- <b>MANAGING DIRECTOR</b>
<b>CHARTERED ACCOUNTANTS</b>		
FIRM REGISTRATION NO. 132818W	<b>ANIL KUMAR LAKHOTIYA</b> (DIN:00367361)	- <b>JOINT MANAGING DIRECTOR</b>
<b>CA AMIT M. DARAK</b>	<b>JARNAIL SINGH SAINI</b> (DIN:00367656)	- <b>CHIEF FINANCIAL OFFICER &amp; WHOLE TIME DIRECTOR</b>
<b>PARTNER</b>		
Membership No. 144005	<b>OMPRAKASH RATHI</b> (DIN:00895316)	- <b>WHOLETIME DIRECTOR</b>
UDIN : 20144005AAAAAL9647		
NAGPUR: 03.07.2020	<b>MAYANK LUNIYA</b>	- <b>COMPANY SECRETARY</b>
	NAGPUR: 03.07.2020	



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020**

**NOTE 1: BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES**

**I. Corporate Information**

Hardoli Paper Mills Limited (the Company), is incorporated on 24<sup>th</sup> 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's equity shares are listed on Metropolitan Stock Exchange of India in the financial year 2017-18.

**II. Basis of preparation**

**a. Compliance with Ind AS.**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The accounting policies are applied consistently to all the periods presented in the financial statements.

**b. Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

1. Factory Land and Building of Property plant and equipment which were revalued in FY 2017-18 and no material change in the fair value of current financial year.
2. Defined benefit plans – plan assets measured at fair value.

**c. Current and non-current classification**

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (not exceeding 12 months) and other criteria set out in the schedule III of the act.

**III. Use of estimates and judgment's.**

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

**Estimation of uncertainties relating to the global health pandemic from COVID-19**

The Company, as at the date approval of these financial results has considered internal and external sources of information, in assessing the possible effects that may result from the global health pandemic relating to COVID-19 on the carrying amounts of loans, investments, receivables and other assets. As on the date of approval of these financial results, the Company has concluded that the impact of COVID - 19 is not material based on these estimates and expects to recover the carrying amount of these assets. The impact of COVID-19 on the Company's Financial Statements may differ from that estimated as at the date of approval of these financial statements.

**IV. Revenue recognition**

The Company earns the revenue primarily from the manufacturing of various grades of Kraft Papers.

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of GST, returns, rebates and discounts.

Income from services rendered is recognized based on agreements/ arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably.

**Interest income** is recognized using the effective interest rate (EIR) method.

**PSI Subsidies, Incentives** are recognized when the right to receive credit as per the terms of the scheme is established after the receipt of provisional sanction from the District Industries Centre and when there is certainty of realization.

**V. Property, plant and equipment**

Property, Plant and Equipment are stated at cost net of GST, if any and subsequently at cost less depreciation and impairment losses if any.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020  
(Contd.)**

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**Freehold Land & Factory Building**

Freehold land is stated at fair value. Factory Building is stated at fair value. Fair values of land and building are estimated by management with the useful life of 30 years in case of building. Management estimate is based on the valuation report dated 5<sup>th</sup> October 2017 issued by an independent professional valuer. As per the management estimation there is no material change in the fair value as of Free Hold Land & Factory Building as on 31<sup>st</sup> March 2020.

Factory Building is stated at fair value less depreciation as stated above.

**Other Property, plant and equipment**

All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

**Capital Work-in-Progress**

Capital work-in-progress includes assets under construction and cost attributable to construction of assets not ready for use before the year end.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- i) Plant and equipment is depreciated over 15 years based on the technical evaluation of useful life done by the management.
  - ii) Assets costing ₹ 5,000 or less are fully depreciated in the year of purchase. Freehold land is not depreciated.
- The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

**VI. Inventories**

Inventories of Raw Materials, Work-in-Progress, Stores and spares, Finished Goods, Stock-in-trade and Property under development are stated 'at cost or net realizable value, whichever is lower'. Goods-in-Transit are stated 'at cost'. Cost comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**a. Raw Materials**

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

**b. 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.

**c. 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. Cost of materials is determined on First-in-First-Out basis.

Net realizable 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.

**VII. Foreign currency transactions**

Transactions in the foreign currencies are accounted at functional currency, at the exchange rate prevailing on the date of transactions. Gains/losses arising out of the fluctuations in the exchange rate between functional currency and foreign currency are recognized in the Statement of Profit & Loss in the period in which they arise. The fluctuations between foreign currency and functional currency relating to monetary items at the year ending are accounted as gains/losses in the statement of Profit & Loss.

**VIII. Lease**

Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company, as lessee, are classified as operating leases. Payments made under operating lease is charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

**IX. Financial Instruments:**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020  
(Contd.)**

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loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized in profit or loss.

**Non-derivative financial instruments:**

- a. **Cash and cash equivalents**  
The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.
- b. **Financial assets at amortised cost**  
Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- c. **Financial assets at fair value**  
Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading. Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.
- d. **Financial liabilities**  
Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**X. Borrowings**

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

**XI. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

**XII. Provisions, contingencies and commitments**

- a. Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
- b. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).
- c. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
- d. A disclosure for contingent liabilities is made where there is-
  - i. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
  - ii. a present obligation that arises from past events but is not recognized because:
    - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    - b. the amount of the obligation cannot be measured with sufficient reliability.
- e. Contingent Assets are neither recognised nor disclosed in the financial statements.
- f. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020  
(Contd.)**

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**XIII. Employee benefits**

The Company has following post-employment plans:

**i. Defined benefit plans - gratuity**

- a. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by actuaries through actuarial valuation using the projected unit credit method.
- b. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss.  
Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements.

**Net interest expense or income:**

- c. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.
- d. Re-measurement comprising of actuarial gains and losses arising from Re-measurement of Actuarial gains/ (losses) Return on plan assets, excluding amount recognized in effect of asset ceiling Re-measurement arising because of change in effect of asset ceiling are recognised in the period in which they occur directly in other comprehensive income. Re- measurements are not reclassified to Statement of Profit and Loss in subsequent periods.
- e. Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Company determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

**ii. Defined contribution plans - provident fund**

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

**iii. Short-term and other long-term employee benefits**

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

**XIV. Income tax**

Income tax expense comprises current and deferred tax. It is recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

- a. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
  - b. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
  - c. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
  - d. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and same taxation authority.
  - e. Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence
-



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020  
(Contd.)**

that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. 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.

**XV. Earnings per share**

Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

**XVI. Exceptional items**

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

**Note 2: FIXED ASSETS**

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDING 31, MARCH, 2020**

(Rupees)

	GROSS BLOCK				DEPRECIATION					NET BLOCK
	As on 01/04/2019	Addition/ Adjustment for the Year	Deletion/ for the Year	As on 31.03.2020	As on 01.04.2019	Depreciation for the Year	Revaluation the year	Deletion for 31.03.2020	As on 31.03.2020	As on 31.03.2020
<b>2A. Tangible Assets</b>										
Freehold Land	3,39,65,000	-	-	3,39,65,000	-	-	-	-	-	3,39,65,000
Building (Factory)	5,50,36,932	9,79,271	-	5,60,16,204	19,57,557	11,69,970	5,73,181	-	37,00,708	5,23,15,496
Plant & Machinery	21,30,53,551	42,40,543	-	21,72,94,094	7,93,29,687	1,31,01,740	-	-	9,24,31,427	12,48,62,667
Electrical Installation	2,69,49,655	15,57,481	-	2,85,07,136	1,47,61,635	18,85,458	-	-	1,66,47,093	1,18,60,043
Computer	10,57,201	-	-	10,57,201	8,46,428	92,736	-	-	9,39,164	1,18,037
Office Equipment	8,50,872	33,203	-	8,84,075	7,29,742	24,077	-	-	7,53,819	1,30,256
Furniture & Fixtures	18,20,295	-	-	18,20,295	14,20,188	57,979	-	-	14,78,167	3,42,128
Vehicle	19,61,725	26,47,473	16,18,086	29,91,112	12,38,122	2,87,798	-	13,36,349	1,89,571	28,01,541
<b>Sub Total (I)</b>	<b>33,46,95,231</b>	<b>94,57,971</b>	<b>16,18,086</b>	<b>34,25,35,116</b>	<b>10,02,83,359</b>	<b>1,66,19,758</b>	<b>5,73,181</b>	<b>13,36,349</b>	<b>11,61,39,949</b>	<b>22,63,95,167</b>
<b>2B. CAPITAL WORK IN PROGRESS</b>										
W-I-P Building	-	11,51,831	9,79,271	1,72,560	-	-	-	-	-	1,72,560
W-I-P Plant & machinery	4,84,789	39,85,673	42,40,543	2,29,919	-	-	-	-	-	2,29,919
<b>Sub Total (II)</b>	<b>4,84,789</b>	<b>51,37,504</b>	<b>52,19,814</b>	<b>4,02,479</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,02,479</b>
<b>Total</b>	<b>33,51,80,020</b>	<b>1,45,95,475</b>	<b>68,37,900</b>	<b>34,29,37,595</b>	<b>10,02,83,359</b>	<b>1,66,19,758</b>	<b>5,73,181</b>	<b>13,36,349</b>	<b>11,61,39,949</b>	<b>22,67,97,646</b>

## Notes (Contd.)

### Note 2: FIXED ASSETS (contd.)

#### NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDING 31, MARCH, 2019

(Rupees)

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01.04.2018	Addition/ Adjustment for the Year	Deletion/ for the Year	As on 31.03.2019	As on 01.04.2018	Depreciation for the Year	Revaluation the year	Deletion for 31.03.2019	As on 31.03.2019	As on 31.03.2019
<b>2A. Tangible Assets</b>										
Freehold Land	3,39,65,000	-	-	3,39,65,000	-	-	-	-	-	3,39,65,000
Building (Factory)	4,91,08,850	59,28,082	-	5,50,36,932	3,79,192	10,05,184	5,73,181	-	19,57,557	5,30,79,375
Plant & Machinery	20,04,67,288	1,25,86,263	-	21,30,53,551	6,67,05,615	1,26,24,072	-	-	7,93,29,687	13,37,23,864
Electrical Installation	2,58,58,946	10,90,709	-	2,69,49,655	1,29,31,347	18,30,288	-	-	1,47,61,635	1,21,88,020
Computer	9,77,583	79,618	-	10,57,201	7,86,618	59,810	-	-	8,46,428	2,10,773
Office Equipment	8,10,300	40,572	-	8,50,872	7,06,173	23,569	-	-	7,29,742	1,21,130
Furniture & Fixtures	15,32,506	2,87,789	-	18,20,295	13,04,640	1,15,548	-	-	14,20,188	4,00,107
Vehicle	16,18,087	3,43,638	-	19,61,725	10,02,174	2,35,948	-	-	12,38,122	7,23,603
<b>TOTAL</b>	<b>31,43,38,560</b>	<b>2,03,56,671</b>	<b>-</b>	<b>33,46,95,231</b>	<b>8,38,15,759</b>	<b>1,58,94,419</b>	<b>5,73,181</b>	<b>-</b>	<b>10,02,83,359</b>	<b>23,44,11,872</b>
<b>2B. Capital Work in Progress</b>										
CAPITAL W-I-P	3,82,310	4,84,789	-3,82,310	4,84,789	-	-	-	-	-	4,84,789
<b>TOTAL</b>	<b>31,47,20,870</b>	<b>2,08,41,460</b>	<b>(3,82,310)</b>	<b>33,51,80,020</b>	<b>8,38,15,759</b>	<b>1,58,94,419</b>	<b>5,73,181</b>	<b>-</b>	<b>10,02,83,359</b>	<b>23,48,96,661</b>

31.3.2020  
(Rupees)

31.3.2019  
(Rupees)

### NOTE 3: OTHER ASSETS (FINANCIAL ASSETS)

(Unsecured, considered good unless otherwise stated)

Long term Deposit with Banks maturing after 12 months

Fixed deposits are lien marked for total facility against the said fixed deposit

(Fixed deposits are lien marked for total facility against the said fixed deposit)

22,13,235

28,70,555

22,13,235

28,70,555

### NOTE 4: OTHER NON CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

Advance for Capital Goods

Long Term Deposits

Balance with Government Authorities

-

16,01,600

47,75,641

63,77,241

15,21,769

13,53,400

27,99,620

56,74,789



**Notes (Contd.)**

	31.3.2020 (Rupees)	31.3.2019 (Rupees)
<b>NOTE 5: INVENTORIES</b>		
Raw Materials	4,68,09,782	2,85,27,546
Stores, Packing Material & Fuel	1,31,62,177	91,19,129
Finished Goods	78,51,552	1,35,38,252
(Note- Inventories have been hypothecated with banks against cash credit facility.)		
	----- 6,78,23,512 =====	----- 5,11,84,927 =====

<b>NOTE 6: TRADE RECEIVABLES</b>		
(Unsecured, considered good unless otherwise stated)		
Considered Good		
Related Party	69,60,523	1,25,48,468
Other party	8,78,93,865	7,74,08,998
	----- 9,48,54,388 =====	----- 8,99,57,466 =====
Considered Doubtful	-	-
Note- A) Trade Receivables have been hypothecated with banks against cash credit facility.		
B) Credit risk arising from trade receivables is managed in accordance with company's established policy with regard to credit limits, control and approval procedure. The company provides for expected credit losses on trade receivables based on simplified approach as per Ind AS 109 Under this Approach, expected credit losses are computed basis the probability of defaults over the lifetime of the asset. This allowance is measured taking into account credit profile of the customer, geographical spread, trade channels, past experience of defaults, estimates of future uncertainties etc. Further, management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk.		
	----- 9,48,54,388 =====	----- 8,99,57,466 =====

<b>NOTE 7: CASH AND CASH EQUIVALENTS</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	2,34,166	83,523
<b>Balances with Banks</b>		
Current Account	49,097	13,127
	----- 2,83,263 =====	----- 96,650 =====

<b>NOTE 8: BANK BALANCES OTHER THAN CASH &amp; CASH EQUIVALENTS</b>		
Other Bank Balance	83,454	1,92,300
(Balance earmarked for Unclaimed Dividend)		
	----- 83,454 =====	----- 1,92,300 =====

**Notes (Contd.)**

	31.3.2020 (Rupees)	31.3.2019 (Rupees)		
<b>NOTE 9: OTHER FINANCIAL ASSETS</b>				
<b>Unsecured &amp; Considered Good</b>				
Loans & Advances to Employees	3,48,000	3,21,352		
Balance with Government authorities	81,95,300	54,47,806		
	-----	-----		
	<b>85,43,300</b>	57,69,158		
	=====	=====		
<b>NOTE 10: OTHER CURRENT ASSETS</b>				
Advance to Suppliers	39,23,051	59,20,085		
Deposit for OCC Import	4,70,000	50,000		
Prepaid Expenses	7,13,685	9,25,806		
Insurance Claim Receivable	-	3,80,717		
	-----	-----		
	<b>51,06,736</b>	<b>72,76,608</b>		
	=====	=====		
<b>NOTE 11: CURRENT TAX ASSET (NET)</b>				
Income Tax Receivables (Net)	5,85,094	5,72,621		
	-----	-----		
	<b>5,85,094</b>	5,72,621		
	=====	=====		
<b>NOTE 12: SHARE CAPITAL</b>				
<b>AUTHORISED CAPITAL</b>				
35,00,000 (35,00,000) Equity Shares of Rs.10/- each	3,50,00,000	3,50,00,000		
	-----	-----		
	<b>3,50,00,000</b>	3,50,00,000		
	=====	=====		
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>				
26,92,265 Equity Shares of Rs.10/- each fully paid up (26,92,265 Equity Shares of Rs.10/- each fully paid up)	2,69,22,650	2,69,22,650		
	-----	-----		
	<b>2,69,22,650</b>	2,69,22,650		
	=====	=====		
a. Details of shareholders holding more than 5% shares in the company				
	<b>31.03.2020</b>	<b>31.03.2019</b>		
<b>NAME OF SHAREHOLDER</b>	<b>% Held</b>	<b>% Held</b>	<b>No.of Shares</b>	<b>No.of Shares</b>
Omprakash Damodar Rathi	9.93	9.93	2,67,360	2,67,360
Kailash P. Agarwal	8.99	8.60	2,41,995	2,31,495
Akshay Omprakash Rathi	8.48	8.48	2,28,405	2,28,405
Anil Kumar Lakhotiya	6.92	6.92	1,86,295	1,86,295
Mangla Omprakash Rathi	5.61	5.61	1,50,945	1,50,945
b. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period				
<b>PARTICULARS</b>			<b>No.of Shares</b>	<b>No.of Shares</b>
Equity Shares at the beginning of the year			26,92,265	26,92,265
Add: Shares issued during the year			-	-
			-----	-----
Equity Shares at the end of the year			26,92,265	26,92,265
			-----	-----



**Notes (Contd.)**

**c. The Company has not allotted any shares for consideration other than cash during 5 years preceding March 31, 2020**

**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.

	<b>31.3.2020 (Rupees)</b>	<b>31.3.2019 (Rupees)</b>
<b>NOTE 13: BORROWINGS</b>		
<b>Secured</b>		
From Banks		
Term Loan from Bank (Refer Note. 17) (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. First term loan of Rs 5.50 crores is repayable in 60 monthly installment amounting to Rs 9.16 lacs from F.Y.2015-2016, second term loan of Rs 1.50 cr 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 cr is repayable in 72 monthly installments amounting to Rs 2.90 lacs for 11 month, 2.75 lacs for 60 month and last installment of 3 lacs from FY 2016-2017 onwards.)	<b>70,52,448</b>	1,27,75,406
From NBFC	-	1,30,220
1) Loan of Rs, 7.90 Lacs payable in 24 Equated monthly installments of Rs. 37920/- per month against hypothecation of Forklift.		
2) Loan of Rs, 7.50 Lacs payable in 24 Equated monthly installments of Rs. 35375/- per month against hypothecation of Mahindra Tractor -605.		
<b>Unsecured Loans</b>		
From Others		
Related Parties - Repayable on demand after 1st April, 2021	<b>1,92,90,503</b>	1,82,00,001
	<b>2,63,42,951</b>	3,11,05,627
	=====	=====

**NOTE 14: Non Current - Provisions**

Employee Benefits	<b>21,83,355</b>	16,62,107
	<b>21,83,355</b>	16,62,107
	=====	=====

**Notes (Contd.)**

	31.3.2020 (Rupees)	31.3.2019 (Rupees)
<b>NOTE 15: DEFERRED TAX LIABILITIES</b>		
<b>(a) Breakup of Deffered Tax Liability at the end of the year</b>		
Nature of Timing Difference		
Property Plant & Equipment	2,09,00,188	2,12,35,308
<b>Total Deferred Tax liability</b>	<b>2,09,00,188</b>	<b>2,12,35,308</b>
<b>(a) Breakup of Deffered Tax Assets at the end of the year</b>		
Nature of Timing Difference		
Dissallowances u/s 43B and others	6,35,262	11,21,348
<b>Total Deferred Tax liability</b>	<b>6,35,262</b>	<b>11,21,348</b>
<b>Deferred Tax Asset /Liabilities (Net)</b>	<b>2,02,64,926</b>	<b>2,01,13,960</b>
<b>Mat Credit Entitlement</b>	<b>(18,08,134)</b>	<b>(70,89,950)</b>
<b>Total</b>	<b>1,84,56,792</b>	<b>1,30,24,010</b>
<b>NOTE 16: SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
From Banks		
Working Capital Facilities	6,18,43,531	5,56,75,684
(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. These borrowings are repayable on demand.)		
	<b>6,18,43,531</b>	<b>5,56,75,684</b>



Notes (Contd.)

	31.3.2020 (Rupees)	31.3.2019 (Rupees)
<b>NOTE 17: TRADE PAYABLES</b>		
<b>Payable for Goods &amp; Services</b>		
Total outstanding due to micro, small and medium enterprise	1,13,23,685	63,91,681
Total outstanding dues other than micro enterprises & small enterprises	4,77,21,782	4,32,65,194
	<u>5,90,45,467</u>	<u>4,96,56,875</u>
	=====	=====

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31,2020 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the company

**The Principal amount and interest due there on remaining unpaid to suppliers under MSMED Act:**

Principle	1,13,23,685	63,91,681
Interest	-	-

ii) The amount of interest credit by the buyer in terms of section 16, of the MSMED Act,2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.

- -

iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.

- -

iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.

- -

v) The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act,2006.

- -

**NOTE 18: OTHER FINANCIAL LIABILITIES : CURRENT**

**Current Portion of Long Term Borrowings (Refer Note. 13)**

- Term Loan from Bank	66,48,561	1,76,50,350
- Term Loan from NBFC	1,30,397	9,28,040
- Interest Accrued but not due on Term Loans	5,74,035	2,62,026
Payable for Capital Goods	-	7,75,995
Dividend Payable	-	1,92,300
Payable to Investor Education & Protection Fund	84,300	-
Employee Payables	8,03,704	7,90,876
	<u>2,05,99,587</u>	<u>1,83,43,559</u>
	=====	=====

**NOTE 18 : OTHER CURRENT LIABILITIES**

Statutory Dues	5,37,842	5,39,205
	<u>5,37,842</u>	<u>5,39,205</u>
	=====	=====

## Notes (Contd.)

	31.3.2020 (Rupees)	31.3.2019 (Rupees)
<b>NOTE 20: PROVISIONS</b>		
Income Tax Payable	-	14,88,650
Bonus, Leave Encashment Payable	14,54,879	14,50,129
Current Provision for Gratuity (Refer Note 32)	16,70,270	16,03,900
	-----	-----
	<b>31,25,149</b>	45,42,679
	=====	=====

## NOTE 21: REVENUE FROM OPERATIONS

<b>Sale of Products</b>		
- Manufacturing (Net)	68,80,47,764	79,62,04,612
- Trading Sale	12,34,765	-
	-----	-----
	<b>68,92,82,529</b>	79,62,04,612
<b>Other Operating Revenue</b>		
- PSI Subsidy	94,43,500	94,43,500
	-----	-----
	<b>69,87,26,029</b>	80,56,48,112
	=====	=====

## NOTE 22: OTHER INCOME

Gain /(Loss) on Foreign Exchange Fluctuation	5,88,805	7,72,877
Sale of Scrap	2,46,110	-
Miscellaneous Income	33,919	-
Interest Income	1,69,041	2,30,579
	-----	-----
	<b>10,37,875</b>	10,03,456
	=====	=====

## NOTE 23: COST OF MATERIAL CONSUMED

Opening Stock	2,85,27,546	2,51,73,512
Add: Purchases	45,11,58,300	49,15,01,565
	-----	-----
	<b>47,96,85,847</b>	51,66,75,077
Less: Closing Stock	4,68,09,782	2,85,27,546
	-----	-----
	<b>43,28,76,064</b>	48,81,47,531
	=====	=====

## NOTE 24: CHANGES IN INVENTORIES OF FINISHED GOODS

Opening Stock	1,35,38,252	90,81,967
Less : Closing Stock	78,51,552	1,35,38,252
	-----	-----
	<b>56,86,699</b>	(44,56,285)
	-----	-----
	<b>(44,56,285)</b>	-34,72,642
	=====	=====



Notes (Contd.)

	31.3.2020 (Rupees)	31.3.2019 (Rupees)
<b>NOTE 25: EMPLOYEE BENEFIT EXPENSES</b>		
Salary & Wages	1,90,24,629	1,89,48,904
Contribution to Funds	20,72,611	20,25,184
Staff Welfare Expenses	2,39,427	4,48,302
	<u>2,13,36,667</u>	<u>2,14,22,390</u>
<b>NOTE 26: FINANCE COSTS</b>		
Interest Expenses	90,30,453	1,39,16,819
Other Borrowing Cost	3,25,908	4,59,875
	<u>93,56,361</u>	<u>1,43,76,694</u>
<b>NOTE 27: OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Factory Expenses	46,61,821	45,31,691
Finished Goods Packing and Allied Charges	28,41,598	25,85,804
Packing Material Consumed	77,84,929	71,01,158
Power and Fuel Consumed	13,10,93,465	12,78,20,727
Raw Material Sorting Charges	41,67,429	40,86,715
Repairs & Maintenance		
- Machinery	1,39,43,254	2,01,31,465
- Building	9,54,274	21,55,685
Security Service Charges	6,89,707	6,93,091
Stores & Spares Consumed	60,68,107	63,65,175
Waste paper Feeding Charges	66,59,960	65,22,638
	<u>17,88,64,544</u>	<u>18,19,94,149</u>
	( A )	
<b>ESTABLISHMENT EXPENSES</b>		
Auditors Remuneration		
Statutory Audit Fees	2,75,000	2,50,000
Internal Audit Fees	1,96,000	3,60,000
Audit Expenses	11,546	15,815
Bank Commission & Charges	6,08,224	5,45,794
Bad Debts	2,927	30,11,375
CSR Expenses	3,80,250	-
Donation	13,002	34,600
Insurance Charges	9,44,137	10,49,138
General Expenses	11,33,602	5,22,260
<b>GST Audit Fees</b>		
- FY 2018-19 (FY 2017-18)	40,000	30,000
- FY 2019-20	45,000	-
Legal & Professional Charges	8,69,959	23,02,392
Listing Expense	64,000	64,000
Office Expenses	4,82,428	4,39,293
Printing & Stationery	2,37,277	2,02,818
Rates & Taxes	12,14,761	26,11,862
Repairs & Maintenance		
- Vehicle	5,87,236	5,96,008
- Others	4,09,071	5,92,470
Rent for Office Premises	3,12,000	3,37,400
Travelling & Conveyance	13,55,567	7,41,773
Telephone Charges	57,609	1,07,806
	<u>92,39,597</u>	<u>1,38,14,803</u>
	( B )	

**Notes (Contd.)**

	31.3.2020 (Rupees)	31.3.2019 (Rupees)
<b>NOTE 27: OTHER EXPENSES (Contd.)</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertisement	1,38,158	77,814
Commission on Sales	22,53,035	33,96,669
Insurance on Sales	86,275	3,27,417
( C )	24,77,468	38,01,900
( A+ B + C )	<u>19,05,81,609</u>	<u>19,96,10,852</u>
<b>NOTE 28: OTHER COMPREHENSIVE INCOME</b>		
<b>Particulars</b>		
<b>A</b> (i) Items that will not be reclassified in the profit & loss		
Remeasurement of defined benefit liabilities	-1,86,251	-5,35,558
Revaluation Surplus on Revaluation of Fixed Assest ( Land & Building)	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-
	<u>-1,86,251</u>	<u>-5,35,558</u>
<b>B</b> (i) Items that will be reclassified to the profit & loss		
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-
Total (A+B)	<u>-1,86,251</u>	<u>-5,35,558</u>
<b>NOTE 29: EARNING PER SHARE</b>		
Net Profit after tax from continuing operation	1,13,92,079	5,89,93,360
Weighted average number of Equity shares outstanding (Face Value of Re. 10 per Eq. Share)	26,92,265	26,92,265
Earning per share	4.23	21.91
Diluted Earning per Share	4.23	21.91
<b>NOTE 30 : SUPPLEMENTARY INFORMATION</b>		
<b>A. CIF VALUE OF IMPORTS</b>		
Raw Material - Waste Paper	12,06,43,906	13,12,00,775
Capital Goods	15,27,900	3,06,629
Stores & Spare Parts	11,59,882	-
<b>B. STOCKS</b>		
<b>RAW MATERIAL</b>		
Waste Paper	4,38,90,778	2,59,58,250
Chemicals	29,19,004	25,69,296
<b>C. FINISHED GOODS</b>		
Kraft Paper	78,51,552	1,35,38,252



Notes (Contd.)

	31.3.2020 (Rupees)	31.3.2019 (Rupees)
<b>NOTE 30 : SUPPLEMENTARY INFORMATION (Contd.)</b>		
<b>D. VALUE OF RAW MATERIAL, STORES &amp; SPARES CONSUMPTION:</b>		
<b>Imported</b>		
<b>Raw Material</b>		
Waste Paper		
Value	<b>15,28,72,056</b>	16,40,88,298
Percentage of Total Consumption	35%	37%
<b>Stores &amp; Spare Parts</b>		
Value	<b>11,59,882</b>	-
Percentage of Total Consumption	19%	0%
<b>Indigenous</b>		
<b>Raw Material</b>		
Waste Paper		
Value	<b>28,00,04,008</b>	27,50,08,120
Percentage of Total Consumption	65%	63%
<b>Chemicals</b>		
Value	<b>4,18,30,146</b>	4,90,51,113
Percentage of Total Consumption	100%	100%
<b>Stores &amp; Spare Parts</b>		
Value	<b>49,08,225</b>	63,65,175
Percentage of Total Consumption	81%	100%
<b>E. SALES</b>		
<b>Kraft Paper</b>		
Manufacturing Sales (Net of Taxes)		
Kraft Paper	<b>69,87,26,029</b>	80,56,48,112

**NOTE 31 : AUDITORS REMUNERATION**

Audit fee	<b>2,75,000</b>	2,50,000
Audit Expenses	11,546	1,93,485
	<b>2,86,546</b>	4,43,485
	=====	=====

**NOTE 32: Disclosure required by INDAS 19-Employee Benefits**

**(a) Defined Benefit Plans:**

<b>Gratuity Fund</b>	<b>44,94,616</b>	41,61,629
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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 IND AS 19.

**Notes (Contd.)**

	Year Ended March 31, 2020 (Rupees)	Year Ended March 31, 2019 (Rupees)
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>		
<b>Reconciliation of Opening and Closing balance of the Present Value of the defined benefit obligation</b>		
Obligation at period beginning	67,81,359	59,67,726
Current service cost	4,60,436	4,28,611
Past Service Cost	-	-
Interest Cost	5,28,268	4,67,273
Actuarial (gain) / loss	1,52,900	4,97,798
Benefits paid	(2,03,896)	(5,80,049)
Actuarial (gain) / loss due to Experience	-	-
<b>Obligations at the year end</b>	<b>77,19,067</b>	<b>67,81,359</b>
Change in Plan Assets		
Plan assets at period beginning, at fair value	41,61,629	39,98,549
Expected return on plan assets	3,24,191	3,13,086
Actuarial gain / (loss)	(33,351)	(37,760)
Contributions	2,46,043	4,67,803
Benefits paid	(2,03,896)	(5,80,049)
<b>Plan assets at the year end, at fair value</b>	<b>44,94,616</b>	<b>41,61,629</b>
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>		
Fair Value of plan assets at the end of the year	(44,94,616)	(41,61,629)
Present value of the defined benefit obligations at the end of the year	77,19,067	67,81,359
<b>Liabilities/(Assets) recognised in the Balance Sheet</b>	<b>32,24,451</b>	<b>26,19,730</b>
Cost for the year		
Current service cost	4,60,436	4,28,611
Past Service Cost	-	-
Interest Cost	5,28,268	4,67,273
Expected return on plan assets	(3,24,191)	(3,13,086)
Actuarial (gain) / loss	1,86,251	5,35,558
<b>Net Cost recognised in the Statement of Profit and Loss</b>	<b>8,50,764</b>	<b>11,18,356</b>
<b>Assumptions used to determine the benefit obligation:</b>		
Discount Rate	6.86%	7.79%
Estimated rate of return on plan assets	6.86%	7.79%
Expected rate of increase in salary	6.00%	6.00%
Attrition Rate	19.72%	21.58%
Actual return on plan assets	2,90,840	2,75,326

**(b) Provident Fund**

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

**NOTE 33:**

Persuant to the enactment of Companies Act, 2013, the Company has applied the estimated useful lives as specified in Schedule II, Accordingly the unamortised carrying value is being depreciated /amortised over the revised/remaining useful lives. The entity adopts the revaluation model under IND AS 16 for Land and Building pertaining to same class of assets. As per the management's estimation there is no material change in the valuation of Factory Land & Building hence there is no change in the valuation of Factory & Building.

**NOTE 34:**

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 27.



**Notes (Contd.)**

**NOTE 35: RELATED PARTIES DISCLOSURE**

**Directors/ Key Management Personnel**

Mr. Kailash Chand Agarwal  
 Mr. Anil kumar Lakhotiya  
 Mr. Jarnailsingh Saini  
 Mr. Omprakash D. Rathi

**Enterprises in which there is a significant influence of Members/Directors**

Kaygaon Paper Mills Private Limited  
 Saini Transport Company  
 Chandra Sales Corporation  
 Chandra Coal Private Limited

**Others**

**(a) 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
Ms. 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 Maheswari
Mrs. Anita Lakhotiya	

	Year Ended March 31, 2020 (Rupees)	Year Ended March 31, 2019 (Rupees)
<b>Disclosure of material transaction with related parties</b>		
<b>RELATED PARTY TRANSACTIONS DURING THE YEAR</b>		
<b>Profit &amp; loss A/c</b>		
<b>Sales</b>		
Kaygaon Paper Mills Limited	17,17,324	1,39,240
<b>Freight Charges</b>		
Saini Transport Company	60,84,086	67,73,222
<b>Interest Paid</b>		
Mr. Anil kumar Lakhotiya	2,07,437	1,45,055
Mr. Omprakash Damodar Rathi	-	2,95,931
Mr. Jarnailsingh Saini	6,64,825	8,11,311
Mr. Kailashchandra P Agarwal	-	73,907
Mr. Karnailsingh Saini	-	58,182
Mr. Baljit Singh Saini	-	2,25,350
Mr. Kuldeepsingh Saini	-	29,092
Mr. Sartaj Manindersingh Saini	1,55,578	1,81,970
Mrs. Baljit Kaur Manindersingh Saini	1,03,720	1,41,434
Mrs. Garima Maheshwari	-	-
Mrs. Anita Lakhotiya	82,975	93,542
Mrs. Kailash Kaur Jarnailsingh Saini	3,11,157	3,63,180
Mrs. Hazelkaur Manindersingh Saini	1,03,720	1,25,621
Mrs. Sanjamkumar Saini	82,975	98,976

**Notes (Contd.)**

	Year Ended March 31, 2020 (Rupees)	Year Ended March 31, 2019 (Rupees)
<b>Disclosure of material transaction with related parties (contd.)</b>		
<b>Interest Paid</b>		
Mrs. Kajal Sanjay Agrawal	-	2,61,562
Mrs. Snehlata A Lakhotiya	<b>1,65,950</b>	3,57,943
Mr. Gaurav Lakhotiya	-	73,321
M/s. Saini Travels Private Limited	-	98,045
<b>Director's Remuneration and Incentives</b>		
Mr. Kailash Chand Agarwal (Includes Bonus)	<b>17,80,000</b>	17,80,000
Mr. Anil kumar Lakhotiya (Includes Bonus)	<b>17,80,000</b>	17,80,000
Mr. Jarnailsingh Saini (Includes Bonus)	<b>7,60,000</b>	7,50,000
Mr. Omprakash D. Rathi (Includes Bonus)	<b>7,60,000</b>	5,23,846
<b>Purchase of Coal</b>		
Chandra Coal Private Ltd (Coal Purchase & Coal Liasoning Charges)	<b>10,43,247</b>	49,66,374
<b>Purchase of Raw material (Net)</b>		
Chandra Sales Corporation	<b>6,32,928</b>	25,13,388
Kaygaon Paper Mills Ltd	<b>3,41,586</b>	-
<b>Sale of Finished Goods (Net)</b>		
Chandra Sales Corporation	<b>6,56,47,643</b>	8,61,74,052
<b>Balance Sheet</b>		
Loan Accepted		
Mr. Anil M. Lakhotiya	<b>1,86,694</b>	3,78,209
Mr. Omprakash Damodar Rathi	-	2,66,338
Mrs. Anita Lakhotiya	<b>74,676</b>	84,188
Mrs. Hazelkaur Manindersingh Saini	<b>93,348</b>	1,13,058
Mr. Karnailsingh Saini	-	52,364
Mr. Baljitsingh Saini	-	2,02,815
Mr. Kuldeepsingh Saini	-	26,183
Mr. Sartaj Manindersingh Saini	<b>1,40,020</b>	1,63,773
Mr. Gaurav Lakhotiya	-	65,989
Sanjamkumar Saini	<b>74,676</b>	89,078
Kajal Sanjay Agrawal	-	2,35,046
Mrs. Kailash Kaur	<b>2,80,041</b>	3,26,861
Baljitkaur Saini	<b>93,348</b>	1,27,291
Mrs. Snehlata A Lakhotiya	<b>1,49,356</b>	3,22,149
Jarnailsingh Saini	5,98,343	7,30,180
Kailashchandra P Agarwal	-	66,516
Saini Travels Private Limited	-	88,240
<b>Loan Repaid</b>		
Mr. Anil M. Lakhotiya	-	19,07,076
Mr. Omprakash Damodar Rathi	-	45,65,870
Anita Lakhotiya	-	38,017
Mrs. Hazelkaur Manindersingh Saini	-	1,25,408
Mr. Karnailsingh Saini	-	6,84,456
Mr. Baljitsingh Saini	-	26,50,970
Mr. Kuldeepsingh Saini	-	3,42,231
Mr. Sartaj Manindersingh Saini	-	1,30,215
Mr. Gaurav Lakhotiya	-	15,71,315
Sanjamkumar Saini	-	86,698
Kajal Sanjay Agrawal	-	58,38,121
Mrs. Kailash Kaur	-	2,53,632



Notes (Contd.)

			Year Ended March 31, 2020 (Rupees)	Year Ended March 31, 2019 (Rupees)
<b>Loan Repaid (Contd.)</b>				
Baljitkaur Saini			-	2,67,061
Mrs. Snehlata A Lakhotiya			-	22,23,859
Jarnailsingh Saini			<b>6,00,000</b>	9,03,074
Kailashchandra P Agarwal			-	11,97,238
Saini Travels Private Limited			-	15,88,240
<b>CLOSING BALANCES</b>				
		<b>Max.O/S.</b>		
	<b>31.03.2020</b>	<b>31.03.2019</b>		
<b>Loans Taken</b>				
Mr. Anil M. Lakhotiya	21,86,694	35,28,867	<b>21,86,694</b>	20,00,000
Baljit Singh Saini	-	24,48,155	-	-
Mr. Sartaj Manindersingh Saini	16,40,020	15,00,000	<b>16,40,020</b>	15,00,000
Mr. Baljit Kaur	10,93,348	11,39,770	<b>10,93,348</b>	10,00,000
Mrs. Anita Lakhotiya	8,74,676	7,53,829	<b>8,74,676</b>	8,00,000
Mrs. Kailash Kaur	32,80,041	29,26,771	<b>32,80,041</b>	30,00,000
Mr. Jarnailsingh Saini	70,00,494	66,72,894	<b>64,98,343</b>	65,00,000
Mrs. Hazelkaur Manindersingh Saini	10,93,348	10,12,350	<b>10,93,348</b>	10,00,000
Sanjamkumar Saini	8,74,676	7,97,620	<b>8,74,676</b>	8,00,000
Mrs. Snehlata A Lakhotiya	17,49,357	35,01,711	<b>17,49,357</b>	16,00,001
<b>Trade Payables</b>				
Chandra Coal Private Ltd			<b>1,73,652</b>	4,19,887
Chandra Sales Corporation			-	7,23,744
Saini Transport company			<b>8,79,467</b>	6,58,176
<b>Trade Receivables</b>				
Chandra Sales Corporation			<b>43,04,700</b>	49,74,122
Chandra Coal Private Ltd			<b>26,55,823</b>	1,406

**NOTE 36: CONTINGENT LIABILITIES**

**Contingent liabilities not provided for in respect of:**

Bank Guarantee given to M.S.E.D.C.L.	<b>50,00,000</b>	50,00,000
Bank Guarantee given to Western Coal Fields Ltd	<b>3,50,000</b>	3,50,000
Bank Guarantee given to M.P.C.B.	<b>5,00,000</b>	5,00,000
Interest as per section 16 of MSMED Act	<b>10,963</b>	-

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

- Demand Raised excluding interest	<b>1,72,25,881</b>	1,72,25,881
- Penalty Levied	<b>1,00,80,910</b>	1,00,80,910

The Company had received demand of Rs 2,73,06,791 in earlier 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 had not made any provision against the same.

**Excise Duty From July 2003 to March 2004**

- Demand Raised excluding interest	-	-
- Penalty Levied	<b>6,67,226</b>	6,67,226

**Excise Duty From April 2004 to October 2004**

- Demand Raised excluding interest	-	-
- Penalty Levied	<b>6,27,223</b>	6,27,223

In Past, 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. The Company has paid the basic Demand under protest amounting to 12,94,449/- to save interest and penalty on suomoto basis. Based on the legal advice, the Company had not made any provisions against the said demand. In absence of any progress on the said matter, during the year, the company has written of the said amount paid in FY 2018-19.

**Notes (Contd.)****NOTE 37:**

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

**NOTE 38:**

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 39:**

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 40: PSI Subsidy**

PSI Subsidy for FY 2017-18 is recognised in the books after the receipt of provisional sanction from office of District Industries Centre.

**NOTE 41:****Unhedged Foreign Exchange Exposure**

	Outstanding in Forex USD	Outstanding in INR 2019-2020	Outstanding in Forex USD	Outstanding in INR 2018-2019
Advance to Suppliers for Capital goods and stores	-	-	22,000	15,21,769
	Nil	Nil	Nil	Nil
Trade Payables for Raw Materials & Stores	-	-	17,930	12,40,241
	Nil	Nil	Nil	Nil

Note: USD to INR conversion rate is Rs. 69.1713 per USD from RBI website dated 29/03/2019. (Rs. 64.0441 per USD dated 28/03/2018).

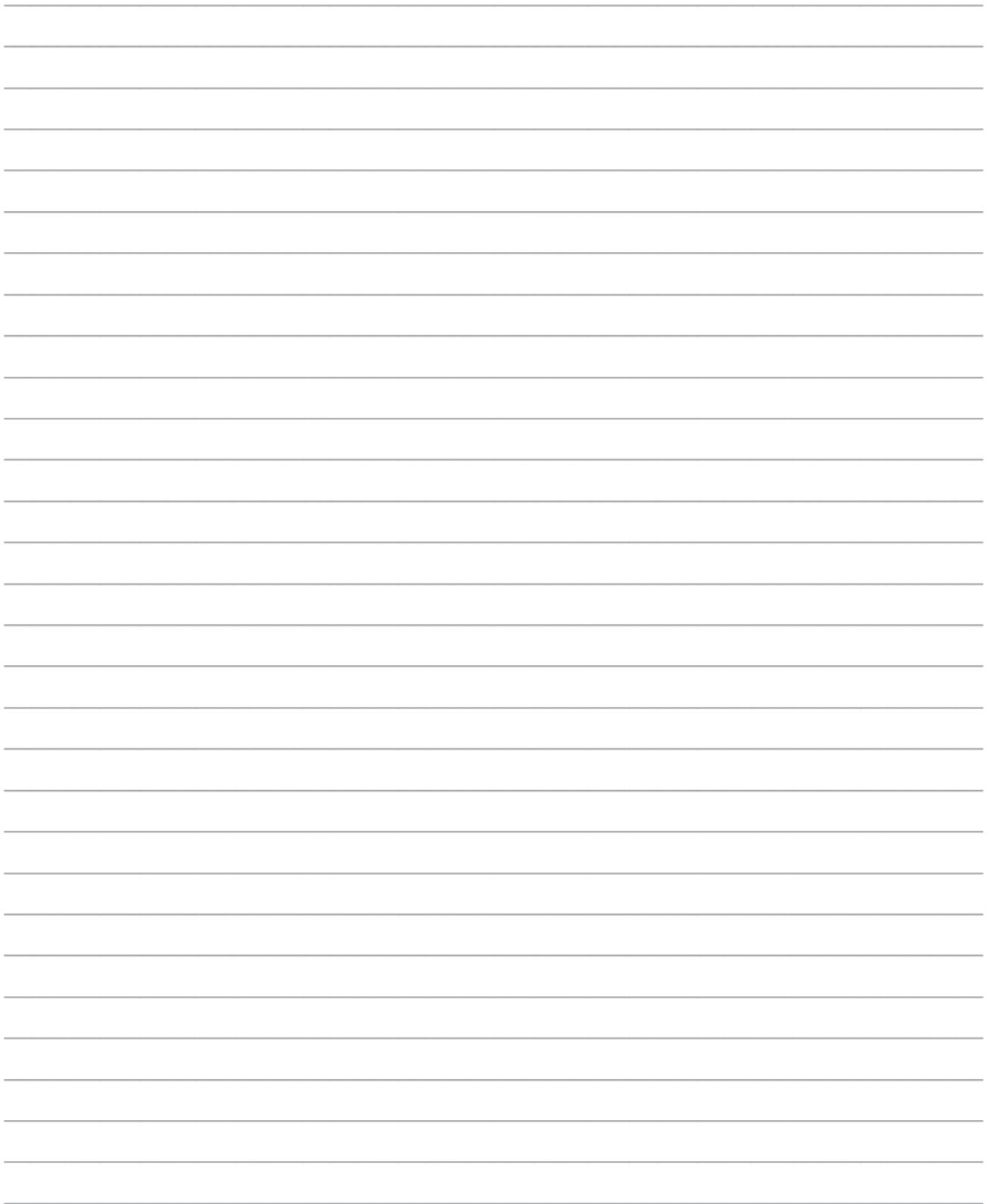
**NOTE 42: Unpaid Dividend**

Unpaid Dividend for FY 2010-11, is transferred to Investor Education and Protection Fund, on 30/06/2020.

**NOTE 43:**

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 AND ON BEHLAF OF THE BOARD	
For <b>DARAK AND ASSOCIATES</b>	<b>KAILASH AGARWAL</b> (DIN:00367292)	- <b>MANAGING DIRECTOR</b>
<b>CHARTERED ACCOUNTANTS</b>		
FIRM REGISTRATION NO. 132818W	<b>ANIL KUMAR LAKHOTIYA</b> (DIN:00367361)	- <b>JOINT MANAGING DIRECTOR</b>
<b>CA AMIT M. DARAK</b>	<b>JARNAIL SINGH SAINI</b> (DIN:00367656)	- <b>CHIEF FINANCIAL OFFICER &amp; WHOLE TIME DIRECTOR</b>
<b>PARTNER</b>		
Membership No. 144005	<b>OMPRAKASH RATHI</b> (DIN:00895316)	- <b>WHOLETIME DIRECTOR</b>
UDIN : 20144005AAAAAL9647		
	<b>MAYANK LUNIYA</b>	- <b>COMPANY SECRETARY</b>
NAGPUR: 03.07.2020	NAGPUR: 03.07.2020	





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2019 - 2020**

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