

**CORPORATE INFORMATION****BOARD OF DIRECTORS**

Comde A N Sonsale, Chairman cum Managing Director
Sh. Ravindra Kumar, Director (Finance)
Sh. Arvind Kumar
Capt. Anil Kumar Khare

| Key. Executives | | Offices |
|--|--|---|
| At Registered Office: Sh. Sanjay Kumar Ojha Company Secretary & CFO E. mail: secretary@nepamills.nic.in Ph : 07325-222167 Sh. R. Alagesan G.M. (Works & Project) E. mail : gmpw@nepamills.nic.in Ph: 07325-222273 Sh. S. S. Kothalkar D.G.M. (Works) & Factory Manager E.mail: works@nepamills.nic.in Ph: 07325-222133 Sh. N.R.A. Khan D.G.M. (Mktg.) E.mail: marketing@nepamills.nic.in Ph: 07325-222178 Sh. Arun Mishra D.G.M. (Comml.) E.mail:commercial@nepamills.nic.in Ph: 07325-222242 Sh. Ajay Goel D.G.M. (Maint.) E-mail:mechanical@nepamills.nic.in | At Regional Office: Delhi Office: Sh. Sudhir Sinha Regional Manager (Delhi) E.mail: nepadelhi@nepamills.nic.in Ph:011-24615894 Mumbai Office: Sh. Shishirendra Singh Liaison Officer(Mumbai) E.mail:nepamumbai@nepamills.nic.in Ph:022-27745006 Bhopal Office: Sh. P.K. Baithalu Regional Manager (Bhopal) E.mail: nepabhupal@nepamills.nic.in Ph: 0755-2465184 Hempur Office: Sh. Sudhir Sinha Deputy Manager (Plantation) E.mail:nepahempur@nepamills.nic.in Ph: 05947-211460 | Registered Office: Nepanagar, Dist. Burhanpur, Madhya Pradesh. - 450 221 Regional Offices: Delhi Office: D-165, Defence Colony, New Delhi - 110 024 Mumbai Office: Flat No. 103 Prabhu Darshan Plot No. E-114, Sector -3 Belpada, Kharghar Navi Mumbai - 410 210 Bhopal Office: E-7/773, Arera Colony, Bhopal - 462 016 Hempur Office: Captive Plantation, P.O RTC, Hempur, Dist. Udham Singh Nagar, Uttarakhand - 244 716 |
| | Statutory Auditors | Bankers |
| | M/s Khandelwal Kakani & Company Chartered Accountants, Indore | State Bank of India Bank of India |



BRIEF PROFILE OF THE COMPANY

Nepa limited is a pioneer Newsprint Company of India centrally situated at Neapanagar, District Burhanpur in Madhya Pradesh. Its administrative as well as registered office is situated at Neapanagar(M.P). The Company was incorporated on 25th January 1947, originally under the name "The National Newsprint & Paper Mills Ltd" for production of Newsprint and it was the only newsprint manufacturing unit in India up to 1981. The Management of Company was taken over in October 1949, by the State Government of Central Province and Barar (At Present, Madhya Pradesh), Government of India took over controlling interest in 1958. The name of the Company was changed to NEPA LIMITED from the National Newsprint & Paper Mills Ltd. on 21st February, 1989.

The company is currently undergoing a revival and modernisation plan that would enhance the production capacity three folds and will result in a diversified product portfolio including high brightness newsprint and writing paper.

Nepa team is striving for a Clean, Green, Beautiful and Prosperous Nepa.



NEPA LIMITED

To,
The Members,
Nepa Limited

NOTICE is hereby given that the 71st Annual General Meeting of the members of Nepa Limited will be held on Wednesday, 26th September, 2018 at 4.00 PM at the Registered Office of the Company at Nepa Auditorium, Neapanagar, Dist: Burhanpur, Madhya Pradesh – 450 221, to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statement for the year ended 31st March, 2018, the Balance Sheet as on that date and the reports of Directors and Statutory Auditors and the comments of the Comptroller and Auditor General of India, thereon.
2. To appoint a director in place of Sh Arvind Kumar, who retires by rotation and being eligible, offers himself for re-appointment.

By Order of the Board of Directors
Sd/-
Sanjay Kumar Ojha
Company Secretary cum CFO

Date: 28.08.2018
Place: New Delhi



IMPORTANT NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
2. As a measure of economy, copies of Annual Report shall not be distributed at the Meeting, therefore members are requested to bring their own copy at the Meeting.
3. The Register of members of the Company will remain closed from 20th September, 2018 to 26th September, 2018 (both days inclusive).
4. Members seeking further information on the Accounts or any other matter contained in the Notice are requested to write to the Company at least 10 days before the meeting so that relevant information can be kept ready at the meeting.
5. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in order of the names will be entitled to vote.
6. **The Ministry of Corporate Affairs, New Delhi (“MCA”) has undertaken a “Green Initiative” in the field of Corporate Governance by permitting paperless compliances by companies (vide its Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011). Further, the Ministry has also clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s). Members are requested to support this green initiative by registering/ updating their email addresses with the company by sending an email on secretary@nepamills.nic.in.**

7. VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015, the Company is providing facility for voting by electronic means and the businesses set out in Notice of Annual General Meeting, may be transacted through such voting.



The detailed instructions for voting electronically are as under:

I. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- (a) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (b) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (c) Click on Shareholder – Login
- (d) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (e) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (f) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (g) Select "EVEN" of "Nepa Limited".
- (h) Now you are ready for remote e-voting as Cast Vote page opens.
- (i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (k) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (l) Institutional 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sanjaygrover7@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (a) Please follow all steps from Sl. No. (b) to Sl. No. (j) above, to cast vote.
- (b) The USER ID and PASSWORD have been printed on back side.

- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- III. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 19th September, 2018.
- VI. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 19th Sept, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.



OTHER INSTRUCTIONS

- I. The remote e-voting period commences on 23rd September, 2018 at 9:00 A.M. and ends on 25th September, 2018 at 5:00 P.M. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- II. The facility for voting through polling paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.
- III. The Board of Directors has appointed Mr. Dinesh Kumar Gupta, (Membership No. F 5396), Proprietor of M/s. Dinesh Kumar Gupta, Company Secretaries, Indore as Scrutinizer to scrutinize the remote e-voting & poll process in a fair and transparent manner.
- IV. In terms of provisions of Section 107 of the Companies Act, 2013 since the Company is providing the facility of e-voting to the shareholders, there shall be no voting by show of hands at the Annual General Meeting. The shareholders who will be physically present at the Annual General Meeting shall be provided with polling papers to cast their votes at the meeting.
- V. The shareholders can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. In case of voting by both the modes, vote cast through remote e-voting will be considered final and voting through polling paper will not be considered.
- VI. The voting rights of Members for e-voting and for physical voting at the meeting shall be in proportion to their shares of the paid up equity share capital of the Company as on 19th September, 2018.
- VII. The result on resolutions shall be declared on or before the closing business hours on 30th September, 2018 and will be available on the website of the Company. The resolutions will deemed to be passed on the date of Annual General Meeting subject to receipt of the requisite number of votes in favour of the resolutions.
- VIII. 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 AGM through ballot paper.
- IX. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Polling Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- X. The Scrutinizer shall after the conclusion of voting at the Annual general meeting, will first count the votes cast at the meeting and 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 shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XI. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.nepamills.nic.in immediately after the declaration of result by the Chairman or a person authorized by him in writing.



FIVE YEAR DIGEST

(Rs. In Lacs)

| | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---|----------------|------------------|------------------|------------------|------------------|
| Production | 0 | 4482 | 21826 | 30035 | 43110 |
| Revenue from Operation | 1024.70 | 3031.36 | 7099.34 | 10211.91 | 13119.14 |
| Profit before interest & Depreciation | 5779.80 | (4592.56) | (4840.60) | (3283.07) | (4442.86) |
| Interest | 2664.46 | 2555.79 | 2068.77 | 1456.64 | 573.54 |
| Cash Surplus / Deficit | 3115.34 | (7148.35) | (6909.38) | (4716.05) | 2386.70 |
| Depreciation | 107.01 | 91.63 | 99.93 | 94.42 | 106.93 |
| Net Profit / Loss before prior period items | 3008.33 | (7239.38) | (7009.31) | (4834.13) | (5123.33) |
| Equity Share Capital | 52466.95 | 52466.95 | 44791.96 | 10786.12 | 10786.12 |
| Loan (Excl. Interest) | | | | | |
| Long Term | 1729.00 | 3452.20 | 4693.20 | 6965.00 | 6344.40 |
| Shot Term | 3498.72 | 6195.89 | 3361.69 | 213.34 | 152.40 |
| Net Fixed Assets (Excl. Capital Work-in-Progress) | 1832.54 | 2013.20 | 1570.62 | 1643.01 | 1770.74 |
| Current Assets | 14766.60 | 12492.60 | 20865.51 | 14743.98 | 11011.05 |
| Current Liabilites (Incl. unpaid interest on Loans) | 29503.00 | 27107.37 | 18349.09 | 9533.02 | 6856.47 |
| Working Capital | (14736.40) | (14614.77) | 2516.42 | 5210.96 | 4154.58 |
| Capital Employeed | (12903.90) | (12601.57) | 4087.04 | 6853.97 | 5925.32 |
| Net Worth (Incl. Share application money pending for allotment) | (1929.12) | (4941.53) | 1872.14 | (1503.65) | (1632.79) |
| Earnings (Net Profit) to Sale (%) | 0 | (238.82) | (98.73) | (47.70) | 148.62 |
| Number of Employees | 705 | 754 | 811 | 812 | 798 |



EMPLOYEMENT COST SUMMARY

(Rs. In Lakhs)

| Sr. No. | Particulars | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---------|---|----------------|----------------|----------------|----------------|-----------------|
| A) | SALARY & WAGES | 2943.15 | 2838.92 | 2735.99 | 2544.06 | 2069.26 |
| | TOTAL (A) | 2943.15 | 2838.92 | 2735.99 | 2544.06 | 2069.26 |
| B) | EMPLOYEES BENEFITS : | | | | | |
| | Provident Fund & Others | 315.89 | 346.79 | 336.42 | 296.77 | 269.55 |
| | Gratuity | 513.84 | 189.43 | 99.84 | 154.97 | 228.58 |
| | Township | 145.2 | 141.75 | 145.23 | 139.91 | 117.54 |
| | Education | 0 | 0 | 72.21 | 62.61 | 65.98 |
| | Medical | 92.88 | 107.20 | 119.09 | 84.61 | 104.77 |
| | Other Benefits incl. Leave Travel concession, cultural activities | 55.30 | 48.74 | 38.48 | 36.95 | 103.82 |
| | TOTAL (B) | 1123.11 | 833.91 | 811.27 | 775.82 | 890.24 |
| C) | Payment of Employees under VRS and previous year exp. not shown in earlier year : | | | | | |
| | Voluntary Retirement Schemes (VRS) | 0 | 482.22 | 0 | 0 | 5546.11 |
| | Gratuity | 0 | 14.40 | 0 | 0 | 992.96 |
| | Leave Encashment | 0 | 25.81 | 0 | 0 | 1108.85 |
| | TOTAL (C) | 0 | 522.43 | 0 | 0 | 7647.92 |
| | TOTAL (A+B+C) | 4066.26 | 4195.26 | 3547.26 | 3319.88 | 10607.42 |
| | Number of Employees | 705 | 754 | 811 | 812 | 798 |
| | Average Salaries, Wages etc., per employees per Annum (Rs.) | 417468 | 376515 | 337360 | 313308 | 259306 |
| | Average Cost of employees benefit per employees per Annum (Rs.) | 159306 | 110598 | 100033 | 95544 | 111559 |
| | Average Employment Cost per employee per Annum (Rs.) | 576774 | 487113 | 437393 | 408852 | 370865 |

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

To

The Shareholders,
Nepa Limited

Ladies & Gentlemen,

Directors of your company have pleasure in presenting the 71st Annual Report of the company for the Financial Year ended 31st March 2018 along-with the Audited financial statement, Auditors' Report and Report on the accounts by the Comptroller and Auditor-General of India.

1. Financial Performance

During the whole financial year, both machines remained handed over to our vendors for RMDP. The highlights of financial performance of your Company during the Financial Year 2017-18 together with corresponding figures for the Previous Year are given below:

| (Rs. in Lacs) | | |
|--|-------------------|-------------------|
| PARTICULARS | 2017-2018 | 2016-2017 |
| INCOME | | |
| Sales of Newsprint | 30.16 | 2068.42 |
| Sales of Petrol/Diesel/Lubricant | 918.73 | 833.94 |
| Other Operating Income | 75.81 | 129.00 |
| Total Income | 1024.70 | 3031.36 |
| EXPENDITURE | | |
| Raw Materials | -- | 707.81 |
| Manufacturing Expenses | 343.74 | 1424.55 |
| Purchase of Petrol/Diesel/Lubricant | 881.76 | 810.37 |
| Change in inventories of Finished Goods / Stock | 46.11 | 895.32 |
| Employee Remuneration & Benefits | 3921.06 | 4195.26 |
| Expenses on Administration, Township, Social Overheads and Selling & Distribution Expenses | 490.16 | 890.69 |
| Total Expenditure | 5682.83 | 8924.00 |
| Operating Profit/(Loss) | (4658.13) | (5892.64) |
| Interest Income / (Expenses) – Net | (2268.10) | (1759.14) |
| Less: Depreciation | (107.01) | (91.63) |
| Add: Other Income | 10041.57 | 504.03 |
| Profit / (Loss) after Depreciation & Interest | 3008.33 | (7239.38) |
| Prior Period Adjustments | 4.11 | 377.46 |
| Net Profit / (Loss) | 3012.44 | (6861.92) |
| Accumulated Profit / (Loss) | (60411.03) | (63423.47) |



2. PRODUCTION & SALE

During the year 2017-18 no production activities were carried out, as the Paper machines remained stopped completely for Revival and Mill Development Plan (RMDP) work. Total sales during the year were 118 MT only (from balance stock of previous year) as compared to 8043 MT in previous year (i.e. in the year 2016-17). Average sales realization decreased to Rs.25560/- from Rs. 25717/- PMT in previous year, due to stock in hand was either seconds or RP(re-pulping) quality rolls.

3. OPERATION

Entire plant remained shut for implementation of RMDP work. Hence no production has been carried out in the financial year.

4. Vision and Mission

Vision

To be a major contributor and leader in the Indian Paper Industry and make company viable and self-sustainable.

Mission

To meet customer requirement through best quality products, innovation and integration.

5. Revival & Mill Development Plan (RMDP)

Company was referred to BIFR in 1997 and the revival plan of the company was approved by GoI in September, 2012. BIFR sanctioned the revival scheme of the company in March, 2014. The Revival Plan has its major components as installing a new 300 TPD De-inking Plant, Refurbishment of both Paper Machines, Renovation of 12.27 MW Captive Power Plant and renovation of existing 132 kv substation. The company is currently executing this revival and modernization plan that would enhance the production capacity to 100000 TPA and will result in a diversified product portfolio including high brightness newsprint and writing and printing paper. Progress of the work is as under:

Prior Environmental Clearance from SEIAA, Bhopal was issued on 6.11.2015 and CTE Expansion from MPPCB, Bhopal was also granted on 23.1.2016.



100% supplies of DIP equipment have been made and 98% detailed engineering has been completed. Civil works of DIP & RMS (Raw Material Storage) building has been completed more than 85% - 95% supply of RMS building has been completed and Pre Engineered Building (PEB) erection 60% has been completed in RMS. Basic engineering of Chemical handling Plant(CHPP) has been completed and 45% supply of CHPP has been received. Installation of a new 9 MW Captive Power Plant (CPP) has been dropped and it was decided to draw the balance requirement of power from the grid by revamping the existing 132/6.9 KV substation. Revamping of 132/6.9 KV was completed in Aug., 2016 and the same is operational. Dismantling of Paper Machines are nearly completed. Overhauling and Grinding have been nearly completed. 98% detailed engineering has also been completed. Approx. 75% indigenous and 90% imported supply has been completed of Paper Machine Package. Quality Control System (QCS) material has been received at Nepa site. Approx. 30% erection work of 12.27 MW CPP has been completed and 33% of the total supplied items are received at site. 35% civil work of De Mineralised Water (DM) Plant shifting and 100% supply has been received at site.

Out of sanctioned budget of Rs. 285 crores for RMDP, 157 crores already received from GoI and already utilized. Remaining Rs.128 crores was planned to be taken as a term loan from Banks. Now this component is being sought from GoI as equity support, since Bankers were insisting on Govt. guarantee.

The project cost which was estimated at Rs.399 crores in the financial year 2016-17 has got escalated to Rs. 434 crores (net of EPCG benefits). This further increase was mainly as per actual price discovery based on open tendering. Delays on account of fund crunch and changes in tax structures have added to the cost escalation. Therefore, a proposal for an additional budget of Rs.149 crores was submitted to GoI in , September 2017, the same is under process and is expected to be sanctioned shortly.

In the interim, the revival and mill development plan has been temporarily put on hold as per instruction from Board of Directors to conserve resources and restrict liabilities. The work will be restarted once approval is received for balance of the funding requirements. The balance of the project is expected to take one year after receipt of funds.

6. ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL

Company has chosen eco-friendly technology to manufacture paper by using waste paper as raw material. The process is cost effective and also generates less or negligible pollution. Under RMDP following measures were taken for abatement of pollution:



- ❖ Most modern solid waste handling system (Sludge handling system) is added to recover the fibre as well as the Effluent Treatment (E.T.) Plant augmentation for waste water treatment plant to meet Zero Liquid discharge are being introduced.
- ❖ E.T. Plant will have real time Continuous Effluent Monitoring System (CEMS) to monitor effluent parameters, as desired by Central Pollution Control Board (CPCB)/ Madhya Pradesh Pollution Control Board (MPPCB).
- ❖ To control air pollution in Power house, new four fields Electro static precipitator (ESP) has been considered. Also the plant will have dust suppression system and bag filters to trap fugitive emissions near coal & Ash handling systems. For curbing sulphur emission, lime feeding & chimney height is going to be augmented.
- ❖ To monitor the air pollution due to Power Plant, Online Continuous stack Emission Monitoring System (CSEMS) will be installed.
- ❖ Hazardous waste used oil is disposed through certified oil re-processor unit and waste resin is disposed to MP Waste Management Project Pithampur M.P. as per guidelines of Pollution Control Board.
- ❖ Regular tree plantation is carried out in and around township during Environment day to maintain clean, green and healthy environment.

7 Research & Development and Quality & Technology.

Research & Development (R&D) Centre of the company is registered with Department of Scientific and Industrial Research (DSIR) Ministry of Science and Technology, Government of India.

Earlier Economy quality newsprint was manufactured with Old newspaper (ONP) and Standard quality newsprint with Imported Over issue Newspaper (OIN), exercise note books (ENB), white material and bleaching chemicals. Now Economy quality newsprint is manufactured solely with old newspaper and Standard quality newsprint with old newspaper + imported over issue newspaper / ONP + bleaching chemicals. This has been achieved through several in house R&D experiments, trials and process modifications /alterations.

8. Human Resources Development

Company's staff strength as on 31.03.2018 was 705 (comprising of 172 Executives, 373 Non-executives & 160 Temporary Employees).



Company has given great importance to Human Resource Development by imparting need-based training. This develops the key competencies of the employees to enable them perform in a better & efficient way and manage change.

Company has conducted 35 in-house training programmes on Computer Training, Skill Development, Motivation, Official Language, Business Communication, Workers Participation in Management, Team Building and Project Management, in which 650 employees participated. In addition, the company has also conducted 4 outstation programmes on Project Management, Industrial Safety, GST and Digitalization, in which 16 employees participated in various training institutions of repute. Company is also marching ahead with “Prime Minister Kaushal Vikas Yojana” as well as “Swachh Bharat Abhiyan”.

The growth and advancement needs of the employees for the fulfillment of the organization’s objectives have been factored into the HRM policies of the Company.

9. Industrial Relations and Employee Welfare Measures

In continuation to earlier years, Company has been able to maintain harmonious Industrial Relations. The participative work culture in the Company through constant interactions with Trade Unions and their representatives has enhanced the healthy Industrial Relations and as a result no man-days were lost on account of strike/lock-out during the year.

Several welfare measures offered to the employees and their dependants were continued during the year. Nepa Limited, as a socially responsible organization, has continued to support various social activities in the township and nearby areas.

10. Employees Participation in Management

Various Shop-floor and Staff Welfare Committees have been constituted to improve Labour Relations and operational efficiency of the departments. Adequate representation has been given to recognized Unions’ Representatives on various committees to help achieve positive growth in building company’s working and social environment and better understanding. Also more emphasis is given to Health and Safety of the employees.



11. Particulars of Employees

Pursuant to Section 134(3) of the Companies Act, 2013 read with Companies (Particulars of Employees) Amendment Rules, 2011, there was no employee for the whole or part of the year, who received an aggregate remuneration of Rs.60 Lacs per annum or Rs.5 Lacs per month.

12. Position of employment of members of SC / ST / OBC etc.

The position of Employment of the members of Scheduled Caste (SC)/Scheduled Tribes (ST)/OBC/Ex-servicemen and Persons with Disabilities (PwD) as on March 31, 2018 is shown in **Annexure-I** attached.

13. Position of women employees

The particulars of women employees in the Company as on March 31, 2018 are given in **Annexure-II** attached.

14. Promotion of use of Official Language

Company continuously makes best efforts to ensure implementation of the provisions of the Official Language Act, 1963 and rules made there under. Documents are being issued either in Rajbhasha Hindi or bilinguals in accordance with the provisions of section 3 (3) of the said Act.

As part of this, intensive training programmes, Official Language Month and Periodical Workshop including High Level OL Workshop and Hindi Computer Training Programmes for the Employees/Officers of all categories were arranged. A number of competitions in Hindi were conducted and the winners were suitably awarded. The company celebrated “Hindi Week” from 14.09.2017 to 21.09.2017.

Half yearly meetings of Nagar Rajbhasha Karyanvayan Samiti were regularly convened by ensuring participation from all Government Departments, Schools & Banks for promoting the use of Hindi. Company’s Website is already functioning in bilingual form i.e. Hindi and English. Multiuser software Mangal & Kriti Dev Unicode is being used in different departments. The Company has made best efforts for proper and effective implementation of Annual Programme of the Department of Official Language, Ministry of Home Affairs, Government of India.



15. Policy for Prevention of Sexual Harassment

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of Prevention, Prohibition & Redressal Act, 2013 and rules thereon. An internal complaints committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary & trainees) are covered under this policy. No case was reported during this financial year.

16. Corporate Social Responsibility

The company continues its pursuit in making its presence in social, economical, infrastructural, educational, health, cultural development for improvement of the quality of life in surrounding area of the mill and the society in general.

Under the provisions of section 135 of the Companies Act, 2013, a Company is required to spend on CSR activities, an amount equivalent to at least 2% of the average net profits of the Company made during the three immediately preceding financial years. Since the Company has incurred losses during three preceding financial years. The Company is not required to spend any amount on CSR activities.

However, Company extends full support to various social organizations for conducting social, cultural, religious and sports activities in the Nepalnagar township.

17. Energy Conservation

Information in accordance with the provisions of Section 134(3) (m) of The Companies Act, 2013 read with Companies (Accounts) Rules, 2014 regarding Energy Conservation, Technology Absorption and Foreign Exchange earnings and out go is given at **Annexure –III**.

18. Remuneration of Directors

As per provisions of section 197 of the Companies Act, 2013 read with Rule 5 of the Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose the details of the remuneration of directors etc. in the Directors' Report. However, as per Notification No. GSR 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs; Government Companies are exempted from complying with provisions of section 197 of the Companies Act, 2013. Nepa Ltd. being a Government Company, therefore, such particulars have not been included as part of the Directors' Report.



19. Vigilance

The company is committed to the highest ethical practices in all its activities. In order to maintain the values of ethics, probity and public accountability; a multi-pronged strategy is adopted, which consists of preventive, deterrent and punitive measures. To encourage a culture of honesty and transparency in the company, the guidelines of CVC are adhered to.

Tender documents and contracts finalized are uploaded on the Company website regularly. Payments are made mostly through RTGS/Cheques. Various systemic improvement and preventive vigilance activities are undertaken to sensitize the employees about corruption and combat it, so that the Company can gain through greater transparency and optimal management of resources. Training programmes are conducted to sensitize the officials regarding probity and honesty.

20. Corporate Governance

A report on Corporate Governance is attached at **Annexure IV**:

- (i) Certificate on Corporate Governance (CG) as per DPE guidelines on Corporate Governance.
- (ii) Secretarial Audit Report u/s 204(1) of the Companies Act, 2013.
- (iii) Extracts of Annual Return pursuant to section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014.

Declaration under section 149(6) of the Companies Act, 2013 pertaining to criteria of Independence is required to be given by the Independent Directors to the Board of Directors. However, during this year there were no Independent Directors on the Board of Nepa Ltd.

21. Directors' Responsibility Statement

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134 (5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended 31st March 2018 and state that:-

- i) in the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of this Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Annual Accounts have been prepared on a going-concern basis,
- v) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;



- Vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

22. Management Discussion and Analysis

A report on Management discussion and Analysis is place at **Annexure – V**.

23. Auditors:

M/s. Khandelwal Kakani & Company, Chartered Accountants, Indore were appointed as Statutory Auditors of the Company for the financial year 2017-18 vide letter No. CA.V/COY/CENTRAL GOVERNMENT, NEPA (1)/782 dated 09.08.2017 by the Comptroller and Auditor General of India, Govt. of India, under Section 139 of the Companies Act, 2013.

24. Internal Control System:

The company has adequate internal control measures. These are in the form of various manuals and procedures issued by the management covering all critical and important activities. These manuals and procedures are updated from time to time and are subject to strict compliance, which is ensured by Internal Audit. The Internal Audit department checks the adequacy and effectiveness of internal control system, reviews and monitors compliance of various policies & procedures. Functioning of internal audit and adequacy of internal control system is reviewed by Board level Audit Committee.

25. Material Changes And Commitments, If Any, Affecting Financial Position Of The Company

The Cost estimates for the ongoing RMDP have gone up to Rs. 434 crore from the sanctioned amount of Rs. 285 crore and estimates of Rs.399 Crore reported in the financial year 2016-17. A case has been taken up with GoI to sanction the revised cost estimates. Apart from this, there are no material changes and commitments which have occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report that may affect the financial position of the Company, except for the implementation of RMDP as per the Sanctioned Scheme.

26. Particulars Of Loans, Guarantees Or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.



27. Deposits

The Company has not accepted deposit from the public within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

28. Comments of the Comptroller and Auditor General of India

The comments of the Comptroller Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Accounts of the Company for the year ended 31st March 2018 are given in **Annexure VI** forming part of this report.

29. Postal Ballot:

No resolutions were passed through postal ballot during last year.

30. Board meetings

The Board of Directors of your Company held Five meetings during the year.

31. Audit Committee

The Audit Committee held two meetings during the year.

32. Composition of Board of Directors

During the year under review, Sh. Ramesh Kumar Shrivastava Director was on the Board of the Company till 17.04.2017, Sh. Mahendra Singh Dhakad was appointed Director of the Company w.e.f. 17.04.2017 to 5.09.2017 and Capt. Anil Kumar Khare has been appointed Director of the Company w.e.f. 05.09.2017.

33. Status of marketability of News print and WPP.

The Newsprint demand is expected to reach 2.7 MMT in F.Y.2019. India's share in global paper is gradually growing as domestic demand in the western nations is contracting. This demand in India grew from 9.3 MMT in F.Y. 2008 to 15.03 MMT in F.Y. 2016 at a CAGR of 6.4 percent. In the last one-year Indian Newsprint market has risen by about 25 to 30 percent, reason behind it was the quantity of Imported Newsprint decreased to its lowest level due to noncompliance of pollution norms and raw material problem in China.

In India many paper mills have facilities for producing paper as per market requirement, i.e. WPP or Newsprint and generate profit from the paper market. Earlier the increase in import quantities was because of no anti dumping duty for Asian countries. This was an adverse situation for domestic producers to compete in terms of price.



However, Indian players are able to sell their product as the demand is adequate. The import is only filling the gap as our production capacities are much lesser than the demand especially in WPP and Newsprint sector.

The other reason is that the price of imported paper has shot up significantly, thus the Indian paper is much economical to buy. The imported paper demand growth shows negative trend in comparison of indigenous demand, which has increased tremendously.

Hence the pricing of Indian paper is indicating upward trend because of increased demand of Indian paper over the imported paper, due to lower pricing and inturn resulting is decreased dumping. Also the quality of Indian paper is improving day by day, and competing against imported paper.

34. Acknowledgement

The Board acknowledge with deep sense of appreciation for co-operation and continuous support received from the Department of Heavy Industry, Ministry of HI & PE, Govt. of India and the Govt. of Madhya Pradesh from time to time. Directors are also thankful to the Comptroller and Auditor General of India, the Statutory Auditors and the Secretarial Auditors for their valuable suggestions and guidance. Directors are also grateful to the Customers, Suppliers/Vendors, RMDP contractors and Bankers for their continued patronage and support. The Board is also thankful to the Shareholders for the patience so far as no return on their investment has been possible for several years. Their support has been of immense strength to the company during these difficult years.

The Board of Directors also place on record their sincere appreciation of the dedicated and enthusiastic efforts of the employees at all levels for the smooth conduct of operations and modernization project of the Company.

For & on behalf of the Board

Date: 28.08.2018
Place: New Delhi

Sd/-
Cmdr A N Sonsale
Chairman-cum-Managing Director

**NEPA LIMITED : NEPANAGAR (MP)***(A Govt. of India Undertaking)***ANNEXURE I TO THE DIRECTOR'S REPORT****Position regarding employment of Scheduled Castes/Scheduled Tribes, Ex-Servicemen/OBC etc. as on 31.03.2018****1. Representation of SCs/STs/OBCs**

| Group | Total No. of employees | No. of SC | % | No. of ST | % | No. of OBC | % |
|-------|------------------------|-----------|-------|-----------|------|------------|-------|
| A. | 99 | 5 | 5.05 | 1 | 1.01 | 16 | 16.16 |
| B. | 333 | 20 | 6.00 | 8 | 2.40 | 42 | 12.61 |
| C. | 107 | 14 | 13.08 | 3 | 2.80 | 5 | 4.67 |
| D. | 6 | 6 | 100 | - | - | - | - |

2. Representation of Ex-servicemen

| GROUP | TOTAL NO. OF EMPLOYEES | DISABLED EX-SERVICEMEN | % | DEPENDENT OF EX-SERVICE KILLED IN ACTION | % | OTHER EX-SERVICEMEN | % |
|-------|------------------------|------------------------|---|--|---|---------------------|------|
| A. | 99 | - | - | - | - | 01 | 1.01 |
| B. | 333 | - | - | - | - | - | - |
| C. | 107 | - | - | - | - | - | - |
| D. | 6 | - | - | - | - | - | - |

3. Representation of Persons with Disabilities (PwD)

| GROUP | TOTAL NO. OF EMPLOYEES | NO. OF PHYSICALLY CHALLENGED | CATEGORY OF PHYSICALLY CHALLENGED |
|-------|------------------------|------------------------------|-----------------------------------|
| A | 99 | 0 | - |
| B | 333 | 2 | Orthopedically disabled |
| C&D | 113 | 0 | - |



NEPA LIMITED : NEPANAGAR (MP)
(A Govt. of India Undertaking)

ANNEXURE II TO THE DIRECTOR'S REPORT

Representation of Female Employees as on 31.03.2018

| | PAY SCALE | NO.OF EMPLOYEES | NO. OF FEMALE EMPLOYEES | % |
|------------|---------------------------------|------------------------|--------------------------------|-------------|
| A | EXECUTIVES | | | |
| | 22500-27300 | 1 | 0 | 0 |
| | 20500-25000 | 1 | 0 | 0 |
| | 18500-23900 | 1 | 0 | 0 |
| | 17500-22300 | 4 | 0 | 0 |
| | 16000-20800 | 3 | 0 | 0 |
| | 14500-18700 | 22 | 1 | 4.54 |
| | 13000-18250 | 30 | 0 | 0 |
| | 10750-16750 | 14 | 0 | 0 |
| | 8600-14600 | 23 | 2 | 8.69 |
| 6550-11350 | 15 | 2 | 13.33 | |
| | TOTAL A | 114 | 5 | 4.38 |
| B | NON-UNIONISED SUPERVISOR | | | |
| | 6000-9040 | 58 | 5 | 8.62 |
| | TOTAL B | 58 | 5 | 8.62 |
| C | WORKMEN | | | |
| | 5900-8845 | 23 | 5 | 21.74 |
| | 5800-8760 | 68 | 2 | 2.94 |
| | 5650-8680 | 169 | 4 | 2.37 |
| | 5350-8350 | 0 | 0 | 0 |
| | 5250-8060 | 112 | 2 | 1.79 |
| | 4850-7600 | 1 | 0 | 0 |
| | 4650-7200 | 0 | 0 | 0 |
| | 4450-6800 | 0 | 0 | 0 |
| | 4300-6450 | 0 | 0 | 0 |
| | 4200-6150 | 0 | 0 | 0 |
| | TOTAL C | 373 | 13 | 3.49 |
| | GRAND TOTAL (A+B+C) | 545 | 23 | 4.22 |



ANNEXURE-III

A. CONSERVATION OF ENERGY

i) The steps taken or impact on conservation of energy:

- The company has its own Captive Power Plant for generation of power / energy required to run the mill. Other steps taken for energy saving are addition of VFDs in Motors, use of energy saving fitting and use of LED lighting fittings, etc.
- Company is implementing RMDP, wherein latest technology will be used for energy conservation.

ii) The steps taken by the company for utilizing alternate sources of energy:

Revamping of 132 KV sub-station has been undertaken to draw power from Grid during shut-down for RMDP implementation and also for balance power requirement post RMDP.

iii) The capital investment on energy conservation equipments: Rs. NIL.

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption:

Setting up new 300TPD Deinking Plant, Refurbishment of both the Paper Machines and renovation of 12.27 MW Captive Power Plant is being done under RMDP for better efficiency.

ii) The benefits derived like product improvement, cost reduction, product development, import substitution:

Over 60% of newsprint demand is met through imports. Post RMDP, company would be able to make better quality newsprint and also the writing & printing paper.

iii) In case of imported technology (imported during the last year, reckoned from the beginning of the financial year):

- The details of technology imported :
 - a. New 300 TPD Deinking plant imported from Andritz China & Europe.
 - b. Paper Machines under refurbishment by Pepsel Zcheck Republic.
- The year of import: FY 2016-17.
- Whether technology fully absorbed: No
- If not fully, absorbed, areas where absorption has not taken place and reasons thereof: Under implementation.

iv) Expenditure incurred on Research & Development: Rs.147.52 Lacs.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

During the year under review, Foreign Exchange earnings and outgo are as under:
(Amount in Rs. Lakhs)

| Particulars | 2017-18 | 2016-17 |
|-------------------------|---------|---------|
| Foreign Exchange earned | - | - |
| Foreign Exchange used | 295.44 | 4677.06 |

For & on behalf of the Board

Sd/-

Cmde A N Sonsale
Chairman-cum-Managing Director

DATE: 28.08.2018
PLACE: New Delhi



ANNEXURE IV

CORPORATE GOVERNANCE

Corporate governance implies the method or measures taken to govern the Company in such a manner so as to ensure more accountability of Board of Directors towards the Shareholders and other stakeholders. It has been drawn up defining the role of Board of Directors, establishing director's accountability to the Shareholders, investors and interest group setting out guidelines for more effective and new quality of performance, changing the face of relation between the board and executive officers. Your Company is committed to adopting the best global practices of Corporate Governance. The philosophy of Corporate Governance as manifested in the Company's functioning is to achieve business excellence by enhancing long-term shareholders' value and interest of its entire shareholders.

The Board of Directors of the company have developed and adopted Corporate Governance guidelines imposed by DPE guidelines for CPSE. The Board ensures that the company has necessary regulatory mechanism so that timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is disclosed.

As required by the Guidelines on Corporate Governance for Central Public-Sector Enterprises, a report on Corporate Governance is given below:

1. Company's Philosophy

Nepa Limited's philosophy on Corporate Governance endeavours to achieve highest levels of transparency, integrity and equity, in all its operations. The company believes that good Corporate Governance is essential for achieving long term corporate goals and enhancing stakeholder's value. The Company's business objective is to manufacture and market its products in such a way as to create value that can be sustained over long term for all its stakeholders including shareholders, employees, customers, Government and the lenders.

2. Board of Directors

(i) Composition and Category of Directors

SIZE OF THE BOARD:

Nepa Limited is a Government company within the meaning of Section 2 (45) & Companies Act, 2013. As per the Articles of Association of the company, the power to appoint Directors vests with the President of India. Accordingly, all the Directors on the Board of Nepa Limited have been appointed by the President of India through DHI.

In terms of Articles of the Company, the number of directors of the company shall not be less than 4 and more than 12.

**COMPOSITION OF THE BOARD**

As on 31st March, 2018, The Board of Directors of Nepa Limited comprise of 4 Directors, out of which 2 are whole time Directors including Chairman cum Managing Director, one Whole Time Director – D(F) and Two (2) Govt. nominees Directors (One being the Government of India nominee and the other being Government of M.P. nominee).

BOARD MEETINGS:

During the year 2017-18, 5 Board Meetings were held on 20th April 2017, 18th July 2017, 7th September 2017, 5th December 2017 and 6th March 2018.

Details of number of Board meetings attended by the directors, attendance at the last Annual General Meeting, number of other directorship held during the year 2017-18 are as follows:

| S. No. | Name of Director | Category of directorship | Attendance | | Number of other Board or Committees | | |
|--------|---------------------------|--------------------------------|------------|----------|-------------------------------------|--------------|--------|
| | | | BM | Last AGM | Board Chair-Person | Committee | |
| | | | | | | Chair-Person | Member |
| 1 | Cmde A.N. Sonsale | Chairman cum Managing Director | 5 | Yes | 1 | - | - |
| 2. | Sh.Ravindra Kumar | Director (Finance) | 4 | Yes | - | - | - |
| 3. | Sh. Arvind Kumar | Part-time Official Director | 5 | No | - | - | 6 |
| 4. | *Sh.Mahendra Singh Dhakad | Part-time Official Director | 2 | No | - | - | - |
| 5. | **Capt. Anil Kumar Khare | Part-time Official Director | 2 | No | - | - | 1 |

* Sh.Mahendra Singh Dhakad Director of the company w.e.f.17.04.2017.

** Capt. Anil Kumar Khare Director of the company w.e.f. 05.09.2017 vice Sh. Mahendra Singh Dhakad

Names of other Companies in which the person holds the Directorship

| Name of Director | Name of Companies |
|----------------------|--|
| 1. Cmde A N Sonsale | NBCIL (Additional charge as CMD w.e.f. 1 st April 2016) National Safety Council (Member, Board of Governors) SCOPE (Member, Executive Council) |
| 2. Sh.Ravindra Kumar | - |
| 3. Sh.Arvind Kumar | R&CL National Bicycle Corporation of India Ltd. Andrew Yule & Co. Limited. Bridge & Roof Company Limited BPCL Nagaland Pulp & Paper Company Limited |



4. Sh.Mahendra Singh Dhakad -----
5. Capt. Anil Kumar Khare M.P. State Mining Corporation Limited

COMMITTEES OF THE BOARD OF DIRECTORS:

The Board has constituted following Committee of the Board:

1. Audit Committee
2. Stakeholders Relationship Committee
3. Nomination and Remuneration Committee

AUDIT COMMITTEE COMPOSITION

In pursuance of Section 292A, the Company formed Audit Committee of its Board of Directors w.e.f. 18th August, 2003. The Audit Committee has been reconstituted from time to time so as to include independent directors in compliance of Corporate Governance Guidelines. Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and Reporting practices of the Company and its compliance with the legal and regulatory requirements. The committee's purpose is to oversee the accounting and financial reporting process of the company, the audit of the Company's financial statements, Independence, Performance and remuneration of statutory Auditors, the performance of Internal Auditors, the company's risk management policies, etc.

- | | |
|------------------------------|-------------------------------|
| 1. Sh. Mahendra Singh Dhakad | Chairperson (Till 05.09.2017) |
| 2. Capt. Anil Kumar Khare | Chairperson |
| 3. Sh. Arvind Kumar | Member |
| 4. Sh Ravindra Kumar | Member |

During the F. Y. 2017-18, two meeting have been held on 18th July 2017 & 06th March 2018. Details of the member's attendance are as follows:

| S. No. | Name of Member | Status | Attendance in Meetings |
|--------|----------------------------|-------------|------------------------|
| 1. | *Sh. Mahendra Singh Dhakad | Chairperson | 1 |
| 2. | Capt. Anil kumarKhare | Chairperson | 1 |
| 3. | Sh. Arvind Kumar | Member | 2 |
| 4. | Sh. Ravindra Kumar | Member | 2 |

*Capt. Anil Kumar Khare Director of the company w.e.f. 05.09.2017 vice Sh. Mahendra Singh Dhakad

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee deals with approval of share transfer(s)/transmission(s), issue of duplicate share certificate(s), split and consolidation request(s) and other matters relating to transfer and registration of shares. During the F. Y. 2017-18, no meeting of the committee was held during the year.

The composition of the Stakeholders Relationship Committee is as under:



1. Sh.Mahendra Singh Dhakad Chairperson (Till 05.09.2017)
2. *Capt. Anil Kumar Khare Chairperson
3. Sh.Arvind Kumar Member
4. Sh.Ravindra Kumar Member

* Capt. Anil Kumar Khare Director of the company w.e.f. 05.09.2017 vice Sh. Mahendra Singh Dhakad

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration committee comprises non-executive Directors of the Company. No meeting of the committee was held during the year. The names of the members & chairperson of the committee are as under:

1. Sh. Arvind Kumar Chairperson
2. *Capt Anil Kumar Khare Member
3. Sh.Mahendra Singh Dhakad Member (Till 05.09.2017)
4. Cmde A.N. Sonsale Member

* Capt. Anil Kumar Khare Director of the company w.e.f. 05.09.2017 vice Sh. Mahendra Singh Dhakad

4. General Body meetings:

| Year | Location | Date | Time |
|---------|--|----------------------------------|---------|
| 2014-15 | Nepa Auditorium, Nepanagar – 450221 (M.P.) | 13 th November, 2015 | 4.00 PM |
| 2015-16 | Nepa Auditorium, Nepanagar – 450221 (M.P.) | 30 th September, 2016 | 4.00 PM |
| 2016-17 | Nepa Auditorium, Nepanagar – 450221 (M.P.) | 26 th September, 2017 | 4.00 PM |

During the F.Y. 2017-18 No resolution was passed through postal ballot.

5. Disclosures:

- (i) Details of remuneration paid to Functional Directors during the Financial Year 2017-18 are under:

Amount in Rs.Lacs

| Sl. No. | Particulars | CMD Cmde AN Sonsale | Director (Finance) Sh. Ravindra Kumar |
|---------|---------------------|------------------------|--|
| a. | Salary & Allowances | 6.12 | 13.24 |
| b. | Contribution to PF | 1.27 | 1.37 |
| c. | Other Benefits | - | - |
| | Total | 7.39 | 14.61 |

Part-time Non-official (Independent) Director/(s):

Part-time Non-official Directors do not have any material pecuniary relationship or transactions with the Company and its Management. They do not receive any remuneration / commission except Sitting Fee(s).

Total Sitting Fees during F.Y. 2017-18 are Rs .Nil

- (ii) Disclosure of materially significant related party transactions that may have potential conflict with the interests of company at large:

No such transactions took place in the company during the financial year.



- (i) **Details of non-compliance by the company, penalties, strictures imposed on the company by any statutory authority, on any matter related to any guidelines issued by Government, during the last three years:**

No such cases of non-compliance recorded in the company during the financial year.

- (ii) **Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee:** NIL

6. **Means of Communication:** The Company communicates with its shareholders through its Annual Reports, General meetings and disclosures through websites. Information and latest updates and announcements regarding company can be accessed at company's website **www.nepamills.nic.in**.

7. **Code of Conduct:**

In compliance of the guidelines on Corporate Governance for Public Sector Enterprises, issued by Department of Public Enterprises (DPE), "the Code of Business Conduct and Ethics for Board members and Senior Management Personnel of Nepa Limited" has been devised and made effective from 6th August, 2013. This code would be read in conjunction with the Conduct, Discipline & Appeal Rules for officers. The purpose of this Code is to enhance further ethical and transparent process in managing the affairs of the company. This Code of Conduct has been applicable to:

- a) All Whole Time Directors
- b) All Part Time Directors including independent Directors under the Provisions of law and
- c) Senior Management (HoDs)

For & on behalf of the Board

Sd/-
Cmde A N Sonsale
Chairman –cum Managing Director

Date: 28.08.2018

Place: New Delhi



CORPORATE GOVERNANCE CERTIFICATE

To
The Members,
Nepa Limited,
Nepa Nagar (M.P.)

I have examined the Compliance of conditions of Corporate Governance by **Nepa Limited (CIN: U21012MP1947GOI000636)** (“the Company”) for the year ended on 31st March, 2018, as stipulated in the Guidelines on Corporate Governance (“the guidelines”) for Central public sector Enterprises issued by the Department of Public Enterprises, Government of India, vide OM No. 18(8) 2005-GM, dated 14th May, 2010.

1. The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
2. The Company has taken steps for reviewing of compliance of laws and in other areas of integration and alignment of risk management with corporate and operational objectives but policies and procedures are still under implementation.
3. In my opinion and to the best of my information and according to the explanations given to me, subject to my observation, I certify that the Company has complied with the applicable conditions of Corporate Governance stipulated in the guidelines except the provision pertaining to following:-
 - a) Composition of Board of Directors.
 - b) Composition and other conditions related to Audit Committee.
 - c) Minimum number of Meetings of Audit committee.
 - d) Composition of Nomination and Remuneration Committee.
 - e) Risk Assessment and Management System.
4. I further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Indore
Date: 25.08.2018

Sd/-
Dinesh Kumar Gupta
Practicing Company Secretary
M. No.: 5396 CP No. 4715



**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
NEPA Limited
Nepa Nagar, (MP)

We were appointed by M/s NEPA Limited (hereinafter called the Company) to conduct Secretarial Audit of the Company for the financial year ended **31st March 2018**.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Management's Responsibility for Secretarial Compliances

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Auditor's responsibility

Our responsibility is to express an opinion on secretarial records, standards and procedures followed by the Company with respect to secretarial compliances. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

Opinion

Based on our verification of 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, we here by report that:

In our opinion, the company has, during the audit period covering the financial year ended on



31st March 2018, 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 the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by NEPA Limited ("the Company") for the financial year ended on **31st March 2018** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **Not applicable**
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not applicable**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **Not applicable**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 (effective 28th October, 2014)
- Not Applicable as the Company has not granted any Options to its employees during the financial year under review;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **Not applicable as the Company has not issued any debt securities during the financial year under review;**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
- Not applicable as the Company has not registered as Registrar to issue and Share Transfer Agent during the financial year under review;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- Not applicable as the Company has not bought back any of its securities during the Financial year under review.



We have also examined compliance with the applicable clauses of the following :

- Secretarial Standards issued by the Institute of Company Secretaries of India .

Based on information received and records maintained, and **subject to our observations listed in Annexure I**, we further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Acts.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast 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.
- c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes of the meeting;
- d) The Company has proper Board Processes.
- e) 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.

Based on the compliance mechanism established by the Company, we are of the opinion that the management has complied with the following laws specifically applicable to the Company **subject to our observations listed in Annexure I**:-

1. Factories Act, 1948;
2. Contract Labour (Regulation & Abolition) Act;
3. Child Labour (Prohibition & Regulation) Act, 1986;
4. Environment Protection Act, 1986;
5. Water & Air (Prevention & Control of Pollution Act, 1974;
6. Apprentices Act ;
7. Fatal Accident Act;
8. Industrial Dispute Act;
9. Industrial Employment Standing Order Act;
10. Trade Union Act.

Further, In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers and agents, we report that the Company has, **subject to our observations listed in Annexure I**, complied with the provisions of the Acts, the Rules made there under and the Memorandum and Articles of Association of the Company during the financial year under review, with regard to:-

1. Maintenance of various statutory registers and documents and making necessary entries therein;



2. Contracts, Common Seal, Registered Office and publication name of the Company;
3. Forms, returns, Documents and resolutions required to be filed with the Registrar of the Companies, Regional Director, Central Government, Company Law Board or such other authorities;
4. Service of documents by the Company on its members, directors, stock exchanges, auditors and registrar of companies;
5. Constitutions of Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee
6. Appointment, Re-appointment and Retirement of Directors including Managing Directors and Executive Directors and payment of remuneration to them.
7. Disclosure of interest and concerns in contracts and arrangements, shareholding and directorships in other Companies and interest in other entities by Directors;
8. Disclosure requirements in respect to their eligibility for appointment, declaration of their independence, compliance with the code of conduct for Directors and Senior Management Personnel
9. Establishing a vigil mechanism and providing to complaints, if any, unhindered access to the Chairman of the Audit Committee.
10. Formulation and adoption of Companies Code of Business Conduct and other mandatory policies and hosting the same on website.
11. Appointment of the Key Managerial Personnel
12. Appointment and remuneration of Statutory Auditor and Cost Auditor.
13. Appointment of Internal Auditor.
14. Notice of meetings of the Board and Committees thereof;
15. Minutes of meetings of the Board and Committees thereof including passing of resolutions by circulations;
16. Notice convening **70th Annual General Meeting held on 26th September 2017** and holding of the meeting on that date;
17. Minutes of General Meeting;
18. Approvals of members, Board of Directors, Committees of Directors, and Government Authorities, wherever required;
19. Closure of Register of Members/ record date.

Place : Bhopal
Date : 04-07-2018

For M/s Parvesh Dhawan & Associates
Company Secretaries

Sd/-
(Parvesh Dhawan)
Proprietor
M.No : F-8863 CP No : 7675



Enclosed:

1. Annexure 1 – Secretarial Audit Observations.

ANNEXURE 1 :**OBSERVATIONS****1. NON PAYMENT OF STAMP DUTY ON ISSUANCE OF SHARE CERTIFICATES :**

During Audit, We observed that the Company has not complied with the provisions of payment of Stamp duty on issuance of Share Certificates in respect of allotment made during the period **17-02-2016 to 30-08-2016** in accordance with provisions of Indian Stamp (Madhya Pradesh) Amendment Act, 2014 and as a result thereof has not paid the stamp duty **amounting Rs. 47,68,514** at the time of issue of share certificates. Further, on verification of records it came to our notice that Company has applied for waiver of Stamp duty to the Competent Authority and final decision in the matter has not been made till completion of audit for Financial Year 2017-18.

2. DELAYED FILING OF RETURNS / NOTICE WITH ROC :

During Audit, we observed that the Company has not filed the statutory forms with the Registrar of Companies within the prescribed statutory time limit. The details of delayed filed forms are as follows :

| Sr. No. | Form Name | Purpose of Form | Date of Event | Date of Filing | Auditor's Remark |
|---------|--------------|--|---------------|----------------|--|
| 1. | AOC 4 (XBRL) | Filing financial statement and other documents with the Registrar of Companies | 26/09/2017 | 01/12/2017 | Company has filed the form beyond the statutory time limit of 30 days. |
| 2. | DIR – 12 | Appointment of directors and key managerial personnel and changes among them | 05/09/2017 | 17/11/2017 | Company has filed the form beyond the statutory time limit of 30 days. |

3. FORM 17 / CHG 4 NOT FILED WITH ROC GWALIOR WITH IN STIPULATED TIME LIMITS :

During Audit, We identified that in respect of amount secured by charge as mentioned in table below, there is no Loan outstanding in the Books of Accounts of the Company as on 31-03-2018. However, on verification of Registrar of Companies records , We observed that the below mentioned Charges are still outstanding against Assets. It reveals that Form 17 / CHG 4 for satisfaction of charge in respect of these loans are not filed by the company with Registrar of Companies , Gwalior till now . The details are as follows :

| Date of Creation of Charge | Amount Secured by Charge (in Rs.) | Name of the Person entitled to Charge | Auditor's Comment |
|----------------------------|-----------------------------------|--|--|
| 18/09/1978 | 125,00,000 | Madhya Pradesh Electricity Board, Jabalpur | Form 17/ CHG-4 has not been filed by the Company |
| 21/03/1964 | 96,250 | The Chairman, M.P. Housing Board Bhopal | Form 17/ CHG-4 has not been filed by the Company |

**4. INDEPENDENT DIRECTOR :**

During Audit, We observed that the company has not complied with the provisions of section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment & Qualification of Director) Rules, 2014 regarding appointment of at least Two Independent Directors. Presently there is no independent director appointed on the Board of the Company.

5. WOMEN DIRECTOR :

During Audit, We observed that the company has not complied with the statutory requirement of having One Women Director. According to provisions of Section 149 (1) read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014, the Company has to appoint one Woman Director on the Board. Ms. Veena Upadhyay , Ex-Woman director has resigned from the Board with effect from 08-08-2014 and thereafter no appointment of Woman Director has been made on the Board.

6. MANAGEMENT COMMITTEE MEETING :

As per BIFR Sanction Scheme, Management committee to review implementation of revival scheme should be constituted and the committee should monitor the progress on monthly basis. We noted that during Financial Year 2017-18, No meeting of Management Committee has been conducted.

7. DISCREPANCIES IN PROVIDENT FUND : During Audit , We observed that the Company is not timely making monthly contribution to PF Trust. Details of default in making monthly contributions to PF Trust are as under :

| Provident Fund for the Month of | Amount of PF Contribution to be paid (In Rs.) | Due date of Payment | Actual date of Payment |
|---------------------------------|---|---------------------|--|
| March 2018 | 4976661 | 15/04/2018 | Not paid till 30 th June 2018 |

OTHER OBSERVATIONS:

1. TDS Defaults have been noticed amounting **Rs. 44,80,510** /- for the financial years commencing from 2007-08 to 2015-16. The details of TDS defaults noticed are as under :

| Sl. No. | Financial Year | Default Amount (InRs.) |
|--------------|----------------|--------------------------|
| 1 | 2015-16 | 475530 |
| 2 | 2014-15 | 64800 |
| 3 | 2013-14 | 21630 |
| 4 | 2012-13 | 17690 |
| 5 | 2011-12 | 77810 |
| 6 | 2010-11 | 918480 |
| 7 | 2009-10 | 2394360 |
| 8 | 2008-09 | 306970 |
| 9 | 2007-08 | 203240 |
| TOTAL | | 44,80,510 |

Place : Bhopal
Date : 04-07-2018

For M/s Parvesh Dhawan & Associates
Company Secretaries
Sd/-
(Parvesh Dhawan)
Proprietor
M.No : F-8863 CP No : 7675

**Annexure B to Board's Report****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March, 2018**

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|--|---|
| i. | CIN: | U21012MP1947GOI000636 |
| ii. | Registration Date: | 25.01.1947 |
| iii. | Name of the Company: | NEPA LIMITED |
| iv. | Category / Sub-Category of the Company: | Public Company /Govt. Company/ Limited by Shares |
| v. | Address of the Registered Office and contact details: | Nepanagar, Distt. Burhanpur, MP-450 221 |
| vi. | Whether Listed Company: | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent: | Alankit Assignments Limited, 1 E/13, Alankit House, Jhendewalan Extn. New Delhi - 110055 Shri J. K. Singla, Sr. Manager, 011- 42541960 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Newsprint | 4801 | 0.28 |

Note * During whole F.Y. both machines remained shut due to RMDP, no operation except sale of old stock in hand , sale of scrape, running petrol pump in township & realisation of value for handing of Hempur land to GoUK nominated Agency SIIDCUL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| S. NO | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|-------|--|---------|--------------------------------|------------------|--------------------|
| 1 | There are no Subsidiary and Associate Companies. | | | | |



IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|-----------|-----------|-------------------|---|-----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt. | - | 493477344 | 493477344 | 94.06 | - | 493477344 | 493477344 | 94.06 | - |
| c) State Govt. (s) | - | 30537290 | 30537290 | 05.82 | - | 30537290 | 30537290 | 05.82 | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other... | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1):- | - | 524014634 | 524014634 | 99.88 | - | 524014634 | 524014634 | 99.88 | - |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other... | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (2):- | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | - | 524014634 | 524014634 | 99.88 | - | 524014634 | 524014634 | 99.88 | - |
| B. (1) Public Shareholding | | | | | | | | | |
| a) Mutual Funds/Banks/FI | - | - | - | - | - | - | - | - | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d) Venture Capital funds | - | - | - | - | - | - | - | - | - |
| e) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | - | - | - | - | - | - | - | - | - |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | | | | | | | | | |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | | 654930 | 654930 | 0.12 | | 654930 | 654930 | 0.12 | - |



| | | | | | | | | |
|--|--|------------------|------------------|-------------|------------------|------------------|-------------|--|
| i) Category-wise share holding :i) individual shareholders holding nominal share Capital in excess of Rs 1 lakh | | | | | | | | |
| c) Others Hindu Undivided Family | | | | | | | | |
| d) NRI's | | | | | | | | |
| Sub-total (B)(2):- | | 654930 | 654930 | 0.12 | 654930 | 654930 | 0.12 | |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | | 654930 | 654930 | 0.12 | 654930 | 654930 | 0.12 | |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | |
| Grand Total (A+B+C) | | 524669564 | 524669564 | 100 | 524669564 | 524669564 | 100 | |

(ii) Shareholding of Promoters:

| Sl.No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share |
|--------|--------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|-------------------|
| | | 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. | President of India | 493477344 | 94.06 | - | 493477344 | 94.06 | - | |
| 2. | Governor of MP | 30537290 | 05.82 | - | 30537290 | 05.82 | - | |
| | Total | 524014634 | 99.88 | | 524014634 | 99.88 | | |

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

| Sl. No. | Name of Shareholder | Shareholding at the Beginning/end of the year | | | Change During The year | | | Cumulative Shareholding during the year | |
|---------|---------------------|---|---------------|----------------------------------|--|--------------------|--------|---|----------------------------------|
| | | Date | No. of shares | % of total shares of the company | Date | Increase/ Decrease | Reason | No. of shares | % of total shares of the company |
| 1. | President of India | 01.04.17 | 493477344 | 94.06 | No Change during the year During the -year | | | 493477344 | 94.06 |
| 2. | Governor of MP | 01.04.17 | 30537290 | 5.82 | No change During the Year | | | 30537290 | 5.82 |



iv) Share holding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Top ten Shareholders Name | Shareholding at the beginning of the year | | Change During The year | | | Cumulative Shareholding during the year | |
|---------|--------------------------------|---|----------------------------------|------------------------|--------------------|--------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | Date | Increase\ decrease | Reason | No. of shares | % of total shares of the company |
| 1 | KAUSHIK S. BHATT | 11000 | 0.010 | | - | | 11000 | 0.002 |
| 2 | AMMAR AYAZ | 5000 | 0.005 | | - | | 5000 | 0.001 |
| 3 | RAJU BHANDARI | 5000 | 0.005 | | - | | 5000 | 0.001 |
| 4 | MAHARAJA PRAVINCHANDRA BHANJDE | 4000 | 0.004 | | - | | 4000 | 0.0008 |
| 5 | NARINDRA Kaur SACHDEVA | 2500 | 0.002 | | - | | 2500 | 0.0004 |
| 6 | GOVIND PRASAD K. PODDAR | 2200 | 0.002 | | - | | 2200 | 0.0004 |
| 7 | HIGHNESS M.K. MODINI DEVI | 2000 | 0.002 | | - | | 2000 | 0.0004 |
| 8 | AMEET R. SUCHDE | 2000 | 0.002 | | - | | 2000 | 0.0004 |
| 9 | YASHPAL KHANNA | 1850 | 0.002 | | - | | 1850 | 0.0004 |
| 10 | CHUNILAL GAGALDAS SHAH | 1580 | 0.001 | | - | | 1580 | 0.0002 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name of Directors and KMP (S/shri) | Shareholding at the beginning of the year | | | Change During The year | | | Cumulative Shareholding during the year | |
|---------|--|---|---------------|----------------------------------|------------------------|--------------------|--------|---|----------------------------------|
| | | Date | No. of shares | % of total shares of the company | Date | Increase\ decrease | Reason | No. of shares | % of total shares of the company |
| 1 | Cmdr A N Sonsale CMD | | - | | | - | | - | |
| 2 | Ravindra Kumar D(F) & CFO | | - | | | - | | - | |
| 3 | Arvind Kumar Director | | - | | | - | | - | |
| 4 | Capt. Anil Kumar Khare Director | | - | | | - | | - | |
| 5 | Sanjay Kumar Ojha Company Secretary | | - | | | - | | - | |



V. INDEBTEDNESS;

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

(Rs. in lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits * | Total Indebtedness |
|--|----------------------------------|-----------------|------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 6195.89 | 11359.00 | - | 17554.89 |
| ii) Interest due but not paid | - | 5239.82 | - | 5239.82 |
| iii) Interest accrued but not due | - | 796.03 | - | 796.03 |
| Total (i+ii+iii) | 6195.89 | 17394.85 | - | 23590.74 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | | | - |
| Reduction | 2697.17 | - | - | 2697.17 |
| Net Change Indebtedness | | | | |
| At the end of the financial year | | | | |
| i) Principal Amount | 3498.72 | 11359.00 | - | 14857.72 |
| ii) Interest due but not paid | - | 7392.40 | - | 7392.40 |
| iii) Interest accrued but not due | - | 855.97 | - | 855.97 |
| Total (i+ii+iii) | 3498.72 | 19607.37 | - | 23106.09 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: (In Rs.)

(A). Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. In Lakhs)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager (S/shri) | | Total Amount |
|---------|---|---------------------------------|---------------------------|--------------|
| | | Cmdr A N Sonsale | Ravindra Kumar D(F) & CFO | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 7.39 | 14.90 | 22.29 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - as % of profit - others, specify... | - | - | - |
| 5 | Others, please specify (Sitting Fee) | - | - | - |
| | Total (A) | 7.39 | 14.90 | 22.29 |
| | Ceiling as per the Act | | N.A. | |



B. Remuneration to other directors: (In Rs.)

| Sl. No. | Particulars of Remuneration | Name of Directors (S/shri) | | | Total Amount | |
|---------|--|----------------------------|---|---|---|--|
| 1. | Independent Directors | | | | - | |
| | Fee for attending board / committee meetings | | | | - | |
| | Commission | | | | 0 | |
| | Others, please specify | | | | 0 | |
| | Total (1) | | | | 0 | |
| 2 | Other Non-Executive Directors | Arvind Kumar | Ramesh Kumar Srivastava (Till 17.04.2017) | Mahendra Singh Dhakad (Till 05.09.2017) | Capt. Anil Kumar Khare (w.e.f. 05.09.201) | |
| | Fee for attending board / committee meetings | - | | - | - | |
| | Commission | - | | - | - | |
| | Others, please specify | - | | - | - | |
| | Total (2) | - | | - | - | |
| | Total (B)=(1+2) | - | | - | - | |
| | Total Managerial Remuneration | - | N.A. | | | |
| | Overall Ceiling as per the Act | | | | Sitting fee paid to independent directors is within overall ceiling as per Companies Act,2013 (which is Rs. 1,00,000/- per Board/Committee Meeting) | |

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: (Rs. In Lakhs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---------|---|--------------------------|--------------|-------------------|--------------|
| | | CFO | CEO | Company Secretary | |
| 1 | Gross salary | | | 7.03 | 7.03 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | As per table VI | As per table | - | - |
| 2 | Stock Option | | | - | - |
| 3 | Sweat Equity | | | - | - |
| 4 | Commission - as % of profit - others, specify... | | | - | - |
| 5 | Others, please specify | | | - | - |
| | Total (C) | | | 7.03 | 7.03 |



VII. 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) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |



ANNEXURE V
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Introduction: The pulp and paper industry comprises companies that use wood or agro products or wastepaper as raw material and produce pulp, paper, board and other cellulose-based products. Paper is a product with daily demand from almost all sections of society. The companies in paper industry can be divided into wood based, agro based and waste paper based (recycle based) companies. Paper Industry can also be categorized on basis of products such as newsprint, printing & writing, kraft papers, paperboards, special grade papers etc.

Indian Paper Industry Outlook: Indian Paper Industry is poised to grow and touch 25 million tones in 2019-20 from 20.37 million tones in 2017-18 at the rate of 10% per annum as per ASSOCHAM estimates. India has emerged as the fastest growing market when it comes to consumption, posting 10.6% growth in per capita consumption of paper in 2017-18.

As per IPMA's (Indian Paper Mills Association) estimates, this industry contributes approximately Rs. 4500 crores to the exchequer and provides employment to over 5 lakh people across approximately 750 paper mills.

According to CARE ratings report on paper industry 2018, the reasons that are driving the demand growth include:

- a) Rising income levels,
- b) Growing per-capita expenditure,
- c) Likely pickup from the education sector
- d) Requirement of better quality packaging of FMCG products marketed through organized retail and
- e) Increasing preference for ready to eat foods.

On the other hand, challenges include:

- a) Access to quality and cost competitive raw material
- b) Competition from imports and
- c) Technology obsolescence.



India's share in global paper demand, though small (at about 4%) is growing as demand in the western nations contracts, while domestic demand in India grows at a steady pace.

In the last one year Indian Newsprint market has risen by about 25 to 30 percent, the reason behind it was the quantity of Imported Newsprint decreased to its lowest level due to non compliance of pollution norms and raw material problems in China.

Newsprint Production V/S Imports In India

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| PRODUCTION | 1441269 | 1233396 | 900000 | 890000 | 1000000 |
| IMPORT | 1473400 | 1442923 | 1450166 | 1547876 | 1500000 |
| TOTAL | 2914569 | 2676319 | 2350166 | 2437876 | 2500000 |

(Source INMA)

The above table shows that approx. 60% newsprint is being imported and approx. 40% domestic production fulfills the indigenous demand.

In India many paper mills have facilities for producing paper as per market requirement, i.e. WPP or Newsprint and generate profit from the prevailing paper market. Earlier the increase in import share was because of there being no anti dumping duty for Asian countries. This was an adverse situation for domestic paper manufacturers to compete in terms of price. However, Indian players are able to sell their product as there is adequate demand. The import is only filling the gap as our production capacities are much lesser than the demand especially in WPP and Newsprint sector.

The other reason is that the price of imported paper has shot up to a large extent, thus the Indian paper is comparatively economical to buy. The imported paper demand growth shows lower trend in comparison of indigenous demand, which has increased significantly.

Also the quality of Indian paper is improving consistently, and competing with imported paper.

Thus Indian paper industry is poised for growth and better profits in near future.

Nepa Limited - Out Look

NEPA pioneered manufacturing of newsprint in the country. It commenced production from April, 1956 with an installed capacity of 30,000 TPA. The main raw materials were Salai wood and Bamboo, which were available in abundance in the forests around Nepanagar. Presently, the Company is undergoing a Revival and Mill Development Plan (RMDP) as approved by the cabinet at a capital outlay of Rs 285 Crores in 2012.



Production has been stopped and the plant and machinery handed over to contractors for refurbishment and modernisation work. The RMDP comprises of following major works:

- A. Installation of 300 BD TPD De-inking Plant (DIP).
- B. Refurbishment of both Paper Machines.
- C. Refurbishment of existing 12.27 MW Captive Power Plant (CPP).
- D. Revamping of existing 132/6.9 KV substation for drawing grid power (completed).

However on account of time required for mandatory and statutory approvals, enhancement in regulatory norms for environmental compliance, deterioration in plant and machinery over time, inflation, foreign currency variations etc. the project cost estimate have gone upto Rs. 434 crores. A case has been taken up with Govt. of India for sanction of the revised cost estimates and the same is being processed. The project has been put on hold by the Board of Directors till Govt. sanction is accorded. The balance of the project is expected to take one year from receipt of additional funding. On completion of RMDP the mill would go up in production capacity to about 1,00,000 MT PA of high quality writing/Printing paper as well as News print. With adequate demand available for quality paper the mill is confident of turning profitable post RMDP.

For & on behalf of the Board

Sd/-

Cmde A N Sonsale

Chairman-cum Managing Director

Date :28.082018

Place : New Delhi



INDEPENDENT AUDITOR'S REPORT

To,
**The Members of
Nepa Ltd.**

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Nepa Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company, as at 31st March 2018, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our report, we draw your Attention to following notes to accounts:

- A. Note no. 17 to the financial statements, wherein the Claim receivable from bank of the company amounting to Rs. 1.82 Lakhs (Previous year 1.82 Lakhs) are un-reconciled and the resultant impact on financial statement is unascertainable.
- B. The accrued income receivable as per books of accounts of the company is not matching with the schedule maintained by the estate department of the company and the difference observed by us at Rs.73.04 lakhs is yet to be reconciled with subsidiary records. The impact thereof on financial statement is unascertainable.



However, in view of management the financial impact of reconciliation will not be material.

- C. Note no. 28 to the financial statement, wherein the company has not performed impairment analysis of assets as mandated by AS-28 Impairment of Asset neither provision for impairment of assets has been done on the ground of non availability of valuer for valuing subject assets as informed by the management.
- D. Note no. 31 to the financial statement, which indicates that the Company has completely wiped off its net worth due to accumulated losses at Rs. 60,400.37 lakhs as at year end (PY-Rs. 63,412.78 Lakhs) similarly the Company's net current liability position far exceeds its current assets and there is no positive working capital funds. These alarming and negative financial figures read with other matters set forth in Note 32 & 36, concerning the revival plan of the company known as RMDP and capital commitment, indicate the existence of uncertainty and risk in completion of the RMDP as per scheduled time frame within revised cost which may in future affect adversely the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Notes.
- E. Note no. 37 the Company has neither recognized deferred tax Assets nor deferred tax liabilities and as such not complied with the provisions of disclosure as required by AS-22 "Accounting for Taxes".
- F. Note no. 38 the company has not complied with disclosure requirement of AS-17 "Segment Reporting" for its News print and Petrol Pump segments. However, the fall in the newsprint turnover is considered as a temporary phase on account of RMDP in progress by the management.
- G. Company has not appointed any women director on its board, thus company has violated the provisions section 149(1) of companies act 2013 read with rule 3 of "the companies (appointment and qualification of directors) rules, 2014. The Company has also not appointed two Independent Directors.
- H. Note no. 10 new AS- 10 "Property plant and Equipment" has recently come into effect and since the company was already under process of implementing RMDP as approved by BIFR and dismantled various assets; therefore, the company has not identified and formalized the component for fixed assets yet. This component will be identified and separated on startup of new assets on completion of RMDP.



- I. Note No 34 wherein the company has not obtained the actuarial valuation from approved valuers as required by AS-15 Revised "Employee Benefits". However, the company has obtained the policy for gratuity liability from the LIC of India and has disclosed as per the disclosure required by AS-15.

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 terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure – A**", statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by the directions issued by the Comptroller and Auditor General in terms of sub-section (5) of section 143 of the Act for the company, we give a report on such directions in **Annexure – B**.
3. As required by Section 143 (3) of the Act, we report that :
 - (a) We have sought and obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, the Company has kept proper books of account as required by the law so far as it appears from our examination of those books.
 - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion, except as otherwise stated in emphasis of matter, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014:
 - (e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2018 from being appointed as a Director in terms of Section 164(2) 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 – C**.
 - (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 explanation given to us:



- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- (ii) The Company did not have any long term contract, including derivatives contract for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the investor education & protection fund by the company.

**For Khandelwal Kakani & Co.
Chartered Accountants
FRN-01311C**

**Sd/-
CA Niranjan Purandare
Partner
M NO.072684
Place: New Delhi
Date: 20th July 2018**



Annexure – A

A statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor’s Report) Order, 2016

Referred to in Paragraph 1 Under “Report on other Legal & Regulatory Requirement Section of our Report of Even date for the year ended 31st March 2018.

1. In respect of its Fixed Assets

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of 3 years in accordance with this program. The company is in process of implementation of Revival scheme of RMDP (Revival and Mill Development Plan) as per BIFR and major machineries consisting News Print Machine and Setup of De-inking plant. The News Print Machine has been dismantled and the machineries acquired under WIP is in process of installation. In view of this the company has carried out physical verification of very limited items and no discrepancies were observed. However, the company has regular system of adjustment of discrepancies in the books of accounts in past
- c) The company is having freehold Land of 349.42 Acres and lease Hold land of 849.90 Acres at Nepa Nagar and 13.46 Acre Leasehold Land at Hempur, Uttarakhand. The position with regard to free hold land and leasehold lands are as under:

Free Hold Land 349.42 Acres

The company is holding ownership titles for free hold lands, however on verification it was noticed that the company does not have revenue records issued by Revenue Authority, Government of Madhya Pradesh in shape of Bhoomi Adhikar Pustika of 10.63 Acres of land allotted by Government of Madhya Pradesh and other private parties.

Lease hold Land 849.90 Acres:

The lease deed for 90 years have been executed on 10/10/1947 for 1500 acres of land in favour of the company, whereas, according to Gazette publication of Govt. of India dated 26 Dec 1986., the Company holds leasehold rights of 1517.08 Acres out of which 667.18 Acres land vide letter No. 8-42/2002-FCMinistry of Government of India of Environment and Forest



dated 23/07/2002 is surrendered to Government of Madhya Pradesh Forest Department on 05.02.2016. The execution formalities of revised lease deed for balance land 849.90 acres(1517.08 acres less 667.18 acres) is under process for execution except 19 acre of land for which lease documents are available with the company.

Hempur Land 13.46 acre:

Land admeasuring to 802.675 acre situated at Hempur, District Udham Singh Nagar, Uttarakhand State was under possession of Nepa Ltd out of which 789.54 acres of land was handed over to SIIDCUL on 11th August 2017. The balance land of 13.46 acres will be handed over after completion of mapping process pending with revenue department of Uttarakhand state.

2. In our opinion and to the best of our information and according to the explanations given to us, the inventories have been physically verified during the year by the management at reasonable Intervals and wherever discrepancies are observed, they were properly dealt with.
3. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnership firms or other parties covered under register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii) (a), (b)& (c) of the order is not applicable.
4. According to the information and explanations given to us, in respect of loans, investments, guarantees, and securities, the company has not given any such loan/ entered any transaction mentioned in section 185 and 186 and hence the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable. Therefore, the provisions of the Para 3 (iv) of the order is not applicable to the Company.
5. The Company has not accepted any deposits from the public. Therefore, the provisions of the Para 3 (v) of the order is not applicable to the Company.
6. The maintenance of cost records has been prescribed as specified by the Central Govt. under section 148(1) of the Companies Act 2013. We have broadly reviewed the Books of Accounts and are of the opinion that prima facie the specified account and record have been made and maintained.



7. According to the information and explanations given to us, in respect of statutory dues:-

- a) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and Value Added Tax, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Cess and other statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable except as mentioned in table below:

| S.No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relates | Due date | Date of Payment | Remarks (if any) |
|-------|--|---|-----------------------|------------------------------------|---|--|---|
| 1. | The Employees Provident fund and Misc. Provisions Act, 1952 | Recovery of loan and interest against PF. | 726.20 | February 2016 to August 2017 | 15 th of the following month | No payment has been made till 31.03.2018 | The amount of Rs. 689.59 Lacs represents installment of the loan recovered by the employer and RS.36.61 represent interest thereon. |
| 2 | The Employees Provident fund and Misc. Provisions Act, 1952 | Voluntary Contribution to PF recovered by Employer. | 238.76 | February 2016 to August 2017. | 15 th of the following month | No payment has been made till 31.03.2018 | |
| 3 | The Employees Provident fund and Misc. Provisions Act, 1952 | Interest on delayed Payment of PF | 259.91 | February 2016 to August 2017 | - | No payment has been made till 31.03.2018 | |
| 4 | Madhya Pradesh Vidyut Shulk Adhinyam, 2012 | Electricity Duty | 573.61 | From 2012-13 to sept 2016 | | No payment has been made till 31.03.2018 | |
| 5 | The Water (Prevention and Control of Pollution) Cess Act, 1977 | Interest on Delayed Payment | 69.44 | | | No payment has been made till 31.03.2018 | |

- b) According to the information and explanations given to us, and the records of the company examined by us. The company has not paid the Sales Tax, Excise Duty or Value added tax as at 31st March 2018 being disputed by company. However, according to information and explanations given to us, the following Statutory dues have not been deposited by the Company because of disputes:



| NAME OF THE STATUTE | NATURE OF THE DUES | AMOUNT (Rs. In Lakhs) | PERIOD TO WHICH THE AMOUNT RELATES | FORUM WHERE DISPUTE IS PENDING |
|--|--------------------------|-----------------------|------------------------------------|---|
| 1) Local Body Tax M.P. Nagar Palika Adhinyam, 1961 | Property Tax | 251.64 | 1993-94 to 2016-17 | M.P. High Court, Jabalpur Bench |
| M.P. Nagar Palika Adhinyam, 1961 | Interest on Property Tax | 15.73 | 1993-94 to 2016-17 | M.P. High Court, Jabalpur Bench |
| 2) State Vat Act Sales Tax | Sales Tax | 75.65 | 2009-10 | M.P. Commercial Tax Appellate Board, Indore |
| Entry Tax Act | Entry Tax | 4.49 | 2008-09 | M.P. Commercial Tax Appellate Board, Indore |
| Entry Tax Act | Entry Tax | 7.16 | 2009-10 | M.P. Commercial Tax Appellate Board, Indore |
| Value Added Tax | Value Added Tax | 10.42 | 2010-11 | M.P. Commercial Tax Appellate Board, Indore |

8. Based on our audit procedure and as per the information & explanation given by the management, the Company has not defaulted in the repayment of dues to any Bank. The Company had neither any outstanding dues to any Financial Institution or Debenture Holder at the beginning of the year nor has it obtained any loan from such Parties during the year.

The company has defaulted in repayment of loan to the Central Govt. details of which are mentioned below:

| S.No | Particulars | Amount of default as on the Balance Sheet Date | Period of Default |
|------|--|--|---------------------|
| 1. | Government of India (Plan-Non Plan Loan) | 7,906.80 lakhs | Upto March 31, 2018 |
| 2. | Interest and penal interest thereon | 7,392.41 lakhs | Upto March 31, 2018 |

9. In our opinion and according to the information and the explanations given to us, the company has not raised the money by way of initial public offer or further public offer (including debt instruments) as the Company is not a listed Company. The Company has taken term loans from Central Govt. as Non Plan Loan and has applied the loan for the purpose for which those were obtained. The Company has defaulted in repayment of the Loan alongwith interest as reported in para no. 8 above.
10. Based upon the audit procedure performed for the purpose of reporting the True & Fair view of the Financial Statement and as per the information and explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.



11. In our opinion and according to the information and the explanations given to us, the section 197 of the Companies Act, 2013 is not applicable to the Govt. company vide notification no F. No. 1/2/2014-CL.V dated 05th June 2015, thus the provisions of Clause 3(xi) of the Order are not applicable to the Company.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us, all transactions with Related Party are in compliance with the provisions of Section 177 and Section 188 of the Act. The details of the Related Party Transactions have been disclosed in the Financial Statements as required under Accounting Standard (AS) 18, Related Party Disclosures.
14. The company has not allotted any shares by preferential allotment or private placement.
15. The Company has not entered into any non-cash transactions mentioned under section 192 with its Directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order is not applicable to the Company.
16. 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 is not applicable to the Company.

**For Khandelwal Kakani & Co.
Chartered Accountants
FRN-01311C**

Sd/-

**CA Niranjana Purandare
Partner
M NO. 072684**

**Place: New Delhi
Date: 20th July 2018**

**ANNEXURE – B****Audit opinion on the additional matters directed by the Comptroller and Auditor General pursuant to powers given in Section 143(5) of the Companies Act 2013.**

On the basis of the checks of the books and records, as mentioned in the Auditor's responsibility paragraph of the main report, performed by us and according to the information and explanation provided to us, we report as under:

| Sr. No. | Direction Received | Our observation |
|---------|---|--|
| 1 | Whether the company has clear title/ lease deeds for freehold and leasehold respectively? If not, please state the area of freehold and lease hold land for which title / lease deeds are not available | <p>The company is having freehold Land of 349.42 acre and lease Hold land of 849.90 acres at Nepa Nagar and 802.675 Acre Leasehold Land at Hempur, Uttarakhand:</p> <p><u>Free hold Land 349.42 Acres:</u></p> <p>The documents for acquiring ownership rights from various Agriculturist have been executed in years of 1950's and memorandum of Deputy Commissioner Nimarh dated 21st September 1952 for 91.96 acres Minahi Land is executed in favour of Nepa Ltd.</p> <p>On verification it was noticed that the company does not have revenue records issued by Revenue Authority, Government of Madhya Pradesh in shape of Bhoomi Adhikar Pustika of 10.63 Acres of land allotted by Government of Madhya Pradesh and other private parties.</p> <p><u>Lease hold Land 849.90 Acres:</u></p> <p>The lease deed for 90 years have been executed on 10/10/1947 for 1500 acres of land in favour of the company, where as, according to Gazette publication of Govt. of India dated 26 Dec 1986., the Company holds leasehold rights of 1517.08 Acres out of which 667.18 Acres land vide letter No. 8-42/2002-FCMinistry of Government of India of Environment and Forest dated 23/07/2002 is surrendered to Government of Madhya Pradesh Forest Department on 05.02.2016. The execution formalities of revised lease deed for balance land 849.90 acres(1517.08 acres less 667.18 acres) is under process for execution except 19 acre of land for which lease documents are available with the company.</p> |



| | | |
|---|--|--|
| | | <p>company.</p> <p><u>Hempur Land 802.675 Acres:</u></p> <p>Land measuring 802.675 acre situated at Hempur district of Udham Singh Nagar of Uttarakhand State was under possession of Nepa Ltd out of which 789.54 acres of land was handed over to SIIDCUL on 11th August 2017 balance land of 13.46 acres is under mapping with revenue department and will be handed over after mapping.</p> |
| 2 | Whether there are any cases of waiver / write off of debts/loans / interest etc. if yes, the reason therefore and the amount involved. | There are no cases of waiver / write off of debts/loans / interest etc. during current financial year. |
| 3 | Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grant(s) from the government or other authorities. | <p>a) According to explanations and information received from the company, the company does not have any inventory lying with the third party.</p> <p>b) In respect of the assets, the company has not received any grant during the year.</p> |

For Khandelwal Kakani & Co.
Chartered Accountants
FRN-01311C

Sd/-
CA Niranjan Purandare
Partner
M NO. 072684

Place: New Delhi
Date: 20th July 2018



Annexure - C to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of the Company as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become



inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Khandelwal Kakani & Co.
Chartered Accountants
FRN-01311C**

**Sd/-
CA Niranjn Purandare
Partner
M NO. 072684**

**Place: New Delhi
Date: 20th July 2018**



NEPA LIMITED

NEPA LIMITED
NEPANAGAR (M.P.)
CIN : U21012MP1947GOI000636

BALANCE SHEET AS ON 31ST MARCH, 2018

| PARTICULARS | NOTE | (Rs. In Lakhs) | |
|----------------------------------|----------|---------------------|---------------------|
| | | AS ON 31.03.2018 | AS ON 31.03.2017 |
| I EQUITY AND LIABILITIES | | | |
| SHAREHOLDER'S FUNDS | | | |
| (a) SHARE CAPITAL | "02" | 58,471.25 | 58,471.25 |
| (b) RESERVES & SURPLUS | "03" | (60,400.37) | (63,412.78) |
| NON-CURRENT LIABILITIES | | | |
| (a) LONG-TERM BORROWINGS | "04" | 1,729.00 | 3,452.20 |
| (b) OTHER LONG TERM LIABILITIES | "05" | 2,265.92 | 2,890.67 |
| (c) LONG TERM PROVISIONS | "06" | 2,617.29 | 1,709.14 |
| CURRENT LIABILITIES | | | |
| (a) SHORT-TERM BORROWINGS | "07" | 3,498.72 | 6,195.89 |
| (b) TRADE PAYABLES | "08" | 177.73 | 254.29 |
| (c) OTHER SHORT TERM LIABILITIES | "09" | 25,826.55 | 20,657.19 |
| GRAND TOTAL | | 34,186.09 | 30,217.85 |
| II ASSETS | | | |
| NON - CURRENT ASSETS | | | |
| (a) FIXED ASSETS | | | |
| (i) TANGIBLE ASSETS | "10(i)" | 1,832.29 | 2,012.95 |
| (ii) INTANGIBLE ASSETS | "10(ii)" | 0.25 | 0.25 |
| (iii) CAPITAL WORK IN PROGI | "11" | 16,696.64 | 14,533.48 |
| (b) LONG TERM LOANS & ADVANCES | "12" | 890.32 | 1,178.57 |
| CURRENT ASSETS | | | |
| (a) INVENTORIES | "13" | 1,011.60 | 1,153.74 |
| (b) TRADE RECEIVABLES | "14" | 92.35 | 19.85 |
| (c) CASH & CASH EQUIVALENTS | "15" | 8,039.77 | 7,721.85 |
| (d) SHORT- TERM LOANS & ADVANCES | "16" | 4,069.12 | 2,422.66 |
| (e) OTHER CURRENT ASSETS | "17" | 1,553.76 | 1,174.50 |
| GRAND TOTAL | | 34,186.09 | 30,217.85 |

SIGNIFICANT ACCOUNTING POLICIES "01"
NOTES ON FINANCIAL STATEMENTS "02" TO "49"

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR KHANDELWAL KAKANI & CO. FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
CHARTERED ACCOUNTANTS
FRN: 001311C

Sd/-
CA NIRANJAN PURANDARE
PARTNER
M.NO. 072684

Sd/-
ARVIND KUMAR
DIRECTOR
DIN: 06956955

Sd/-
CMDE. A. N. SONSALE
CHAIRMAN CUM MANAGING DIRECTOR
DIN: 07383997

PLACE: NEW DELHI
DATE: 20.07.2018

Sd/-
SANJAY KUMAR OJHA
COMPANY SECRETARY & CFO



NEPA LIMITED

NEPA LIMITED
NEPANAGAR (M.P.)
CIN : U21012MP1947GOI000636

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2018

| PARTICULARS | NOTE | (Rs. in Lakh) | |
|---|----------------------|-------------------------|--------------------------|
| | | 2017-18 | 2016-17 |
| I REVENUE FROM OPERATIONS (GROSS) | "18" | 1,024.70 | 3,033.96 |
| LESS: PAPER CESS ON NEWSPRINT | | - | 2.60 |
| | | <u>1,024.70</u> | <u>3,031.36</u> |
| II OTHER INCOME | "19" | 10,437.93 | 1,300.07 |
| TOTAL REVENUE | | <u>11,462.63</u> | <u>4,331.43</u> |
| III EXPENDITURE | | | |
| (a) COST OF MATERIALS CONSUMED | "20" | - | 707.81 |
| (b) PURCHASE OF TRADING GOODS | "21" | 881.76 | 810.37 |
| (c) CHANGES IN INVENTORIES OF FINISHED GOODS/ STOCK IN PROCESS AND STOCK IN TRADE | "22" | 46.11 | 895.32 |
| (d) EMPLOYEE BENEFIT EXPENSES | "23" | 3,921.06 | 4,195.26 |
| (e) FINANCE COST | "24" | 2,664.46 | 2,555.19 |
| (f) DEPRECIATION & AMORTIZATION EXP. | "11" | 107.01 | 91.63 |
| (g) OTHER EXPENSES | "25" | 833.90 | 2,315.24 |
| TOTAL EXPENSES | | <u>8,454.30</u> | <u>11,570.81</u> |
| IV PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS, EXTRA-ORDINARY ITEMS AND TAX | | <u>3,008.33</u> | <u>(7,239.38)</u> |
| PRIOR PERIOD ITEMS | "26" | (4.11) | (377.46) |
| V PROFIT/(LOSS) BEFORE EXTRA-ORDINARY ITEMS AND TAX | | <u>3,012.44</u> | <u>(6,861.92)</u> |
| EXTRA ORDINARY ITEMS | | - | - |
| VI PROFIT/(LOSS) BEFORE TAX | | <u>3,012.44</u> | <u>(6,861.92)</u> |
| IX TAX EXPENSE | | NIL | NIL |
| X PROFIT/(LOSS) AFTER TAX | | <u>3012.44</u> | <u>(6861.92)</u> |
| EARNING PER EQUITY SHARE | "27" | Rs. | Rs. |
| BASIC | | 0.57 | (1.43) |
| DILUTED | | 0.57 | (1.38) |
| SIGNIFICANT ACCOUNTING POLICIES NOTES TO ACCOUNTS | "01" "02" To "49" | | |

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR KHANDELWAL KAKANI & CO.
CHARTERED ACCOUNTANTS
FRN: 01311C

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
CA NIRANJAN PURANDARE
PARTNER
M.NO. 072684

Sd/-
ARVIND KUMAR
DIRECTOR
DIN: 06956955

Sd/-
CMDE. A. N. SONSALE
CHAIRMAN CUM MANAGING DIRECTOR
DIN: 07383997

PLACE: NEW DELHI
DATE: 20.07.2018

Sd/-
SANJAY KUMAR OJHA
COMPANY SECRETARY & CFO



NEPA LIMITED

NEPA LIMITED NEPANAGAR (M.P.)

CIN : U21012MP1947GOI000636

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. In Lakh)

| <u>A. Cash Flow from Operating Activities</u> | Year ended 31st March 2018 | Year ended 31st March 2017 |
|--|-------------------------------|-------------------------------|
| Net Profit (+)/Loss (-) before tax and prior Period adjustment as per P&L A/c | 3,008.33 | (7,239.39) |
| <u>Adjustment for</u> | | |
| Depreciation | 87.99 | 91.63 |
| Prior Period item adjustment | 23.13 | 425.75 |
| Subsidy Reserve Transfer | (0.03) | (0.03) |
| Reserves & Provisions written back | (34.73) | (89.37) |
| Obsolescence Allowance | 20.10 | 67.22 |
| Gratuity & Leave encashment | 608.95 | 320.12 |
| Profit on sale of Fixed Assets | (9,418.08) | (1.26) |
| Interest Earned | (396.36) | (796.05) |
| Interest & Finance Charges | 2,664.46 | 2,555.19 |
| | <u>(3,436.24)</u> | <u>(4,666.19)</u> |
| Operating Profit (before working Capital changes) | | |
| (Increase) / Decrease Loan & Advances | (2,026.01) | (1,062.03) |
| (Increase) / Decrease Trade and other Receivables | (207.96) | 598.59 |
| Increase / (Decrease) Trade payables & Provisions | 1,470.54 | 2,476.27 |
| (Increase) / Decrease Inventories | 122.04 | 780.37 |
| | <u>(641.39)</u> | <u>2,793.20</u> |
| Income Tax Paid | (11.49) | (15.62) |
| CASH GENERATED FROM OPERATION | <u>(4,089.12)</u> | <u>(1,888.61)</u> |
| <u>B. Cash flow from Investing activities</u> | | |
| Purchase of Fixed Assets (Net) | (4.64) | (75.70) |
| Sale of Fixed Assets (Net) | 9,515.39 | 1.41 |
| Amount invested in Fixed deposit | (7,517.01) | (1,889.18) |
| Fixed deposit matured | 7,082.24 | 5,118.46 |
| Interest Earned | 543.31 | 355.43 |
| Payment for Capital Work in progress | (2,497.91) | (9,117.51) |
| | <u>7,121.38</u> | <u>(5,607.09)</u> |
| <u>C. Cash flow from Finance Activities</u> | | |
| Movement in Overdraft account | (2,697.17) | 2,834.20 |
| Interest and Financial charges paid | (451.94) | (554.25) |
| | <u>(3,149.11)</u> | <u>2,279.95</u> |
| Net inflow/outflow in cash & cash equivalents (A-B-C) | (116.85) | (5,215.75) |
| Opening Cash and Cash equivalents | 204.61 | 5,420.36 |
| Closing Cash & Cash equivalents | <u>87.76</u> | <u>204.61</u> |

Note :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statements

contd.....2



NEPA LIMITED

2. Cash and cash equivalent included in the cash flow statement comprise of following items:

| | AS ON 31.03.2018 | AS ON 31.03.2017 |
|--|---------------------|---------------------|
| Amount as per Balance sheet note "15" | 8,039.77 | 7,721.85 |
| Less: Fixed deposits with maturities for more than 12 months | 7,952.01 | 7,517.24 |
| Cash and Cash equivalents as per Cash Flow Statement | <u>87.76</u> | <u>204.61</u> |

SIGNIFICANT ACCOUNTING POLICIES
NOTES ON FINANCIAL STATEMENTS

"01"
"2 TO 49"

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR Khandelwal Kakani & Co.
CHARTERED ACCOUNTANTS
FRN: 01311C

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
CA NIRANJAN PURANDARE
PARTNER
M.NO. 072684

Sd/-
ARVIND KUMAR
DIRECTOR
DIN:06956955

Sd/-
CMDE. A. N. SONSALE
CHAIRMAN CUM MANAGING
DIRECTOR
DIN: 07383997

PLACE: NEW DELHI
DATE : 20.07.2018

Sd/-
SANJAY KUMAR OJHA
COMPANY SECRETARY & CFO



NEPA LIMITED

NOTE NO: "01"

SIGNIFICANT ACCOUNTING POLICIES PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

A. BACKGROUND OF THE COMPANY :

Nepa Limited ("the Company") is a pioneer Newsprint manufacturing Company of India, which is centrally located at Neapanagar, Dist. Burhanpur in M.P. with an initial installed capacity of 30,000 TPA. Our first Prime Minister Pandit Jawaharlal Nehru dedicated the mill to the nation on 26th April 1956.

The Company has expanded in stages to the present installed capacity of 88,000 TPA. The technology & machinery are over five decades old and there are constraints/bottlenecks in operations.

On disconnection of power supply by MPEB (Madhya Pradesh Electricity Board) in 1996 and due to acute shortage of forest based raw material, the mill switched over to recycling of recovered paper since 1997, without adding the DIP (De-inking plant) necessary for processing recovered paper having ink.

The pulping plants at the Company were designed for processing forest raw materials. By adopting a make shift arrangement to process recovered paper, the Company is unable to achieve the desired quality in Newsprint because of aged plant and machinery. Cost of production is high and higher cost coupled with depressed market due to cheaper imports and lower sales realization due to poor brightness, the Company is not able to earn profits.

The Company is presently implementing Gol approved Revival and Mill Development Plan (RMDP) sanctioned by BIFR in March 2014. Under RMDP, a new 300 TPD De-Inking Plant is being installed and Paper Machines & Captive Power Plant are being renovated.

B. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The Financial Statement of the Company has been prepared in accordance with generally accepted accounting principle in India (GAAP). The Company has prepared the Financial Statement to comply with all material respect with the accounting standard notified under section 133 of the Companies Act 2013 read with rule 7 of Companies (Accounts) Rules, 2014.

The Financial Statement has been prepared under the historical cost convention on the accrual basis despite of the negative net worth of the company due to continued support from Gol in form of revival plan as explained above and in note no. 31 to this financial statement.

The accounting policy has been consistently applied by the company and is consistent with those used in the Previous Year. All Assets and liabilities have been classified as current or non-current as per company's normal operating cycle and other criteria set out in the schedule III based on the nature of product and the time between the acquisition of assets for processing and their realization in Cash & Cash Equivalent. The company has ascertained its operating cycle as 12 months for the purpose of Current/Non Current classifications of Assets & Liabilities.



C. USE OF ESTIMATE

The preparation of financial statement in conformity with generally accepted accounting principles require estimate and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statement and the reported amounts of revenues and expenses during the reporting period, actual results could differ from these estimates and difference between actual results and estimate are recognized in the periods in which the results are known/materialize.

D. CASH FLOW STATEMENT

The cash flow statement is prepared using the “Indirect method set out in Accounting Standard 3 “Cash Flow statement” which presents cash flow from operating, investing and financing activities of the company.

E. FIXED ASSETS

(i) Tangible Assets

- (a) Fixed Assets are stated at cost of acquisition/construction less accumulated depreciation. The cost comprises the purchases price and directly attributable cost of bringing the assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchases price. Capital work in progress includes cost of fixed assets that are not ready to put to use.
- (b) Plant and Machineries which are not ready for their intended use are shown as Capital Work-in-Progress.
- (c) Expenditure of capital nature under Furniture & Fixtures, Office Equipments, Tools and Implements etc. upto Rs. 400/- each and under civil works, plant & machinery etc. upto Rs. 5,000/- is charged to the Statement of Profit & Loss.

(ii) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion, if any. The cost comprises purchase price, borrowing costs, and any other cost directly attributable to bringing the asset to its working condition for its intended use.

F. DEPRECIATION

- (i) In respect of fixed assets (other than freehold land and capital work-in-progress) acquired during the year, depreciation / amortization is charged on a straight line basis so as to write-off the cost of the assets over their useful lives and for the assets acquired prior to 01 April 2014, the carrying amount as on 01 April 2014 is depreciated over the remaining useful life as per Schedule-II of the Companies Act 2013 except in case of the following assets, whose useful life based on technical assessment by the management has been taken as under:

| <u>Type of asset</u> | <u>Period</u> |
|----------------------|---------------|
| Plant and machinery | 18 Years |
| Railway Siding | 18 Years |

- (ii) Depreciation is provided up to 95% of the acquisition cost as per Companies Act and balance 5% of the value is retained in the books.



G. INVENTORIES

Inventories (Raw material, Work in progress, and Finished Goods) are generally valued at lower of cost or net realizable value. Cost is determined at “Weighted Average” basis. However in case of:-

- a) Raw material in transit, stores in transit and under inspection, stock in process, inventory is valued on the formula of directly attributed cost.
- b) Stock of Coal cinder and Scrap are valued at estimated realizable value. Estimated realizable value is the average rate of the quantity sold during the last quarter of the financial year. In case, no sales occurred in the last quarter, average rate of previous quarter is considered.

H. REVENUE RECOGNITION

Revenue is recognized to the extent it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- (i) Sale of Goods is recognized at the point of dispatch of finished goods to customers, net of returns and rebates and is inclusive of Excise-duty & Cess/ Goods and Service Tax but exclusive of Sales-tax/Value Added Tax.
- (ii) Revenue from scrap is accounted on the event of sale.
- (i) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

I. EMPLOYEE BENEFITS

- (i) Provident fund liability is provided on accrual basis.
- (ii) Leave encashment is accounted for on accrual basis.
- (iii) For Casual/Badli workers, the Gratuity is accounted for on Cash Basis.
- (iv) Gratuity Plan
 - a) Company's gratuity benefit scheme is a defined benefit plan. The company's net obligation in respect of the gratuity scheme is calculated by estimating the amount of future benefits that employees would earn in return of their services in the current and prior period. The benefit is discounted to determine its present value and fair value of plan assets is deducted.
 - b) The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the unit credit method.
 - c) The obligation is measured at the present value of estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plan are based on the market yields on Govt. securities as on the Balance-Sheet date.
 - d) Actuarial gain and losses are recognized immediately in the Statement of Profit & Loss made at the end of the year.

J. RESEARCH AND DEVELOPMENT

Research & Development expenses, expenses on upkeep of the lab facility and related staff salary expenses are charged to the Statement of Profit and Loss under the Research & Development Expenditure.



K. FOREIGN EXCHANGE TRANSACTIONS

- (i). Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction. At the Balance Sheet date, foreign currency assets & liabilities are reported using the closing rate.
- (ii). Exchange differences in respect of loans/deposits/liabilities relating to fixed assets/capital work-in-progress acquired from a country outside India are adjusted in the carrying cost of related assets.
- (iii). Exchange differences in respect of loans relating to fixed assets/capital work-in-progress acquired within India to the extent regarded as an adjustment to interest cost are treated as borrowing cost.
- (iv). Other exchange differences are recognized as income or expense in the period in which they arise.
- (v). Forward exchange contracts:
Premium/discount arising at the inception of the contract is amortised as expenses or income or charge to capital asset over the period of the forward exchange contract. Exchange difference in such contracts at the Balance Sheet date is recognised in the Statement of Profit & Loss/ Capital work in progress for the year at the closing rate. Any profit or loss arising on cancellation/renewal of forward contract is recognised as income or expense to profit or loss / charged to capital asset at the time of transaction.

L. SUBSIDIES AND GRANTS

Subsidies and Grants of revenue nature are recognized on cash basis. Subsidies received from M.P. Housing Board have been shown net of amount transferred to the Statement of Profit & Loss. Grant received from MP Govt. against the salary of school staff has been net of from the school expenses shown under other expenses in Statement of Profit & Loss during the year.

M. CLAIMS AGAINST CONTRACT OF PURCHASE & SALES

Claims arising because of escalation, liquidated damages, interest receivable or payable from/to vendors/contractors for supplies and services are accounted for on final settlement, wherever not provided for in the terms of respective Purchase/Work Order. Similar claims in respect of contracts for sales are accounted for on the basis of final settlement.

N. ALLOCATION OF EXPENSES

Coal, Stores and Spares are allocated to various expenditure heads like power generation, manufacturing expenses, repairs and maintenance on actual consumption basis. Similarly, establishment expenses are allocated to township and social overhead and others on actual basis.

O. BORROWING COST

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

P. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(i) PROVISIONS

Provision is recognized in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date.



These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(ii). **CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arise from past event whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize contingent liabilities but discloses its existence in the financial statements.

(iii) . **CONTINGENT ASSETS**

Contingent Assets are neither recognized nor disclosed in the financial statements.

Q. TAXATION

(i) **Current Tax**

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

(ii) **Deferred Tax**

Deferred Tax resulting from timing differences between taxable income and accounting income is not provided due to carried forward business loss and unabsorbed depreciation and by virtue of same, there is no virtual certainty to the company for their realization against future taxable profit.

R. EARNING PER EQUITY SHARES

Basic earning per equity shares is computed using the weighted average number of equity shares outstanding during the year.

Diluted earnings per equity shares is computed using the weighted average number of equity shares and diluted potential equity shares outstanding during the year.

S. CASH & CASH EQUIVALENTS

Cash & cash equivalents for the purpose of Cash Flow Statement comprises of Cash at Bank & Cash on Hand and Fixed Deposits in bank with original maturity less than three months.

T. OTHERS

- (i) Loose Tools are charged to consumption in the year of issue, irrespective of their life.
- (ii) No adjustment is made for self-consumption of newsprint and re-pulping of rejected and old stock of newsprint.
- (iii) Shortage/excess found during physical verification of inventories is adjusted to consumption.
- (iv) In respect of items of Stores and Spares excluding insurance spares which have not moved for more than five years, full provision for obsolescence allowance is created.



NEPA LIMITED

NEPA LIMITED
NEPANAGAR (M.P.)

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

NOTE NO. "02"

=====

SHARE CAPITAL

| S.NO. | PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|---|---|-------------------------------|-------------------------------|
| I. AUTHORISED SHARE CAPITAL | | | |
| a) | 525000000 EQUITY SHARES OF Rs.10/- EACH (PREVIOUS YEAR 525000000 EQUITY SHARES OF Rs. 10/- EACH) | 52,500.00 | 52,500.00 |
| b) | 600000, 7% NON- CUMULATIVE PREFERENCE SHARES OF OF Rs. 1000 EACH (PREVIOUS YEAR 600000, 7% NON-CUMULATIVE PREFERENCE SHARES OF Rs. 1000/- EACH) | 6,000.00 | 6,000.00 |
| II. ISSUED, SUBSCRIBED & PAID UP CAPITAL | | | |
| a) | EQUITY SHARES OF Rs. 10/- EACH 524669464 EQUITY SHARES @RS.10/- EACH (P.Y. 524669464 EQUITY SHARES) | 52,466.95 | 52,466.95 |
| Add: | FORFEITED EQUITY SHARES 97780 (97780) EQUITY SHARES OF Rs.10/- EACH | 4.30 | 4.30 |
| | | <u>52,471.25</u> | <u>52,471.25</u> |
| b) | 7% NON- CUMULATIVE PREFERENCE SHARES OF Rs. 1000/- EACH 600000 PREFERENCE SHARES OF Rs. 1000/- EACH | 6,000.00 | 6,000.00 |
| | TOTAL (a+b) | <u>58,471.25</u> | <u>58,471.25</u> |

A. RECONCILIATION OF NUMBER OF SHARE OUTSTANDING AT THE BEGINING AND AT THE END OF THE REPORTING PERIOD.

| PARTICULARS | AS ON 31.03.2018 NO. OF SHARES | AS ON 31.03.2017 NO. OF SHARES |
|---|---|---|
| OUTSTANDING AT THE BEGINNING OF THE YEAR | | |
| (I) CENTRAL GOVERNMENT EQUITY SHARES OF Rs. 10/- EACH FULLY PAID UP | 493,477,344 | 445,567,344 |
| (II) MADHYA PRADESH GOVERNMENT EQUITY SHARE OF Rs. 10/- EACH FULLY PAID UP | 30,537,290 | 1,697,290 |
| (III) PUBLIC EQUITY SHARE OF Rs.10/- EACH FULLY PAID UP | 654,930 | 654,930 |
| | <u>524,669,564</u> | <u>448,017,344</u> |
| OUTSTANDING AT THE END OF THE YEAR | | |
| (I) CENTRAL GOVERNMENT EQUITY SHARE OF Rs.10/- EACH FULLY PAID UP | 493,477,344 | 493,477,344 |
| (II) MADHYA PRADESH GOVERNMENT EQUITY SHARE OF Rs.10/- EACH FULLY PAID UP | 30,537,290 | 30,537,290 |
| (III) PUBLIC EQUITY SHARE OF Rs.10/- EACH FULLY PAID UP | 654,930 | 654,930 |
| TOTAL | <u>524,669,564</u> | <u>524,669,564</u> |

NOTE: COMPANY HAS FORFEITED 97780 NO. OF EQUITY SHARES IN EARLIER YEARS DUE TO NON-PAYMENT



NEPA LIMITED

B. SHAREHOLDING OF MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY\

| PARTICULARS | NO. OF SHARES 31.03.2018 | % OF SHARE HOLDING | NO. OF SHARES 31.03.2017 | % OF SHARE HOLDING |
|---------------------------------------|-----------------------------|-----------------------|--------------------------------|-----------------------|
| (I) CENTRAL GOVERNMENT | 493,477,344 | 94.05% | 493,477,344 | 94.05% |
| (II) GOVT. OF MADHYA PRADESH | 30,537,290 | 5.82% | 30,537,290 | 5.82% |
| (III) CENTRAL GOVT. PREFERENCE SHARES | 600,000 | 100.00% | 600,000 | 100.00% |

C. AGGREGATE NUMBER OF EQUITY SHARES ALLOTTED AS FULLY PAID UP PURSUANT TO CONTRACT WITHOUT PAYMENT BEING RECEIVED IN CASH.

4,71,84,094 NO. OF EQUITY SHARE OF Rs. 10/- EACH TO CENTRAL GOVT AND 2,99,37,290 NO OF EQUITY SHARE OF RS. 10 EACH MADHYA PRADESH GOVERNMENT ALLOTTED AS FULLY PAID PURSUANT TO CONTRACT WITHOUT PAYMENT BEING RECEIVED IN CASH.

NOTE NO. "03"

=====

RESERVES AND SURPLUS

| S.NO. PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|--|-------------------------------|-------------------------------|
| A. CAPITAL RESERVE | | |
| AS PER THE LAST B/S | 10.07 | 10.07 |
| B. SUBSIDY RESERVE | | |
| AS PER THE LAST B/S | 0.63 | 0.66 |
| LESS: TRANSFER TO PROFIT & LOSS A/C | 0.03 | 0.03 |
| C. NET DEFICIT IN STATEMENT PROFIT & LOSS | | |
| NET DEFICIT AT THE BEGINNING OF THE YEAR | (63,423.47) | (56,561.55) |
| ADD: PROFIT/ LOSS INCURRED DURING THE YEAR | 3,012.44 | (6,861.92) |
| NET DEFICIT AT THE END OF THE YEAR | (60,411.03) | (63,423.47) |
| | <u>(60,400.37)</u> | <u>(63,412.78)</u> |

NOTE 03.01:

TRANSFER OF Rs 0.03 LAKHS (PREVIOUS YEARS Rs 0.03 LAKHS) OUT OF SUBSIDY RESERVE RECEIVED FROM M.P. HOUSING BOARD TOWARDS 100 REGULAR TWO ROOM TENANTS REPRESENTS THE PROPORTIONATE PART WITH REFERENCE TO LIFE OF ASSETS CREATED UNDER THE SCHEME

NOTE NO. "04"

=====

LONG TERM BORROWINGS

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|---------------------------------------|-------------------------------|-------------------------------|
| UNSECURED LOANS | | |
| GOVT. OF INDIA (PLAN & NON PLAN LOAN) | 1,729.00 | 3,452.20 |
| TOTAL | <u>1,729.00</u> | <u>3,452.20</u> |

NOTE NO. "05"

=====

OTHER LONG TERM LIABILITIES

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|-------------------------|-------------------------------|-------------------------------|
| 1 CREDITORS FOR PROJECT | 2,259.67 | 2,882.97 |
| 2 OTHERS (CST & VAT) | 6.25 | 7.70 |
| TOTAL | <u>2,265.92</u> | <u>2,890.67</u> |



NEPA LIMITED

NOTE NO. "06"

=====

LONG TERM PROVISIONS

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|----------------------------------|-------------------------------|-------------------------------|
| 1 PROVISION FOR GRATUITY | 968.90 | 382.57 |
| 2 PROVISION FOR LEAVE ENCASHMENT | 1,648.39 | 1,326.57 |
| TOTAL | 2,617.29 | 1,709.14 |

NOTE NO. "07"

=====

SHORT TERM BORROWINGS

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|-----------------------|-------------------------------|-------------------------------|
| SECURED LOAN | | |
| OVERDRAFT AGAINST TDR | 3,498.72 | 6,195.89 |
| TOTAL | 3,498.72 | 6,195.89 |

NOTE NO. 07.01

COMPANY HAS TAKEN A BANK OVERDRAFT OF RS. 3498.72 LAKHS (PREVIOUS YEAR - RS. 6195.89 LAKHS) AGAINST SECURITY OF ITS TDRs AND SAME WAS OUTSTANDING AT THE YEAR END. HOWEVER, THE COMPANY HAS NOT CREATED ANY CHARGE ON SUCH FDRs WITH ROC.

NOTE NO. "08"

=====

TRADE PAYABLES

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|---|-------------------------------|-------------------------------|
| A) <u>MICRO SMALL AND MEDIUM ENTERPRISES</u> S. CREDITORS - SMALL SCALE INDUSTRIES | - | 1.34 |
| B) OTHER SUNDRY CREDITORS FOR SUPPLY | 177.73 | 252.95 |
| TOTAL | 177.73 | 254.29 |

NOTE : 08.01

NO INTEREST HAD BECOME PAYABLE EITHER IN THE CURRENT YEAR OR IN THE PREVIOUS YEAR UNDER SECTION 16 OF MICRO, SMALL & MEDIUM ENTERPRISES DEVELOPMENT ACT 2006, OR UNDER ANY OTHER CONTRACTUAL OBLIGATION.

NOTE NO. "09"

=====

OTHER CURRENT LIABILITIES

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|--|-------------------------------|-------------------------------|
| 1 <u>CURRENT MATURITY OF LONG TERM DEBT</u> INSTALLMENT OF GOI LOAN (PLAN & NON-PLAN) | 9,630.00 | 7,906.80 |
| 2 <u>INTEREST ACCRUED & DUE (ON GOI PLAN & NON PLAN LOAN)</u> - INTEREST | 4,957.67 | 3,684.83 |
| - INTEREST INCLUDING PENAL INTEREST ON OVERDUE INSTALMENTS | 2,434.73 | 1,554.99 |
| 3 <u>INTEREST ACCRUED AND NOT DUE (ON GOI PLAN & NON PLAN LOAN)</u> - INTEREST | 131.56 | 240.36 |
| - INTEREST INCLUDING PENAL INTEREST ON OVERDUE INSTALMENTS | 724.41 | 555.67 |
| 4 DEPOSIT FROM CONTRACTOR / AGENT /CUSTOMERS & OTHERS | 373.09 | 427.56 |
| 5 OTHER CREDITORS | 7,140.94 | 5,561.48 |
| 6 <u>SHORT TERM PROVISIONS</u> PROVISION FOR GRATUITY | 82.94 | 177.78 |
| PROVISION FOR LEAVE ENCASHMENT | 171.91 | 376.27 |
| (FOR LIABILITY PAYABLE AFTER 12 MONTHS REFER NOTE NO. 6; | 254.85 | 554.05 |
| 7 STATUTORY DUES | 179.30 | 171.44 |
| TOTAL | 25,826.55 | 20,657.19 |

NOTE 09.01: SHORT TERM PROVISION FOR LEAVE ENCASHMENT IS PROVIDED ON ESTIMATED BASIS



Note No. "10"

FIXED ASSETS

(Rs. In Lacs)

| DESCRIPTION | GROSS BLOCK AT COST | | | | LESS DEPRECIATION | | | | NET BLOCK | |
|--|---------------------|-------------|---------------|------------------|-------------------|--------------|---------------|-----------------|-----------------|-----------------|
| | AS ON | Additions | Deduction | AS AT | AS ON | For the | Transfer | Upto | AS AT | AS AT |
| | 01.04.2017 | | | 31.03.2018 | 01.04.2017 | Year | Adjustments | 31.03.2018 | 31.03.2018 | 31.03.2017 |
| A. NEPA LIMITED NEPANAGAR UNIT | | | | | | | | | | |
| 1. Non-Township | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | |
| Land (Free Hold) | 2.58 | - | - | 2.58 | - | - | - | - | 2.58 | 2.58 |
| Buildings | 965.80 | - | - | 965.80 | 680.00 | 13.25 | - | 693.25 | 272.55 | 285.80 |
| Railway Siding | 412.93 | - | - | 412.93 | 255.75 | 11.34 | - | 267.09 | 145.84 | 157.18 |
| Plant and Machinery | 8,059.53 | - | - | 8,059.53 | 7,024.37 | 30.83 | - | 7,055.20 | 1,004.33 | 1,035.16 |
| Water Works | 263.79 | - | - | 263.79 | 217.48 | 1.91 | - | 219.39 | 44.40 | 46.31 |
| Roads and Bridges | 34.31 | - | - | 34.31 | 32.60 | - | - | 32.60 | 1.71 | 1.71 |
| Tools and Implements | 4.83 | - | - | 4.83 | 4.49 | 0.02 | - | 4.51 | 0.32 | 0.34 |
| Furniture, Fixtures & Equipments | 270.92 | 3.23 | 0.46 | 273.69 | 189.13 | 19.54 | - | 208.67 | 65.02 | 81.79 |
| Furniture Equipment at Nepa House | 0.92 | - | - | 0.92 | 0.21 | 0.09 | - | 0.30 | 0.62 | 0.71 |
| Library Books | 0.37 | - | - | 0.37 | 0.35 | - | - | 0.35 | 0.02 | 0.02 |
| Vehicles | 10.17 | - | - | 10.17 | 8.83 | - | 0.83 | 9.66 | 0.51 | 1.34 |
| Discarded Assets | 186.95 | - | - | 186.95 | 90.37 | - | - | 90.37 | 96.58 | 96.58 |
| SUB-TOTAL | 10,213.10 | 3.23 | 0.46 | 10,215.87 | 8,503.58 | 76.98 | 0.83 | 8,581.39 | 1,634.48 | 1,709.52 |
| 2. Township | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | |
| Building | 417.16 | 0.51 | 0.10 | 417.57 | 258.46 | 4.58 | - | 263.04 | 154.53 | 158.70 |
| Roads Bridges & Level Crossing | 17.38 | - | - | 17.38 | 16.51 | - | - | 16.51 | 0.87 | 0.87 |
| Vehicles | 6.83 | - | - | 6.83 | 6.76 | 0.36 | (0.83) | 6.29 | 0.54 | 0.07 |
| Furniture, Fixtures & Equipments | 110.88 | 1.44 | - | 112.32 | 66.52 | 5.72 | - | 72.24 | 40.08 | 44.36 |
| SUB-TOTAL | 552.25 | 1.95 | 0.10 | 554.10 | 348.25 | 10.66 | (0.83) | 358.08 | 196.02 | 204.00 |
| TOTAL (A) | 10,765.35 | 5.18 | 0.56 | 10,769.97 | 8,851.83 | 87.64 | - | 8,939.47 | 1,830.50 | 1,913.52 |
| B. NEPA LIMITED U.P. PROJECT | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | |
| Land Lease hold (Hempur) | 149.23 | - | 146.73 | 2.50 | 49.92 | 0.34 | 49.42 | 0.84 | 1.66 | 99.31 |
| Plant & Machinery/Equipments | 0.45 | - | - | 0.45 | 0.43 | - | - | 0.43 | 0.02 | 0.02 |
| Furniture & Fixtures | 2.76 | - | - | 2.76 | 2.66 | - | - | 2.66 | 0.10 | 0.10 |
| Vehicles | 0.05 | - | - | 0.05 | 0.04 | - | - | 0.04 | 0.01 | 0.01 |
| TOTAL (B) | 152.49 | - | 146.73 | 5.76 | 53.05 | 0.34 | 49.42 | 3.97 | 1.79 | 99.44 |
| TOTAL (A+B) | 10,917.84 | 5.18 | 147.29 | 10,775.73 | 8,904.88 | 87.98 | 49.42 | 8,943.44 | 1,832.29 | 2,012.96 |
| A. NEPA LIMITED NEPANAGAR UNIT | | | | | | | | | | |
| 1. Non-Township | | | | | | | | | | |
| Intangible Assets | | | | | | | | | | |
| Rights, concessions & facilities from Government of Madhya Pradesh | 5.00 | - | - | 5.00 | 4.75 | - | - | 4.75 | 0.25 | 0.25 |



Note No. "10"

FIXED ASSETS

(Rs. In Lacs)

| DESCRIPTION | GROSS BLOCK AT COST | | | | LESS DEPRECIATION | | | | NET BLOCK | |
|---------------------|---------------------|-----------|-----------|------------|-------------------|---------|-------------|------------|------------|------------|
| | AS ON | Additions | Deduction | AS AT | AS ON | For the | Transfer | Upto | AS AT | AS AT |
| | 01.04.2017 | | | 31.03.2018 | 01.04.2017 | Year | Adjustments | 31.03.2018 | 31.03.2018 | 31.03.2017 |
| TOTAL (C) | 5.00 | - | - | 5.00 | 4.75 | - | - | 4.75 | 0.25 | 0.25 |
| GRAND TOTAL (A+B+C) | 10,922.84 | 5.18 | 147.29 | 10,780.73 | 8,909.63 | 87.98 | 49.42 | 8,948.19 | 1,832.54 | 2,013.21 |

Note 10.01 Refer note 33 for sale of land of U.P. Project

Note 10.02 The company has received cashback of Rs. 0.56 lakhs from Indian Oil Corporation Limited on installation of certain assets in Petrol Pump operated by the company.



NOTE NO. "11"

=====

CAPITAL WORK IN PROGRESS

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|--|-------------------------------|-------------------------------|
| PLANT & MACHINERY UNDER ERECTION | | |
| OPENING BALANCE | 14,533.48 | 5,664.51 |
| ADD:-ACQUIRED DURING THE YEAR | 1,995.37 | 9,155.73 |
| ADD:-ADMINSTRATIVE AND ESTABLISHMENT EXPENDITURE | 151.72 | 171.90 |
| | <u>16,680.57</u> | <u>14,992.14</u> |
| LESS - TRANSFER TO FIXED ASSETS | - | 458.66 |
| TOTAL | <u>16,680.57</u> | <u>14,533.48</u> |
| INTANGIBLE WORK IN PROGRESS | 16.07 | - |
| GRAND TOTAL | <u>16,696.64</u> | <u>14,533.48</u> |

NOTE 11.1: BALANCE INCLUDE PLANT & MACHINERY UNDER TRANSIT OF RS. 336.98 lakhs (PY Rs. 30.38 LAKHS), IMPORTED ON FOB TERMS.

NOTE NO. "12"

=====

LONG TERM LOANS AND ADVANCES

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|---|-------------------------------|-------------------------------|
| 1 CAPITAL ADVANCES | 889.28 | 1,177.83 |
| 2 SECURITY DEPOSIT FOR SERVICE CONNECTION | 1.04 | 0.74 |
| TOTAL | <u>890.32</u> | <u>1,178.57</u> |

NOTE NO. "13"

=====

INVENTORIES

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|--|-------------------------------|-------------------------------|
| 1 RAW MATERIALS WITH PRODUCTION DEPARTMENT | 107.48 | |
| LESS: PROVISION FOR REDUCTION IN VALUE | 4.45 | 103.03 |
| | | 107.48 |
| 2 FINISHED GOODS | - | 28.89 |
| 3 STORES AND SPARES & OTHERS | 845.40 | 882.02 |
| LESS: PROVISION FOR NON MOVING ITEMS | 606.45 | 238.95 |
| | | <u>590.81</u> |
| | | 291.21 |
| 4 COAL FOR POWER GENERATION | 71.82 | 72.01 |
| 5 STORES IN TRANSIT | 0.01 | 37.47 |
| 6 LOOSE TOOLS | 4.21 | 5.88 |
| 7 <u>COAL CINDER AND SCRAP</u> - COAL CINDER | 404.02 | 427.05 |
| 8 PAPER CUTTING & AGRICULTURAL RESIDUE MATERIAL FOR PULF | 161.69 | 161.69 |
| 9 PETROL, DIESEL, LUBRICANTS | 27.87 | 22.06 |
| TOTAL | <u>1,011.60</u> | <u>1,153.74</u> |

NOTE NO. "14"

=====

TRADE RECEIVABLE

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|--|-------------------------------|-------------------------------|
| (UNSECURED AND CONSIDERED GOOD) | | |
| DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT | | |
| UNSECURED, CONSIDERED GOOD | 92.35 | 19.85 |
| DOUBTFUL | 249.77 | 249.77 |
| | 342.12 | 269.62 |
| LESS: PROVISION FOR DOUBTFUL DEBTS | (249.77) | (249.77) |
| TOTAL | <u>92.35</u> | <u>19.85</u> |



NEPA LIMITED

NOTE NO. "15"

=====

CASH AND CASH EQUIVALENTS

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|---|-------------------------------|-------------------------------|
| A) CASH IN HAND | | |
| 1 CASH BOOK (ADMIN OFFICE) | 1.38 | 4.93 |
| 2 CASH IN HAND WITH OTHER DEPARTMENTS OF THE MILL | 3.22 | 3.83 |
| | 4.60 | 8.76 |
| B) BALANCE WITH SCHEDULE BANKS | 83.16 | 195.85 |
| C) FIXED DEPOSITS WITH SCHEDULE BANKS | 7,952.01 | 7,517.24 |
| TOTAL | 8,039.77 | 7,721.85 |

NOTE:- 15.1:-

FIXED DEPOSIT WITH SCHEDULE BANK INCLUDES FDRs HELD BY BANK AS MARGIN MONEY FOR

- a) LETTER OF CREDIT NIL (P.Y. Rs. 1918.00 LAKHS)
 b) BANK OVERDRAFT Rs. 3845.49 LAKHS (P.Y. Rs. 6936.13 LAKHS)
 c) BANK GUARANTEES Rs. 629.22 LAKHS (P.Y. Rs. 605.74 LAKHS)

NOTE NO. "16"

=====

SHORT TERM LOANS AND ADVANCES

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|---|-------------------------------|-------------------------------|
| 1 ADVANCE AGAINST INDIGENOUS PURCHASE AND OTHERS - UNSECURED AND CONSIDERED GOOD | - | 3.20 |
| - DOUBTFUL | 3.05 | 13.39 |
| LESS:-PROVISION FOR BAD AND DOUBTFUL DEBTS | 3.05 | 13.39 |
| | - | 3.20 |
| 2 GENERAL ADVANCE TO MONTHLY RATED EMPLOYEES | 3,979.64 | 2,342.23 |
| 3 FESTIVAL ADVANCE | 50.32 | 35.69 |
| 4 OTHER ADVANCES - UNSECURED AND CONSIDERED GOOD | 38.84 | 41.54 |
| - DOUBTFUL | | |
| SUNDRY ADVANCES | 127.83 | 127.51 |
| OTHER LOANS & ADVANCES | 0.55 | 0.55 |
| | 128.38 | 128.06 |
| LESS: PROVISION FOR DOUBTFUL LOANS & ADVANCES | 128.06 | 128.06 |
| | 0.32 | - |
| TOTAL | 4,069.12 | 2,422.66 |

NOTE:- 16.1

PROVISION FOR BAD AND DOUBTFUL DEBTS/ADVANCES

| | | |
|---------------------|-------------|--------------|
| 1 LOAN AND ADVANCES | 3.05 | 13.39 |
| TOTAL | 3.05 | 13.39 |

NOTE NO. "17"

=====

OTHER CURRENT ASSETS

| PARTICULARS | AMOUNT AS ON 31.03.2018 | AMOUNT AS ON 31.03.2017 |
|--|-------------------------------|-------------------------------|
| 1 DEPOSIT WITH CENTRAL EXCISE FOR CESS ON PAPER | 1.27 | 1.27 |
| 2 INCOME TAX PAID AT SOURCE | 39.26 | 50.75 |
| 3 SALES TAX RECOVERABLE | 11.77 | 11.77 |
| 4 PREPAID EXPENSES | 8.61 | 5.17 |
| 5 INTEREST ACCRUED ON BANK DEPOSIT | 158.65 | 11.70 |
| 6 ACCURED INCOME (O/S RECOVERY OF TOWNSHIP RENT) LESS:PROVISION AGAINST DOUBTFUL RECOVERY | 218.42 20.92 | 200.65 20.92 |
| | 197.50 | 179.73 |
| 7 DEPOSIT WITH CUSTOMS AND OTHER AUTHORITIES LESS: PROVISION FOR BAD & DOUBTFUL DEPOSITS | 60.40 4.45 | 87.98 4.45 |
| | 55.95 | 83.53 |
| 8 CLAIM RECEIVABLE LESS: PROVISION FOR BAD & DOUBTFUL CLAIM | 475.15 13.17 | 515.79 13.17 |
| | 461.98 | 502.62 |
| 9 SALES TAX PAID UNDER PROTEST | 15.68 | 15.68 |
| 10 GST Receivable | 603.09 | |
| 11 ED REFUNDABLE AND CENVAT CREDIT | - | 312.28 |
| TOTAL | 1,553.76 | 1,174.50 |

NOTE NO. 17.1

CLAIM RECEIVABLE INCLUDED RS. 334.12 LAKHS DUE FROM EMPLOYEE PROVIDENT FUND ORGANISATION FOR DAMAGES PAID IN EARLIER YEARS ON ACCOUNT OF PENALTY IMPOSED BY EPFO AND IS SHOWN AS RECOVERABLE SINCE THE COMPANY IS OF THE VIEW THAT RELIEF FOR THE SAME WOULD BE GIVEN BY BIFR. HENCE, THE SAID AMOUNT IS NOT DEBITED TO THE STATEMENT OF PROFIT & LOSS .



NEPA LIMITED

NEPA LIMITED

NEPANAGAR (M.P.)

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

NOTE NO."18"

=====

REVENUE FROM OPERATION

| | 2017-18 | 2016-17 |
|--|------------------------|------------------------|
| PARTICULARS | | |
| ----- | | |
| A <u>REVENUE FROM MANUFACTURING OPERATIONS</u> | | |
| 1 SALE OF NEWSPRINT (STD SIZE) | - | 1,421.84 |
| 2 SALE OF NEWSPRINT (ODD SIZE) | 31.64 | 767.25 |
| 3 SALE OF COAL CINDER | 75.81 | 117.14 |
| 4 SALE OF PRODUCTION WASTE | - | 11.86 |
| | <u>107.44</u> | <u>2,318.09</u> |
| LESS: REBATE & DISCOUNT ON NEWSPRINT | 1.48 | 118.07 |
| TOTAL (A) | 105.97 | 2,200.02 |
| B <u>REVENUE FROM TRADING OPERATIONS</u> | | |
| SALE OF PETROL, DIESEL & LUBRICANTS,EXTRA PREMIUM PETROL | 918.73 | 833.94 |
| TOTAL (A+B) | <u>1,024.70</u> | <u>3,033.96</u> |

NOTE NO."19"

=====

OTHER INCOME

| | 2017-18 | 2016-17 |
|---|------------------|-----------------|
| PARTICULARS | | |
| ----- | | |
| 1 MISCELLANEOUS INCOME | 41.82 | 76.61 |
| 2 SALE OF SCRAP | 117.87 | 46.05 |
| 3 PROVISIONS & LIABILITIES WRITTEN BACK | 34.73 | 89.37 |
| 4 INCOME FROM HEMPUR PLANTATION | 160.62 | 96.44 |
| 5 INCOME FROM TOWNSHIP | 260.50 | 184.80 |
| 6 OTHER RECEIPTS | 7.94 | 9.49 |
| 7 PROFIT ON SALE OF FIXED ASSETS | 9,418.08 | 1.26 |
| 8 INTEREST EARNED | 396.36 | 796.05 |
| | <u>10,437.93</u> | <u>1,300.07</u> |

NOTE NO."20"

=====

COST OF MATERIAL CONSUMED

| | 2017-18 | 2016-17 |
|--------------------------|----------|---------------|
| PARTICULARS | | |
| ----- | | |
| a) <u>INDIGENOUS</u> | | |
| OLD NEWSPAPER AND OTHERS | - | 707.81 |
| | <u>-</u> | <u>707.81</u> |

NOTE NO."21"

=====

PURCHASE OF TRADED GOODS

| | 2017-18 | 2016-17 |
|---|----------------------|----------------------|
| PARTICULARS | | |
| ----- | | |
| PURCHASE OF PETROL, DIESEL & LUBRICANTS | 881.76 | 810.37 |
| TOTAL | <u>881.76</u> | <u>810.37</u> |



NOTE NO."22"

=====

CHANGES IN THE INVENTORIES OF FINISHED GOODS

| | 2017-18 | | 2016-17 | |
|---|---------|---------------|---------|-----------------|
| PARTICULARS | | | | |
| A INVENTORIES AT THE END OF THE YEAR | | | | |
| a MANUFACTURING GOODS | | | | |
| 1 NEWSPRINT | - | | 28.89 | |
| 2 COAL CINDER | 404.02 | 404.02 | 427.05 | 455.94 |
| b TRADING GOODS | | | | |
| 1 EXTRA PREMIUM PETROL(XP) | 8.05 | | 5.42 | |
| 2 PETROL | 9.69 | | 7.51 | |
| 3 DIESEL | 9.75 | | 8.59 | |
| 4 LUBRICANTS | 0.38 | 27.87 | 0.54 | 22.06 |
| TOTAL (A) | | 431.89 | | 478.00 |
| B INVENTORIES AT THE BEGINNING OF THE YEAR | | | | |
| a MANUFACTURING GOODS | | | | |
| 1 NEWSPRINT | 28.89 | | 908.74 | |
| 2 COAL CINDER | 427.05 | 455.94 | 452.40 | 1,361.14 |
| b TRADING GOODS | | | | |
| 1 EXTRA PREMIUM PETROL(XP) | 5.42 | | | |
| 2 PETROL | 7.51 | | 4.13 | |
| 3 DIESEL | 8.59 | | 6.89 | |
| 4 LUBRICANTS | 0.54 | 22.06 | 1.16 | 12.18 |
| TOTAL (B) | | 478.00 | | 1,373.32 |
| NET (INCREASE)/ DECREASE (B-A) | | 46.11 | | 895.32 |

NOTE NO."23"

=====

EMPLOYEES BENEFIT EXPENSES

| | 2017-18 | | 2016-17 | |
|--|----------|-----------------|----------|-----------------|
| PARTICULARS | | | | |
| 1 SALARIES, WAGES AND ALLOWANCES | 2,943.15 | | 3,020.88 | |
| 2 CONTRIBUTION TO PROVIDENT FUND & OTHER FUNDS | 315.89 | | 346.79 | |
| 3 GRATUITY | 513.84 | | 189.43 | |
| 4 VRS PAYMENT | - | | 482.22 | |
| 5 STAFF WELFARE EXPENSES | 55.30 | | 48.74 | |
| 6 REIMBURSEMENT OF MEDICAL EXPENSES | 92.88 | | 107.20 | |
| TOTAL | | 3,921.06 | | 4,195.26 |

NOTE 23.01

=====

REIMBURSEMENT OF MEDICAL EXP

| | 2017-18 | | 2016-17 | |
|--|---------|--------------|---------|---------------|
| PARTICULARS | | | | |
| 1 REIMBURSEMENT OF MEDICAL EXPENSES TO EMPLOYEES | 42.37 | | 46.69 | |
| 2 REIMBURSEMENT OF OUTSIDE MEDICAL CLAIM | 38.39 | | 47.41 | |
| 3 REIMBURSEMENT OF MEDICAL EXPENSES TO CASUAL/ BADLI EMPLOYEES | 11.74 | | 12.50 | |
| 4 REIMBURSEMENT OF LOCAL BILL TO CONTRACTUAL EMPLOYEES | 0.38 | | 0.60 | |
| TOTAL | | 92.88 | | 107.20 |



NOTE NO."24"

FINANCE COST

| PARTICULARS | 2017-18 | 2016-17 |
|-------------------------------|-----------------|-----------------|
| 1 INTEREST ON GOVERNMENT LOAN | 2,212.53 | 2,051.99 |
| 2 OTHERS | 451.93 | 503.20 |
| | 2,664.46 | 2,555.19 |

NOTE NO. 24.01

INTEREST ON GOI LOAN HAS BEEN PROVIDED FOR AS PER TERMS OF THE LOAN. HOWEVER, COMPANY HAS SOUGHT WAIVER OF THE SAME AS PER THE GENERAL TERMS & CONDITIONS OF THE BIFR SANCTIONED SCHEME.

NOTE NO."25"

OTHER EXPENSES

| PARTICULARS | 2017-18 | 2016-17 |
|--|---------------|-----------------|
| A MANUFACTURING EXPENSES | | |
| 1 STORES & SPARES CONSUMED | 0.08 | 15.44 |
| 2 CHEMICALS CONSUMED | 4.14 | 24.45 |
| 3 PACKING MATERIALS | 0.03 | 22.31 |
| 4 OBSOLESCENCE ALLOWANCE | 20.10 | 67.22 |
| 5 POWER & FUEL | 317.23 | 1,274.21 |
| 6 COAL CINDER HANDLING | - | 10.47 |
| 7 WATER CESS | 0.15 | 2.30 |
| 8 OVERHEAD EXP. FOR HANDLING & STORAGE | 2.01 | 8.15 |
| B ADMINISTRATION AND ESTABLISHMENT EXPENSES | | |
| 1 PRINTING & STATIONARY | 9.09 | 9.18 |
| 2 COMMUNICATION EXPENSES (INCL POSTAGE) | 12.47 | 12.56 |
| 3 INSURANCE | 3.38 | 6.74 |
| 4 VEHICLE RUNNING (& MAINT.) EXPENSES | 0.08 | 3.94 |
| 5 LEGAL AND PROFESSIONAL CHARGES | 67.92 | 49.47 |
| 6 AUDIT FEES | 2.48 | 3.85 |
| 7 RATES & TAXES | 10.22 | 9.29 |
| 8 DIRECTORS SITTING FEES | - | 0.19 |
| 9 PUBLICATION CHGS FOR TENDRS & EMB | 3.37 | 2.81 |
| 10 EXP. FOR HEMPUR PLANTATION | 10.93 | 14.02 |
| 11 SERVICE TAX | 0.24 | 0.92 |
| 12 REPAIR & MAINTENANCE | 59.59 | 127.26 |
| 13 HIRE CHARGES OF VEHICLES | 15.90 | 20.51 |
| 14 OTHER MISC. EXPENSES | 4.82 | 308.03 |
| 15 ENTERTAINMENT EXP. | 2.46 | 1.73 |
| 16 RESEARCH AND DEVELOPMENT EXP. | 147.52 | 127.11 |
| 17 BANK CHARGES | 3.51 | 1.58 |
| 18 ELECTRICITY CHARGES | 11.40 | 10.71 |
| 19 GUEST HOUSE RUNNING EXPENSES | 15.49 | 27.30 |
| 20 OTHER GENERAL EXPENSES | 12.81 | 14.26 |
| 21 RENT | 1.45 | 1.41 |
| 22 TRAVELLING EXPENSES | 16.51 | 14.83 |
| 23 STAFF TRAINING & DEVELOPMENT EXP. | 0.43 | 0.23 |
| 24 PAYMENT TO S. CREDITORS AGST. LEGAL CASES | 19.99 | - |
| 25 HORTICULTURE EXPENSES | 9.31 | 7.03 |
| 26 LIGHTNING AND SANITATION | 3.28 | 25.81 |
| 27 CESS FOR WATER CONSMN IN T/SHIP | 0.17 | 0.56 |
| 28 EXPENSES ON CULTURAL & SOCIAL ACTIVITIES | 2.66 | 2.84 |
| 29 SALES TAX (CENTRAL, ENTRY TAX & STATE) | 0.01 | 32.29 |
| 30 HONORARIUM & TA | 0.04 | 0.14 |
| 31 MEDICAL EXPENSES | 8.23 | 9.65 |
| C. SELLING & DISTRIBUTION EXPENSES | | |
| 1 COMMISSION ON SALES | 3.47 | 6.46 |
| 2 CONFERENCE EXP. (FOR SALES PROMOTION) | 0.38 | 0.46 |
| 3 FREIGHT AND LOADING CHARGES | 30.55 | 37.52 |
| TOTAL | 833.90 | 2,315.24 |



NOTE 25.01

=====

- 1 POWER & FUEL ALSO INCLUDE COAL FOR RUNNING POWER PLANT AND HT POWER DRAWN THROUGH 132 KV SUB-STATION FOR PROVIDING WATER SUPPLY TO THE TOWNSHIP AND FOR FACTORY LIGHTING PURPOSE.
- 2 EXPENSES ON SCHOOL HAS BEEN DEBITED TO NEPA EDUCATION SOCIETY IN VIEW OF ACCRUAL OF FUNDS OVER THE YEARS.

NOTE 25.02

=====

AUDIT FEES

| S.NO PARTICULARS | 2017-18 | 2016-17 |
|---|-------------|-------------|
| 1 STATUTORY AUDIT FEES | 1.25 | 1.44 |
| 2 AUDIT EXP. | 0.50 | 0.50 |
| 3 AUDIT FEES (INTERNAL & SECRETARIAL AUDIT) | 0.73 | 1.41 |
| 4 COST AUDIT FEES | - | 0.25 |
| 5 AUDIT EXP. (COST AUDITOR'S) | - | 0.25 |
| TOTAL | 2.48 | 3.85 |

NOTE 25.03

=====

REPAIR & MAINTANANCE

| S.NO PARTICULARS | 2017-18 | 2016-17 |
|---------------------|--------------|---------------|
| 1 PLANT & MACHINERY | 11.58 | 45.77 |
| 2 BUILDINGS | 4.99 | 44.27 |
| 3 OTHER ASSETS | 43.02 | 37.22 |
| TOTAL | 59.59 | 127.26 |

NOTE 25.04

=====

GUEST HOUSE RUNNING EXPENSES

| S.NO PARTICULARS | 2017-18 | 2016-17 |
|---------------------------------|--------------|--------------|
| 1 NEPA G.H.RUNNING EXP (OTHERS) | 10.33 | 15.77 |
| 2 N.DELHI G.H.EXP. | 5.16 | 11.53 |
| TOTAL | 15.49 | 27.30 |

NOTE 25.05

=====

MEDICAL EXPENSES

| S.NO PARTICULARS | 2017-18 | 2016-17 |
|--|-------------|-------------|
| 1 CONSUMPTION OF MEDICINE | 4.21 | 5.22 |
| 2 COST OF MILK & BREAD | 0.54 | 0.77 |
| 3 MISC EXPENSES FOR MEDICAL DEPARTMENT | 3.48 | 3.66 |
| TOTAL | 8.23 | 9.65 |

NOTE NO."26"

=====

PRIOR PERIOD ITEMS

| S.NO PARTICULARS | 2017-18 | 2016-17 |
|--------------------------------|---------------|-----------------|
| 1 DEPRECIATION | (19.02) | - |
| 2 PRIOR PERIOD INCOME | - | (488.32) |
| 3 MANUFACFTURING EXPENSES | 15.11 | 70.26 |
| 4 SALARY/WAGES/OTH TO EMPENSES | 1.03 | 0.06 |
| 5 ADMN. & SELLING EXPENSES | (1.23) | (2.58) |
| 6 INTEREST | - | 43.12 |
| TOTAL | (4.11) | (377.46) |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018****27. EARNINGS PER SHARE**

| | | 2017-18 | 2016-17 |
|------|---|----------------|----------------|
| i. | Net Profit / (Loss) for calculating basic / diluted EPS in (Rs. Lakhs) | 3008.33 | (7239.38) |
| ii. | Weighted Average number of Equity shares for calculation of Basic EPS. (Nos. in lakhs) (This does not include 97,780 Equity shares forfeited at Rs. 4.30 Lakhs). | 5246.70 | 5066.65 |
| iii. | Nominal Value of share (Rs.) | 10 | 10 |
| iv. | Basic EPS (Rs.) | 0.57 | (1.43) |
| v. | Weighted Average Number of equity Shares for Diluted EPS (Nos. in lakhs) | 5246.70 | 5246.70 |
| vi. | Diluted EPS (Rs.) | 0.57 | (1.38) |

28. Provisions for impairment of assets, whose carrying amount exceeds their recoverable value has not been done because no valuer is available for valuation of such assets and management is of the view that there are no indications to suggest for material impairment, accordingly provision for impairment of assets has not been made.

29. Amounts reported in the Balance Sheet and Statement of Profit & Loss are in Indian rupees rounded off to the nearest Rupees in Lakhs.

30. Previous year figures have been re-grouped, re-casted, re-classified, and rearranged wherever necessary to have a proper comparison with current year figures as required under Schedule III of the Companies Act, 2013.

31. The accounts have been prepared on going concern basis despite accumulated losses for Financial year ended 31st March 2018 of Rs. 60400.37 Lakhs (Previous year 63412.78 Lakhs), which has eroded the net worth of the company. Company was referred to BIFR in the year 1998 for its operational/financial restructuring and the Revival Scheme has been sanctioned by BIFR on 04.03.2014 with general terms and conditions. BIFR has appointed State Bank of India as Monitoring Agency, however, no reports from the SBI have been received so far. Company has appointed a firm of chartered accountants as concurrent auditors in terms of BIFR order for reviewing and reporting the progress of Revival Scheme.

32. BIFR Implementation Report

BIFR sanctioned the Draft Rehabilitation Scheme for revival of the company on 04.03.2014. In accordance thereof, GOI has released fresh equity infusion of Rs. 157 Crore in four installments i.e. Rs. 8.10 Crore on 27.03.2014, Rs. 50.00 Crore on 26.12.2014, Rs. 50.99 Crore on 23.10.2015 and Rs. 47.91 Crore on 31.03.2016.

With the re-release of amount of Rs. 4.98 Crores, which were refunded to DHI in January 2014 as unutilized funds out of Rs. 60 Crore provided for VRS, on 31.03.2016, VRS funds of Rs. 60 cr have also been received in full.



Non-plan loan of Rs. 17.18 Crores towards cash loss of 1st year was received from GoI in March 2014.

BIFR sanctioned the Draft Rehabilitation Scheme vide their order dated 04.03.2014 with cutoff date of 31.03.2012 for various reliefs, but some of the reliefs are still under consideration for approval by respective authorities and will be accounted for as & when approved.

STATUS OF RELIEFS & CONCESSIONS:

Status of assistance and/or reliefs/concessions from Central Govt./State Govt./State Govt. agencies and other statutory authorities as per the Draft Rehabilitation Scheme sanctioned by Hon'ble BIFR is as under:

Government of India

1) Sanction of conversion of GOI loan of Rs. 231.01 Crore was received and accordingly shares have been allotted to GOI. Further approval of conversion of miscellaneous dues of Rs. 28.84 Crore has been received from Go MP, accordingly shares have been allotted to GoMP worth Rs. 28.84 crore.

2) 7% non cumulative preference shares for Rs. 55.02 Crore utilized for VRS out of Rs. 60 Crore received for the purpose, have been allotted to GOI on 17.02.2016. Balance unutilized funds of Rs. 4.98 Crore were refunded to DHI in January 2014. The refunded amount of Rs.4.98 Crore has again been released to the company on 31.03.2016 for VRS purpose and payments for VRS have been made. Company has kept the VRS fund with SBI India. Company has also issued 7% non cumulative preference shares to Govt. of India against Rs.4.98 cr.

3. The company was directed to de-rate the equity after receipt of funds to be infused and conversion of dues in equity. Action is yet to be taken.

Ministry of Environment & Forest, Govt. of India

Net present value of Rs. 22 Crore towards signing of lease deed of 849.90 acres land at Neapanagar has been waived off by Hon'ble Supreme Court vide its decision dated 13.03.2014.

Total 1517.08 acre land was on lease from Govt. of MP, out of which 667.18 acre land has been returned to Govt. of MP on 05.02.2016. Execution of lease deed for balance 849.90 acre land is under process.

The Registrar of Companies, Gwalior

The waiver of ROC fee for enhancement of authorized share capital has been obtained. However, stamp duty of Rs. 20 Lakhs levied by Govt. of M.P. has been paid by the company.

The customs and Excise Department

The company was granted waiver of Excise duties under the DRS by BIFR. The company has already applied for the exemption which is yet to be granted.



The Sales Tax Department, Govt of M.P.

The company was to get exemption of Sales Tax, waiver of Entry Tax, VAT, CST and Electricity duty on Captive Power for 10 years in the scheme sanctioned by BIFR. The company had already applied for above mentioned exemption. However consequent to implementation of GST scheme equivalent exemption in GST is yet to be applied.

RECONCILIATION OF RELIEFS & CONCESSIONS AS PER RMDP

The company has received various reliefs/concessions from Central Govt./State Govt./State Govt. agencies and other statutory authorities under RMDP, whose reconciliation with books of accounts is as under:-

(Rs. in Crore)

| | GoI interest and penal interest | Go MP Misc dues | Go MP Conversion tax dues to equity | GOI Conversion of loan to equity |
|---|---------------------------------|-----------------|-------------------------------------|----------------------------------|
| Amount as per books | 3.47 | 16.21 | 28.35 | 231.01 |
| Add: Estimation error in revival scheme | 0.21 | - | 0.49 | - |
| Add: Amount disclosed in contingent liability | | 19.14 | - | - |
| Amount as per Projection approved by BIFR | 3.68 | 35.35 | 28.84 | 231.01 |

Fixed Asset Under Renovation

At present the company is implementing RMDP plan as approved by BIFR and most of its old machineries lying in fully depreciated state have been dismantled for refurbishment/renovation and some components of these machineries will be used in new plant. The company is in process of identification/assessment of components of renovated/refurbished plant and of value of the discarded components. Pending identification/assessment of value, company has not disclosed value of these components as assets held for sale, though these components will actually be sold in due course.

33. Land measuring 803 Acres situated at Hempur in district of Udham Singh Nagar of Uttarakhand State was under possession of Nepa Ltd. As per approval of Govt. of India, this land was to be transferred back to Govt. of Uttarakhand or their nominated agency. In terms thereof, SIIDCUL, the nominated agency of Govt. of Uttarakhand, was to pay a compensation of Rs. 96.67 Crore to Nepa Ltd. as approved by Govt. of Uttarakhand. BIFR approval to the transaction was also been obtained vide order dated 29.11.2016. Accordingly agreement was signed between Nepa Limited and SIIDCUL dated 22.06.2017 and 789.54 Acres land was handed over to SIIDCUL on 11.08.2017, balance land of 13.46 Acres is under mapping with revenue department, accordingly Rs. 95.12 Crores received from SIIDCUL through RTGS on 17.10.2017 proportionate Amount of Rs. 1.55 Crore. was retained by SIIDCUL, the same will be released after handing over of balance land.

34. EMPLOYEES RELATED PAYMENTS

- a. Full liability against salary/wages and P.F. payable from 1st April 2017 to 31st March, 2018 has been created in the books of accounts. (However, loan from GOI for



salary/wages support and statutory dues related to employees' w.e.f. April 2014 is yet to be received.)

- b. Company has paid premium to LIC during the year for securing the insurance against liability arising under the Payment of Gratuity Act, 1972 as per calculation provided by LIC of India for the defined benefit gratuity. However, for Casual/Badli workers, the Gratuity is accounted for on Cash Basis, though an old provision of Rs. 382.57 Lakhs has been retained in the books of accounts.
 - c. Company has made a provision of 117.46 Lakhs (previous year Rs. 163.03 Lakhs) during the year for leave encashment liability for leave encashment by the employees.
35. The disclosure required as per AS-15 "Employee Benefit" (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and notified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) RULES, 2014 based management report as under:
- i) Employee defined Benefit Plan as per LIC valuation on 31.03.2018 as under:

Defined benefit plan-

The employees' gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

| I. Table showing changes in present value of obligations (Rs in Lakhs) | | |
|---|---------|----------|
| | 2017-18 | 2016-17 |
| Present Value of obligations as at beginning of year | 2940.63 | 2824.48 |
| Interest Cost | 235.25 | 225.96 |
| Current Service Cost | 105.55 | 82.09 |
| Benefits Paid | -312.30 | (261.32) |
| Actuarial Gain/ (Loss) on obligations | 349.61 | 69.42 |
| Present value of obligations as at end of the year | 3318.74 | 2940.63 |

| II. Table showing changes in the fair value of plan assets (Rs. Lakhs) | | |
|---|---------|----------|
| | 2017-18 | 2016-17 |
| Fair value of plan assets at beginning of year | 2762.85 | 2803.80 |
| Expected return on plan assets | 198.92 | 220.37 |
| Contributions | - | - |
| Benefits Paid | -312.30 | (261.32) |
| Actuarial Gain/ (Loss) on Plan assets | NIL | NIL |
| Fair value of plan assets at the end of year | 2649.47 | 2762.85 |

| III. Table showing fair value of plan assets (Rs. Lakhs) | | |
|---|---------|---------|
| | 2017-18 | 2016-17 |
| Fair value of plan assets at beginning of year | 2762.85 | 2803.80 |



| | | |
|---|---------|----------|
| Actual return on plan assets | 198.92 | 220.37 |
| Contributions | - | - |
| Benefits paid | -312.30 | (261.32) |
| Fair value of plan assets at the end of the year | 2649.47 | 2762.85 |
| Funded Status | -669.27 | (177.78) |
| Excess of Actual over estimated return on plan assets | NIL | NIL |

| IV. Principal Actuarial Assumption | | |
|---|---------|---------|
| | 2017-18 | 2016-17 |
| Discount Rate as on 31.03.2018 | 8.00% | 8.00% |
| Annual increase in salary costs | 7.00% | 7.00% |

| V. Actuarial Gain/ (Loss) recognized Amount (Rs. Lakhs) | | |
|--|---------|---------|
| | 2017-18 | 2016-17 |
| Actuarial (gain)/ loss on obligations | 349.61 | (69.42) |
| Actuarial (gain)/ loss for the year – plan assets | NIL | NIL |
| Actuarial (gain)/ loss on obligations | 349.61 | (69.42) |
| Actuarial (gain)/ loss recognized in the year | 349.61 | (69.42) |

| VI. Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss (Rs. Lakhs) | | |
|---|----------|----------|
| | 2017-18 | 2016-17 |
| Present value of obligations as at the end of year | 3,318.74 | 2940.63 |
| Fair value of plan assets as at the end of the year | 2649.47 | 2762.85 |
| Funded Status | -669.27 | (177.78) |
| Net asset / (liability) recognized in balance sheet | -669.27 | (177.78) |

| VII. Expenses Recognised in Statement of Profit & Loss (Rs. Lakhs) | | |
|---|---------|----------|
| | 2017-18 | 2016-17 |
| Current Service cost | 105.55 | 82.09 |
| Interest Cost | 235.25 | 225.96 |
| Expected return on plan assets | -198.92 | (220.37) |
| Net Actuarial (gain) / loss recognized in the year | 349.61 | 69.42 |
| Expenses recognized in Statement of Profit and Loss | 491.49 | 157.10 |

36. Accounting Standard 29 Provisions, contingent liabilities and contingent Assets, issued by the Institute of Chartered Accountants of India. Contingent assets are neither recognized nor disclosed in the financial statements Company has not recognized the contingent liabilities but disclosed as under:



CONTINGENT LIABILITIES

Based on Management's evaluation, following contingent liabilities are not probable and hence not provided for in the books of accounts by the company in respect of:

- i. Claims against the company not acknowledged as debt - Rs. 86.14 Lakhs (Previous year Rs. 86.14 Lakhs).
- ii. Bank Guarantee outstanding by Rs 598.13 Lakhs (Previous year Rs. 605.74 Lakhs).
- iii. The National Green Tribunal, Principal Bench, New Delhi had on 10.12.2015 disposed-off all the cases filed against the company by a group of persons for getting free coal cinder (ash/fly ash containing high carbon content/un-burnt coal) in terms of Notifications of 1999 & 2009, with a decision it was not covered under the said notifications but with a direction that applicant industry will upgrade the plant and technology within six months.

Company approached for extension as upgradation was not possible within six months and lot of steps were taken by company for early upgradation. NGT however was not satisfied with the progress made by applicant and granted extension of six months only, subject to payment of Rs. 300 lakhs by applicant industry to the Madhya Pradesh Pollution Control Board, who would utilize the same for environment, ecology & water supply of the area surrounding the applicant industry.

On the application of the company, NGT allowed extension of time upto 30th June 2017 by which appropriate steps must be taken. Applicant would be at liberty to move application for further extension only after showing progress for upgradation of plant and other infrastructure, which would be considered on merit. If no effective steps are taken, project proponent would be liable to pay more environment compensation.

In view of closure of plant for upgradation and company making best efforts for early upgradation of the plant, further compensation may not be imposed by NGT. Delays may however attract compensation, which cannot be quantified in advance.

- i. Disputed claims/Levies in respect of :
 - a) Workers Union has filed a case against NEPA Ltd on behalf of Badli Workers. The Company has also filed an appeal against the said case. The case is still pending with the Hon'ble High Court, Jabalpur. However contingent liability upto 31.03.2018 is Rs 3284.86 lakhs (Previous year Rs. 2927.26 lakhs). Apart from the above cases, three individuals have filed a case against the company related to service matters and the total claim amount is Rs. 1,09,702 only.
 - b) Cases of Piece rated workers of Sales Godown is pending in the High Court, Indore. Representative Union also filed an application in the high court to make all the job rated & badli workers as intervener. The High Court, Indore passed a proceeding order to make them intervener. The case is still pending before the Hon'ble High Court, Indore. Approximate contingent liability (excluding badli



workers as per "a" above) as on 31.03.2018 is Rs. 2023.57 lakhs (Previous year Rs. 1801.53 lakhs).

- c) Estimated liability of Rs. 91 lakhs (Previous year 91 lakhs) against various service matter related cases as filed against the Company and pending before various forums.
- d) Property Tax of Rs. 168 Lakhs pertaining to period upto 2010 has been waived by the Govt. of M.P. in terms of the Draft Rehabilitation Scheme sanctioned by Hon'ble BIFR. Further liability may not arise as company has been providing civic amenities to the township and incurring huge expenditure thereon. Decision for transfer of the same to Nepanagar Palika Parishad has already been taken and transfer is under process.
- e) Liability of Rs. 327.29 Lakhs (Previous year 327.29 Lakhs) in respect of interest and damages for the belated remittance u/s 7Q and 14B of the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Further the BIFR vide order dated 27.05.2016 has directed the Provident Fund Commissioner to consider waiver of interest and damages as per their extant policy.
- f) Liability of Rs. 105.0 Lakhs (previous year Rs. 85.66 Lakhs) towards Maintenance and Salaries for Level Crossing of Nepanagar at KMs 176A/523/25-27 for the F.Y. (12-13 to 16-17). As per audit Para raised by the CAG before last year, company is not liable for the said amount because the said level crossing is also being used by public at large. In view of the same, all the invoices have also been returned to Railways few months ago. There is no further correspondence on the matter. Hence, the amount has not been provided in the books.
- g) Liability on disputed Entry-tax, M.P. Sales Tax on account of penalty/interest and additional tax imposed as per assessment year for the accounting year 2008-09, 2009-10 and 2010-11 amounting to Rs. 97.73 lakhs (previous year Rs. 97.73 lakhs) against which revision / appeal is pending before the Commissioner (Commercial Tax), Indore and Dy. Commissioner (Commercial Tax), Khandwa.
- h) There is a contingent liability of Rs.49.10 Lakhs towards mis-matches of TDS payments. Rectification thereof is under process.
- i) 38 ex-employees, after many years of their retirement, have filed claims for gratuity for the temporary period prior to their regularization in employment, after the period specified for the purpose and without proper documentary proof. As claims relate to very old period and considerable time has since elapsed, it is difficult to quantify the amount.
- j) There are also many requests by other ex-employees for gratuity for the period of temporary service as mentioned above, by way of simple letters. In absence of documentary proof and records, it is difficult to quantify the amount.



ii. CAPITAL COMMITMENT (NET OF ADVANCE)

- a. Estimated amount of contract remaining to be executed on capital account and not provided for are of Rs.15043.34 Lakhs (Previous year Rs. Rs. 13525.03 Lakhs) (Net of advances & payments made).
- b. Environmental clearance has been issued in January 2016 i.e. after 22 months of BIFR sanction.
- c. Company has finalized contracts for supply of indigenous & imported plant & machinery of De-inking plant and for refurbishing/renovating both the paper machines and captive power plant and others works to the tune of approx Rs. 32807.33 lakhs. The Company has paid amount for supplies/advances/services to the tune of Rs. 15504.32 lakhs (Previous year Rs.13287.00 Lakhs) and balance Rs.17303.01 Lakhs (Previous year 16,408.00 Lakhs) is capital commitment on account of Revival Project.
- d. Further, the cost of project originally envisaged is subject to increase on account of technology enhancements/escalation/inflation/foreign exchange fluctuations etc. over the period and company has projected a revised cost of Rs. 434 Crore (Net of EPCG benefits of Rs. 24 Crore Bankers were insisting on Govt. Guarantee for sanctioning of project loan. Since the current policy of GOI is not to provide gurantee, the Govt of India has been requested to fund the revised cost estimates on account of cost escalation (Rs.149 Crore) as well as the component of Rs.128 Crore that was to be funded by bank loan earlier. Source of funding is projected as under:-

| | |
|---|------------------|
| 1) Amount already spent out of required amount and own source | Rs. 163.34 crore |
| 2) TDRs held in bank | Rs. 79.00 crore |
| 3) Bank Loan funding component by Govt. of India | Rs. 128.00 crore |
| 4) Cost escalation funding by Govt. of India | Rs. 149.00 crore |

The company has received salary support from GOI upto March 2014 only. Case for release of salary support from April 2014 to July 2018 is under consideration of Govt. of India. For survival during implementation period, company had to take OD against funds at 2 above and coal cinder funds to pay advance against salaries & wages to its employees for their sustenance and statutory dues, as an interim measure. Overdraft would be cleared on receipt of salary support or other funds.

Thus, the company has adequate source of funding for the project, subject to approval of early release of Rs. 149 Crore towards cost escalation and Rs. 101.58 Crore towards salary support from April 2014 to July 2018.

The company has already got itself registered under GST. Company may have to invest more funds initially as EPCG benefits are lower under GST and input credit of GST would be available against production only.

- e. Company has availed EPCG Scheme for import of capital plant & machinery. As on 31.03.2018, custom-duty of Rs.,2388.13 Lakhs have been saved, against which Export Commitment is of Rs. 14328.78 Lakhs.



37. TAXES

A) No Provision for current tax has been made during the Year and Non-Taxable income under the act in view of unabsorbed depreciation and accumulated losses of previous years.

B) The Deferred Tax Assets due to carried forward losses and unabsorbed depreciation has not been recognized in the books of accounts of the year in absence of virtual certainty of future profits.

38. SEGMENT REPORTING

The company is engaged mainly in business of manufacturing of news print including sale of petroleum products to all vehicles through own petrol pump. These in the context of Accounting Standard 17 on Segment Reporting specified by the Companies (Accounting Standard Rules)2006 are considered to be continue on one single primary segment. As the activity level of petrol pump division is very negligible considering the size of company's manufacturing activity, the fall in turnover of newsprint is temporary in view of implementation of RMDP as per DRS sanctioned by BIFR. Further there is no reportable secondary segment i.e. Geographical Segment. Principle business activity falls with a single primary business segment viz. news print paper, But company is also running a petrol pump and it operates in single geographical segment i.e. India.

39. As per Accounting Standard-18 on Related Party Disclosure issued by the Institute of Chartered Accountants of India, related party information as identified and certified by Management is as under:

(A) List of Related Parties:

1. Key management personal (KMP)

| S.No | Name of the Related Party | Relationship |
|------|---------------------------|--------------------|
| 1. | Cmde. A. N. Sonsale | CMD |
| 2. | Sh. Ravindra Kumar | Director (Finance) |
| 3. | Sh. Sanjay Kumar Ojha | Company Secretary |

(B) Transaction during the year with related parties:-

(Amount in Rs. Lakhs)

| Sl.No. | Nature of Transaction | 2017-18 | 2016-17 |
|--------|--|---------|---------|
| 1 | Remuneration | | |
| | 1. Cmde. A. N. Sonsale | 12.02 | 10.19 |
| | 2. Sh. Ravindra Kumar | 14.90 | 12.96 |
| | 3. Sh. Sanjay Kumar Ojha | 7.03 | 6.28 |
| 2 | Travelling Exp. | | |
| | 1. Cmde. A. N. Sonsale | 2.05 | 2.20 |
| | 2. Sh. Ravindra Kumar | 1.16 | 1.13 |
| | 3. Sh. Sanjay Kumar Ojha | 0.39 | 0.29 |
| 3 | Director's Sitting Fees | - | 0.19 |
| 4 | Other Directors' Travelling Expenses (Incl. foreign tour expenses) | 0.18 | 0.35 |

**40. OLD LIABILITIES WRITTEN BACK**

The old liabilities amounting to Rs. 9.44 lakhs (Previous Year Rs. 88.97 lakhs) towards creditors/SDs/EMD have been written back and withdrawn from Books of Accounts as such liabilities are no longer required.

41. GOVT. FUNDS – U.P. PROJECT SALE REALISED FUND

As per the directives of Ministry, the sale realization fund of Rs. 2151 Lakhs was to be kept in Non Lien Account. The amount was utilized for company's operations. Govt. of India's ratification in this matter is still awaited.

42. SUNDRY DEBTORS

Hon'ble High Court, Allahabad has passed orders on winding up petition filed by the company under Section 433 of the Companies Act against M/s. Jan Mandal, publisher of AAJ Hindi daily Newspaper from Varanasi, over non-realization of dues. The Company has also filed Civil Suit in July 1997 in the Court at District Judge, Khandwa for recovery of Rs. 242 Lakhs plus interest and the same is still pending for decision.

The order of winding up is under challenge by the opposite party before the Division Bench of Hon'ble High Court, Allahabad, Uttar Pradesh in special appeal no. 225/99. Until special appeal is disposed of, recovery of the amount stands stayed. Appeal is yet to be decided by the Hon'ble High Court.

43. CONFIRMATION OF BALANCES

Balance under loans & advances/sundry creditors/other liabilities are subject to confirmation and reconciliation.

44. Lease

Operating Lease (for assets taken on lease)

Lease rent in respect of operating lease not recognized as an expense during the year due to negligible amount.

45. Foreign Exchange Transactions:**a) Expenditure in Foreign currency**

(Rs. in lakhs)

| SL. NO. | Nature of expenditure | 2017-18 | 2016-17 |
|---------|--------------------------|---------------|----------------|
| 1 | For operations | - | - |
| 2 | For RMDP (Incl. advance) | 295.44 | 4677.06 |
| | Total | 295.44 | 4677.06 |

b) Expenditure in Foreign Currency

(Rs. in Lakhs)

| SL. NO. | PARTICULARS | 2017-18 | 2016-17 |
|---------|-------------|---------|---------|
|---------|-------------|---------|---------|



NEPA LIMITED

| | | | |
|---|----------------------------------|-----|-----|
| 1 | Travelling & Conveyance Expenses | NIL | NIL |
| 2 | Professional Fees | NIL | NIL |
| 3 | Others | NIL | NIL |

c) Income in foreign currency Rs. NIL (Previous year-NIL).

d) CIF value of Imports

(Rs. in Lakhs)

| SL. NO. | PARTICULARS | 2017-18 | 2016-17 |
|---------|--------------------------|---------|---------|
| 1 | Raw Materials | - | NIL |
| 2 | Capital Goods under RMDP | NIL | 4961.50 |

46. Supplementary Information

a) Details of Raw Material consumed-

(Rs. in Lakhs)

| SL. NO. | PARTICULARS | 2017-18 | 2016-17 |
|---------|--------------------|---------|---------|
| 1 | Exercise note book | - | 11.10 |
| 2 | Old News Paper | - | 696.71 |

b) Value of Imported and Indigenous Raw Materials and Stores & spares consumed:
(Amount in Rs. Lakhs)

| SL. NO. | PARTICULARS | Raw Materials | | Stores & Spares | |
|---------|-------------|---------------|---------|-----------------|---------|
| | | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| 1 | Imported | NIL | NIL | NIL | 4.22 |
| 2 | Indigenous | NIL | 707.81 | NIL | 17.87 |

Sign to Notes "1" to "46"

We certify to the correctness of above

For KHANDELWAL KAKANI & CO.
CHARTERED ACCOUNTANTS
FR NO. 01311C

FOR AND ON BEHALF OF THE BOARD

Sd/-
Niranjan Purandare
PARTNER
M.NO. 072684

Sd/-
Arvind Kumar
Director
Din No. 06956955

Sd/-
Cmde. A. N. Sonsale
Chairman cum Managing Director
Din No. 07383997

Place: New Delhi
Date: 20.07.2018

Sd/-
Sanjay Kumar Ojha
Company Secretary & CFO



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NEPA LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of Nepa Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 July 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Nepa Limited for the year ended 31 March 2018 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon supplement to statutory auditor report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-
(Raj Kumar)

Place : New Delhi

Date : 27 August 2018

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-III,
New Delhi



**Proxy form
Form No. MGT-11**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | | |
|----------------------------|---|-----------------------|
| CIN | : | U21012MP1947GOI000636 |
| Name of the company | : | Nepa Limited |
| Registered office | : | Nepanagar - 450 221 |
| Name of the member (s) | : | |
| Registered address | : | |
| E-mail Id | : | |
| Folio No/ Client Id /DP ID | : | |

I/We, being the member (s) ofshares of the above named Company, hereby appoint:

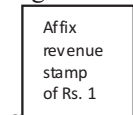
- | | | | | |
|-----------|--------|-----------|--------|----------------|
| (1) Name | :----- | Address | :----- | |
| E-mail Id | :----- | Signature | :----- | or failing him |
| (2)Name | :----- | Address | :----- | |
| E-mail Id | :----- | Signature | :----- | or failing him |
| (3)Name | :----- | Address | :----- | |
| E-mail Id | :----- | Signature | :----- | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **71st Annual general meeting/ Extraordinary general meeting** of the company, to be held on the **Wednesday 26th September, 2018 At 4 p.m.** at Nepa Auditorium, Nepanagar, Dist: Burhanpur, Madhya Pradesh – 450 221 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Resolution No.

1. Adoption of Financial Statements for the year ended 31st March, 2018 and the Director’s Report, Auditor’s Report and Comments of the Comptroller and Auditor-General of India, thereon.
2. Re-appointment of Sh. Arvind Kumar, who retires by rotation.

Signed this..... day of2018



Signature of shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Notwithstanding the above the Proxies can vote on such other items which may be tabled at the meeting by the shareholders present.