



नेपा लिमिटेड

(भारत सरकार का उपक्रम)

NEPA LIMITED

(A Govt. of India Undertaking)

72nd वाँ

Annual Report

वार्षिक प्रतिवेदन

2018-19

NEPA LIMITED, NEPANAGAR

Board of Directors



Cmde A.N. Sonsale
CMD



Shri Ravindra Kumar
Director (Finance)



Smt. Sukriti Likhi
Director



Capt. Anil Kumar Khare
Director



Smt. Kalpana Shrivastava
Director



Ku. Purnima Parashar
Company Secretary



FROM THE CHAIRMAN



Cmde A.N. Sonsale
CMD

I on my behalf and on behalf of Board of Directors, extend a hearty welcome to all of you to the 72nd Annual General Meeting of the Company.

The Directors' Report on the working of the Company, Financial Statement for the year 2018-19, Statutory Auditor's Report and C&AG comments are already before you and with your permission, I presume these having been read.

Highlights of the Operations

During the year the resources and personnel of the company remained engaged with activities related to RMDP.

The plant was handed over to the contractors with effect from 25th July 2016 for modernization work. As such the production was Nil for the year under consideration and the sale was also Nil.

The company has requested DHI to keep our company out of the MoU (Memorandum of Understanding) mechanism for the financial year 2018-19 on account of the factory being under modernization. Same is under consideration by DHI

Revival & Mill Development Plan (RMDP):

A revised support package for your company was sanctioned by the GoI on 3rd October, 2018 with a total value of Rs. 469.41 Cr. that include Rs. 277 Cr towards revised cost of RMDP, Rs, 101.58 Cr. towards salary support and statutory dues and Rs. 90.83 Cr. towards Voluntary retirement of 400 employees.

The RMDP has since been reactivated and Significant progress has been achieved in the ongoing modernization project of the mill. Out of the major components, De-inking plant, both the paper machines and power plant erection is in progress Work for new effluent treatment plant has commenced. This would ensure meeting of higher environmental standards promulgated by pollution control board including zero liquid discharge. Real time online monitoring system for boiler emission is being installed and chimney height is being doubled that would ensure that Nepanagar environment remains protected.

The progress of RMDP is being monitored by regular visits of a technical committee appointed by DHI and high level monitoring committee under the Chairmanship of Additional Secretary and Financial Advisor of the Dept of Heavy Industries.

On completion of the RMDP, company will be able to manufacture 100000 TPA of Newsprint of higher brightness and also the Writing & Printing Paper and expects to become self sustaining. Management of your company is making all efforts to complete RMDP and to commence production at the earliest.

Transfer of Civic Amenities , Social Welfare Functions And Surplus Land:

As per direction received from the PMO, the Civic amenities such as drinking water supply distribution, street light and sanitation services have been transferred to Nepa Nagar Parishad. As a part of this ongoing restructuring exercise Nepa Higher Secondary School has been closed. Process of closing down the Nepa hospital has been initiated.

It is expected that corresponding revenue load will be reduced from your Company and will help in regaining its competitiveness in future.

Corporate Governance:

Your Company is ensuring compliance with the guidelines of Corporate Governance as applicable to the Company.

Social Responsibility



Your Company is committed to maintain highest standard of safety and social responsibility in its business activities. To cater to important needs of the society and to contribute to the development of the Community, we endeavor to make a positive contribution to the Communities in the nearby areas in every possible way.

Before I conclude, I would like to express my gratitude to the shareholders, who have remained with the company during over 3 decades of loss making operations. I am also thankful for the support and co-operation received from the Government of India, Government of MP, Office of Comptroller and Auditor General of India, Statutory Auditors, Cost Auditors, Consortium of Banks, District Administration, Customers, Suppliers and all the national and international companies that are participating in ongoing modernization project of your company.

I wish to place on record my thanks and appreciation for the dedicated hard work put in by all our employees in whatever positions they are engaged, in keeping the Company operative and progressing our project work despite various constraints.

I am confident that, with the continued support and co-operation from all of you, in the near future, the Company will overcome the present difficulties and regain its pride and self sustaining status.

Best Regards,

Cmde A N Sonsale
Chairman-cum-Managing Director

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

Cmde A N Sonsale , Chairman cum Managing Director
Shri Ravindra Kumar, Director (Finance)
Smt. Sukriti Likhi
Smt. Kalpana Shrivastava
Capt. Anil Kumar Khare

| Key. Executives | | Offices |
|--|---|--|
| At Registered Office: | At Regional Office: | Registered Office : |
| <p>Ku. Purnima Parashar Company Secretary & CFO E. mail: secretary@nepamills.nic.in. Ph : 07325-222167</p> <p>Sh. R. Alagesan G.M. (Works & Project) E. mail : gmpw@nepamills.nic.in Ph: 07325-222273</p> <p>Sh. N.R.A. Khan D.G.M. (Works & Project) E.mail: works@nepamills.nic.in Ph: 07325-222133</p> <p>Sh. Arun Mishra D.G.M (Project) E.mail:commercial@nepamills.nic.in Ph: 07325-222242</p> <p>Sh. Ajay Goel D.G.M. (Project & Mech.) E-mail:mechanical@nepamills.nic.in</p> | <p><u>Delhi Office :</u></p> <p>Sh. Sudhir Sinha Regional Manager (Delhi) E.mail: nepadelhi@nepamills.nic.in Ph:011-24615894</p> | <p>Nepanagar, Dist. Burhanpur, Madhya Pradesh. - 450 221</p> <p>Regional Offices: Delhi Office:</p> <p>D-165, Defence Colony, New Delhi - 110 024</p> <p>Hempur Office: Captive Plantation, P.O RTC, Hempur, Dist. Udham Singh Nagar, Uttarakhand - 244 716</p> |
| | Statutory Auditors | Bankers |
| | M/s Khandelwal Kakani & Company Chartered Accountants, Indore | State Bank of India Bank of India |
| | Secretarial Auditors | |
| | IG & Associates Company Secretaries, Indore | |



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.



To,
The Members,
Nepa Limited

NOTICE is hereby given that the 72nd Annual General Meeting of the members of Nepa Limited will be held on 12th December 2019 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, 2019, the Balance Sheet, profit & Loss Account and Cash flow 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 Smt. Sukriti Likhi, who retires by rotation and being eligible, offers herself for re-appointment.
3. To consider and if though fit, to pass with or without modification(s), the following resolution as on Ordinary Resolution:

“RESOLVED THAT, consent of the Company, be and is hereby accorded, for payment of remuneration of Rs. 1,75,000/- (Rupees One Lac Seventy Five Thousand, plus GST) to M/s Khandelwal Kakani & Company, Indore, Statutory Auditors, besides reimbursement of traveling and out of pocket expenses limited to 75000/-, subject to other terms and condition laid down by the Office of the Comptroller and Auditor General of India in their letter No. CA.V/COY/CENTRAL GOVERNMENT, NEPA (1)/658 DATED 16.08.2018 for Financial Year 2018-2019

4. To consider and if though fit, to pass with or without modification(s), the following resolution as on Ordinary Resolution:

“RESOLVED THAT, consent of the Company, be and is hereby accorded, for payment of remuneration of Rs. 1,75,000/- (Rupees One Lac Seventy Five Thousand, plus GST) to M/s Fadnis & Gupte, Indore, Statutory Auditors, besides reimbursement of traveling and out of pocket expenses limited to 75000/-, subject to other terms and condition laid down by the Office of the Comptroller and Auditor General of India in their letter No. CA.V/COY/CENTRAL GOVERNMENT, NEPA (1)/586 DATED 08.08.2019 for Financial Year 2019-2020

By Order of the Board of Directors

Sd/-
Purnima Parashar
Company Secretary cum CFO

Date: 22.10.2019
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 BEHALFOF 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 PROXYAND 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 6th December, 2019 to 12th December, 2019(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 5th December, 2019.
 - 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. 5th December, 2019, 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.

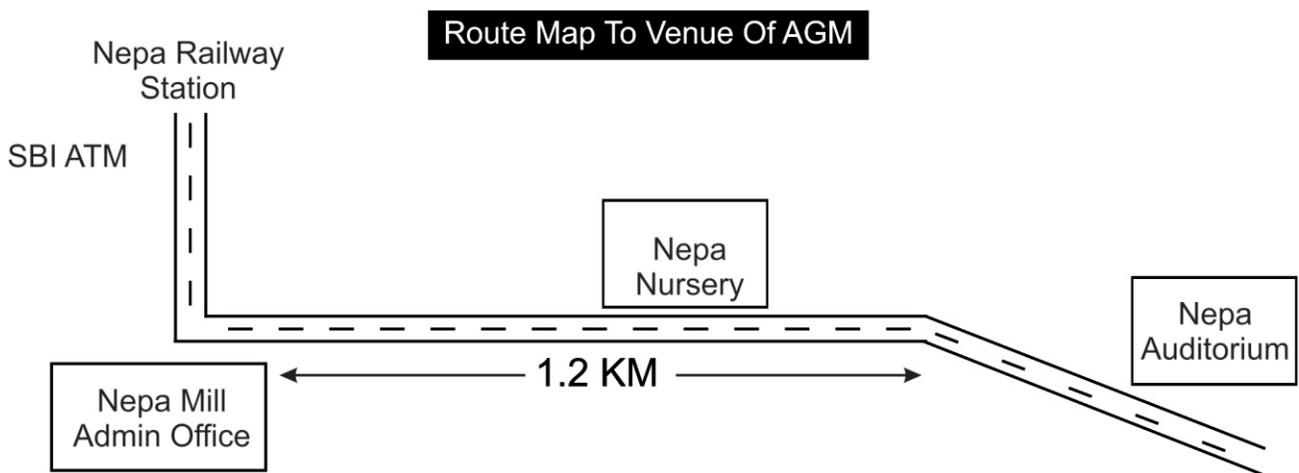
OTHER INSTRUCTIONS

- I. The remote e-voting period commences on 9th December, 2019 at 9:00 A.M. and ends on 11th December, 2019 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 5th December, 2019, 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



- 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 5th December, 2019.
 - VII. The result on resolutions shall be declared on or before the closing business hours on 16th December, 2019 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 alongwith the report of the Scrutinizer shall be placed on the website of the Company www.nepamills.co.in immediately after the declaration of result by the Chairman or a person authorized by him in writing.

Route Map to the Venue of Annual General Meeting





NEPA LIMITED

FIVE YEAR DIGEST

(Rs. In Lacs)

| | 2018-2019 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|---|------------|------------|------------|------------|------------|
| Production | 0 | 0 | 4482 | 21826 | 30035 |
| Revenue from Operation | 1187.67 | 1024.70 | 3031.36 | 7099.34 | 10211.91 |
| Profit before interest & Depreciation | -7756.87 | 5779.80 | (4592.56) | (4840.60) | (3283.07) |
| Interest | 3131.49 | 2664.46 | 2555.79 | 2068.77 | 1456.64 |
| Cash Surplus / Deficit | 4625.38 | 3115.34 | (7148.35) | (6909.38) | (4716.05) |
| Depreciation | 100.34 | 107.01 | 91.63 | 99.93 | 94.42 |
| Net Profit / Loss before prior period items | -7856.99 | 3008.33 | (7239.38) | (7009.31) | (4834.13) |
| Equity Share Capital | 52466.95 | 52466.95 | 52466.95 | 44791.96 | 10786.12 |
| Loan (Excl. Interest) | | | | | |
| Long Term | 687.2 | 1729.00 | 3452.20 | 4693.20 | 6965.00 |
| Short Term | 2468.91 | 3498.72 | 6195.89 | 3361.69 | 213.34 |
| Net Fixed Assets (Excl. Capital Work-in-Progress) | 1723.21 | 1832.54 | 2013.20 | 1570.62 | 1643.01 |
| Current Assets | 14714.34 | 14766.60 | 12492.60 | 20865.51 | 14743.98 |
| Current Liabilities (Incl. unpaid interest on Loans) | 34227.97 | 29503.00 | 27107.37 | 18349.09 | 9533.02 |
| Working Capital | -19513.63 | (14736.40) | (14614.77) | 2516.42 | 5210.96 |
| Capital Employed | -17790.42 | (12903.90) | (12601.57) | 4087.04 | 6853.97 |
| Net Worth (Incl. Share application money pending for allotment) | -9707.97 | (1929.12) | (4941.53) | 1872.14 | (1503.65) |
| Earnings (Net Profit) to Sale (%) | 0 | 0 | (238.82) | (98.73) | (47.70) |
| Number of Employees | 370 | 705 | 754 | 811 | 812 |

EMPLOYEMENT COST SUMMARY

(Rs. In Lakhs)

| Sr. No. | Particulars | 2018-2019 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|---------|---|----------------|----------------|----------------|----------------|----------------|
| A) | SALARY & WAGES | | | | | |
| | TOTAL (A) | 2784.71 | 2943.15 | 2838.92 | 2735.99 | 2544.06 |
| B) | EMPLOYEES BENEFITS : | | | | | |
| | Provident Fund & Others | 304.67 | 315.89 | 346.79 | 336.42 | 296.77 |
| | Gratuity | 591.19 | 513.84 | 189.43 | 99.84 | 154.97 |
| | Township | 178.2 | 145.2 | 141.75 | 145.23 | 139.91 |
| | Education | 0 | 0 | 0 | 72.21 | 62.61 |
| | Medical | 127.75 | 92.88 | 107.20 | 119.09 | 84.61 |
| | Other Benefits incl. Leave Travel concession, cultural activities | 55.96 | 55.30 | 48.74 | 38.48 | 36.95 |
| | TOTAL (B) | 1257.77 | 1123.11 | 833.91 | 811.27 | 775.82 |
| C) | Payment of Employees under VRS and previous year exp. not shown in earlier year : | | | | | |
| | Voluntary Retirement Schemes (VRS) | 896.31 | 0 | 482.22 | 0 | 0 |
| | Gratuity | 125.13 | 0 | 14.40 | 0 | 0 |
| | Leave Encashment | 466.05 | 0 | 25.81 | 0 | 0 |
| | TOTAL (C) | 1487.49 | 0 | 522.43 | 0 | 0 |
| | TOTAL (A+B+C) | 5529.97 | 4066.26 | 4195.26 | 3547.26 | 3319.88 |
| | Number of Employees | 370 | 705 | 754 | 811 | 812 |
| | Average Salaries, Wages etc., per employees per Annum (Rs.) | 752627 | 417468 | 376515 | 337360 | 313308 |
| | Average Cost of employees benefit per employees per Annum (Rs.) | 3399 | 159306 | 110598 | 100033 | 95544 |
| | Average Employment Cost per employee per Annum (Rs.) | 1495 | 576774 | 487113 | 437393 | 408852 |

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

To

The Shareholders,
Nepa Limited

Ladies & Gentlemen,

Directors of your company have pleasure in presenting the 72nd Annual Report of the company for the Financial Year ended 31st March 2019 along-with the Audited financial statement, Auditors' Report and Report on the accounts by the Comptroller and Auditor General of India.

1. Financial Performance and the state of the Company's Affairs

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 2018-19 together with corresponding figures for the Previous Year are given below:

| PARTICULARS | (Rs. in Lacs) | |
|--|---------------|------------|
| | 2018-2019 | 2017-2018 |
| INCOME | | |
| Sales of Newsprint | - | 30.16 |
| Sales of Petrol/Diesel/Lubricant | 1046.04 | 918.73 |
| Other Operating Income | 141.63 | 75.81 |
| Total Income | 1187.67 | 1024.70 |
| EXPENDITURE | | |
| Raw Materials | - | - |
| Manufacturing Expenses | 334.59 | 343.74 |
| Purchase of Petrol/Diesel/Lubricant | 983.02 | 881.76 |
| Change in inventories of Finished Goods / Stock | 143.06 | 46.11 |
| Employee Remuneration & Benefits | 4760.59 | 3921.06 |
| Expenses on Administration, Township, Social Overheads and Selling & Distribution Expenses | 433.31 | 490.16 |
| Total Expenditure | 6654.56 | 5682.83 |
| Operating Profit/(Loss) | (5466.89) | (4658.13) |
| Interest Income / (Expenses) - Net | (3131.49) | (2268.10) |
| Less: Depreciation | (100.34) | (107.01) |
| Add: Other Income | 841.73 | 10041.57 |
| Profit/ (Loss) after Depreciation & Interest | (7856.99) | 3008.33 |
| Prior Period Adjustments | (78.16) | (4.11) |
| Net Profit/ (Loss) | (7778.83) | 3012.44 |
| Accumulated Profit/ (Loss) | (68189.86) | (60411.03) |

2. Production & Sale

During the year 2018-19 no production activities were carried out, as the Paper machines have been stopped completely for Revival and Mill Development Plan (RMDP) work from 25.07.2016. Total sales during the year was Nil as compared to 118 MT (as our second quality production rolls sold to the customer) in previous year (i.e. in the year 2017-18). Hence average sales realization reduced to Nil from Rs. 25481/- PMT in previous year.



3. Operation

During the year (2018-19), entire plant was shut for implementing RMDP work. Hence no Production has been carried out in the financial year.

On 03.10.2018 the Cabinet Committee on Economic Affairs (CCEA) had sanctioned the additional funds for RMDP work. RMDP work is in progress now and expected to be completed by end 2019/early 2020.

4. Change in The Nature Of The Business, If Any:

During the year, Company has not changed its nature of business.

5. Transfer to Reserve

During the Year, company has not transferred any amount to any reserve.

6. Dividend:

Due to losses, Your Directors do not recommend any dividend for the year ended 31st March 2019 under review.

7. 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.

8. Revival & Mill Development Plan (RMDP)

Company was referred to BIFR in 1998. However, the revival plan of the company was approved by GoI in September 2012 only. BIFR sanctioned the revival scheme of the company in March 2014. The Revival Plan envisaged capital investment of Rs.285 crores for 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.

Govt sanction, BIFR approval and environmental clearance took almost 6 years after cost estimation as a part of original TEFR in 2010. The project cost which was approved at Rs. 285 crore has got escalated to Rs. 434 crore (net of EPCG benefits). This increase was mainly on account of delays, growth of work and as per actual price discovery based on open tendering.

Therefore, a plea for an additional budget of Rs. 149 crores on account of cost escalation and Rs. 128 Cr in lieu of loan from financial institutions was submitted through the Cabinet Note to GoI in December, 2017. The cabinet Note was sanctioned by the GoI on 3rd October, 2018 with a total support package of Rs. 469.41 Cr. that include Rs. 277 Cr towards revised cost of RMDP, Rs, 101.58 Cr. towards salary



support and statutory dues and Rs. 90.83 Cr. towards Voluntary retirement of 400 employees. In order to monitor the RMDP work, (Department of heavy Industries) DHI has constituted a high Level RMDP monitoring committee headed by AS&FA from DHI. A technical Committee comprising members from Central Paper & Pulp Research Institute (CPPRI), Saharanpur, M/s BHEL, Bhopal and M/s Bridge & Roof (B&R), Kolkatta has been constituted to regularly visit and monitor the project progress on site and report to the Govt. As per current estimates the RMDP is expected to complete by early 2020. On completion of the RMDP, company will be able to manufacture 100000 TPA of Newsprint of higher brightness and also the Writing & Printing Paper and expects to become self sustaining.

9. Environment Management and Pollution Control

Eco friendly technology has been adopted by the company earlier for manufacturing the newsprint and writing printing paper by using waste paper as raw material. The process is environment friendly and generates no pollution. Under RMDP following measures have been included for abatement of pollution:

"Most modern solid waste handling system (Sludge handling system) is added to recover the fibre as well as the E.T. Plant augmentation for waste water treatment plant to meet zero Liquid discharge.

"E.T. Plant will have real time Continuous Effluent monitoring system (CEMS) to monitor effluent parameters, as per pollution control board norms.

"To control air pollution in new Power house, four field Electro static precipitator (ESP) will be installed. Plant will also have dust suppression system and bag filters to trap fugitive emissions near coal & Ash handling systems. For curbing sulphur content in flue gases, lime feeding system & new chimney with increased height also considered.

"To monitor the air pollution of Power Plant, Real time Continuous stack Emission Monitoring System (CSEMS) and Real time Continuous Ambient Air Quality Monitoring System (CAAQMS) with weather station will be installed, as per pollution control board norms.

"Hazardous waste, disposal i.e. used oil is being disposed through MoEF certified oil re-processor unit and waste resin is disposed to MP Waste Management Project Pithampur M.P.(as per guideline of Pollution Control Board).

"Regular tree plantation is carried out in and around township during Environment day to maintain clean, green and healthy environment.

10. Research & Development and Quality & Technology.

Research & Development (R&D) Center of the company is registered with the Department of Scientific and Industrial Research (DSIR) Ministry of Science and Technology, Government of India. Experiments and trials in R&D centre have given Nepa Ltd. a new vision.

Over the years, the Quality Control team has played crucial role in testing of raw materials, chemicals and other incoming entities.



After RMDP Nepa will produce Newsprint & writing printing paper of higher brightness using recycled fibre of various origins viz. Indigenous & Imported one. This technology is not only eco friendly but also will utilize modern De-inking plant to get the pulp of better quality and brightness.

In addition to this many other testing's like Water & chemicals testing etc. will also be carried out for power house, process use as well as for domestic use at Nepa Mill Laboratory to ensure the quality of treated drinking water supplied to Neapanagar township, after treatment in Nawtha Treatment Plant. The samples are taken periodically for testing to decide the dosing of chemicals for water treatment.

Looking to the ongoing RMDP work, product diversification and change in manufacturing process to produce good quality Writing & Printing and Improved Newsprints grades. In times to come your company expects to continue its contribution in Research & Development in the field of paper technology.

11. Human Resources Development

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 25 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 300 employees participated. In addition, the company has also conducted 2 outstation programmes on Project Management, Industrial Safety, GST and Digitalization, in which 2 employees participated in various training institutions of repute. Company is also marching ahead with "Prime Minister Kaushal Vikas Yojana" as well as "Swachch 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. In the post RMDP scenario all non core activities would be outsourced in accordance with the cabinet approval and the national productivity council report of July 2016. This would enable company to gain a competitive edge, reduce human resource cost and become self sustaining. As a part of this ongoing human resources restructuring exercise the regional offices at Bhopal & Mumbai and the Nepa Higher Secondary School have been closed. Process of closing down the Nepa hospital has been initiated.

Company's staff strength as on 31.03.2019 was 526 (comprising of 148 Executives, 222 Non-executives & 156 Temporary Employees). Subsequently 264 employees have proceeded on VRS as per the cabinet sanction.

12. 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 lost on account of strike/lock-out during the year.



Various welfare measures offered to the employees and their dependants were continued during the year.

13. 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.

14. 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

15. 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, 2019 is shown in Annexure-I attached.

16. Position of women employees

The particulars of women employees in the Company as on March 31, 2019 are given in Annexure-II attached

17. Promotion of use of Official Language

During the year under review, company continued to make best efforts to ensure implementation of the provisions of the Official Language Act, 1963 and rules made thereunder. 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 14.09.2018 to 21.09.2018.

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. Company's e-magazine "Nepa Sandesh" was regularly published on its website.

18. 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. 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.

19. Corporate Social Responsibility

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 provision of section 135 of the companies Act 2013 where not applicable on the company for the year under review.

The company however has been providing bulk drinking water facility to the Nepa Nagar Parishad for Nepa township and education & health care facilities to Neapanagar residents and the neighboring communities since long. Company also undertook community development programs. Company extends full support to various social organizations for conducting social, cultural, religious and sports activities in the Neapanagar township.

20. Information About The Financial Performance/ Financial Position Of The Subsidiaries/Associates/Joint Venture:

There was no, associate, joint venture and subsidiary of your Company during the year under review.

21. Extract of Annual Return/Web address

Extract of annual return as per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY 2018-19 is given in Corporate Governance Report in Annexure IV in the prescribed Form No. MGT-9, which is a part of this report. The same is also available on www.nepamills.co.in

22. Risk Management Policy:

The development and implementation of risk management policy is under process.

23. 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.

24. Company's Policy Relating To Directors Appointment, Payment Of Remuneration And Discharge Of Their Duties

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.

Being a Government Company, Appointment of Board member is under the control of Government. therefore, such particulars have not been included as part of the Directors' Report.

25. 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.

26. Committee Of The Board

Details regarding committee of the board updated in Corporate governance report attached as Annexure IV

27. 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.

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as an Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules

28. 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 2019 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;

29. Management Discussion and Analysis

A report on Management discussion and Analysis is placed at Annexure - V.

30. Auditors:

M/s. Khandelwal Kakani & Company, Chartered Accountants, Indore were appointed as Statutory Auditors of the Company for the financial year 2018-19 vide CA.V/COY/CENTRAL GOVERNMENT, NEPA (1)/658 dated 16.08.2018 by the Comptroller and Auditor General of India, Govt. of India, under Section 139 of the Companies Act, 2013.

M/s. Fadnis & Gupte, Chartered Accountants, Indore were appointed as Statutory Auditors of the Company for the financial year 2019-20 vide CA.V/COY/CENTRAL GOVERNMENT, NEPA (1)/586 dated 08.08.2019 by the Comptroller and Auditor General of India, Govt. of India, under Section 139 of the Companies Act, 2013.

The remuneration payable to the Auditors as recommended by audit committee and approved by board is 1.75 Lakh plus GST as applicable and out of pocket expenses limited to Rs. 75000/-

31. Auditor Report

There is no qualifying remark in the Auditor's Report and hence does not require any clarification in the Board's Report

32. Detail of Fraud as per Auditors Report:

There is no fraud in the Company during the F.Y. ended 31st March, 2019. This is also being supported by the report of the auditors of the Company as no fraud has been reported in their audit report for the F.Y. ended 31st March, 2019.

33. Related Party Transaction:

During the year, None of the transactions with related parties falls under the scope of Section 188(1) of the Act. Hence, form AOC-2 is not applicable to the Company during year under review.

34. Establishment of Vigil Mechanism:



In accordance with the provisions of the section 177 of the Companies Act, 2013, it is not required for a Company to establish a vigil mechanism for its directors & employees.

35. Internal Auditor:

M/s Bagchi & Gupta Chartered Accountant were appointed to work as an internal auditor of the Company in accordance with the provisions of the Companies Act, 2013 during the year under review

36. Order Passed by Any Regulatory Authority / Tribunal/ Court:

During the period under review no order passed by any Regulatory Authority or Courts or tribunals impacting the going concern status and company operation in future.

37. Secretarial Audit Report:

Pursuant to the provisions of the Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed I G & Associates, a Practicing Company Secretary to undertake the secretarial audit of the Company for the financial year 2018-19. The Secretarial Audit report as given by the Secretarial Auditor is attached in Corporate Governance report in Annexure IV to this report.
The remark of secretarial auditor is self-explanatory in nature.

38. 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.

39. 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 was taken up with GoI to sanction the revised cost estimates. The revised cost estimates were approved by GoI on 12th October 2018. 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.

40. 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.



41. 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.

42. 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 2019 are given in Annexure VI forming part of this report.

43. Postal Ballot:

No resolutions were passed through postal ballot during last year. However as per cabinet approval the funds released for RMDP and VRS needs to be converted to equity in the name of President of India. Accordingly Rs. 33 Crores were received for project funding & Rs. 16.54 Cr. for VRS towards converting these funds into equity and 7% non cumulative preference share respectively. Postal ballot has been conducted from 8th July 2019 to 7th August 2019 and result was declared on 10th August 2019. The result of the postal Ballot is as follows:

Special Resolution under Section 61 of the Companies Act, 2013, to approve derating of share as per sanctioned BIFR scheme Resolution Passed with requisite majority

Special Resolution under Section 62 of the Companies Act, 2013, for allotment of Equity Share Resolution Passed with requisite majority

Special Resolution under Section 55 of the Companies Act, 2013, for allotment of 7% non cumulative preference share Resolution Passed with requisite majority

Special Resolution under Section 61 of the Companies Act, 2013, for increase in authorised share capital of the company Resolution Passed with requisite majority

Special Resolution under Section 14 of the Companies Act, 2013, for amendment in Articles of Association of the company clause 4 Resolution Passed with requisite majority

Special Resolution under Section 13 of the Companies Act, 2013, for amendment in Memorandum of Association of the company clause V Resolution Passed with requisite majority

**44. Board meetings**

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

| S.No. | Date | No. of Directors Present |
|-------|------------|--------------------------|
| 1 | 04.06.2018 | 3 |
| 2 | 20.07.2018 | 4 |
| 3 | 28.08.2018 | 4 |
| 4 | 07.03.2018 | 4 |
| 5 | 18.03.2018 | 5 |

45. Audit Committee

The Audit Committee held three meetings during the year.

| S.No. | Date | No. of Members Present |
|-------|------------|------------------------|
| 1 | 20.07.2018 | 3 |
| 2 | 07.03.2018 | 2 |
| 3 | 18.03.2018 | 3 |

46. Composition of Board of Directors & KMP**During the year under review,**

1. Smt. Sukirti Likhi was appointed as Part Time Official Director w.e.f. 20.11.2018
2. Shri Arvind Kumar was on board till 20.11.2018
2. Smt. Kalpana Shrivastava appointed as Independent Director w.e.f 18.02.2019
3. Tenure of Director Finance Shri Ravindra Kumar completed on 30.05.2019
4. Shri Sanjay Ojha Company Secretary and CFO resigned on 04.12.2018
5. Ku. Purnima Parashar appointed as Company Secretary on 15.03.2019

47. Overview of Indian News Print & Writing Printing Paper Industry and future outlook for Nepa Ltd.

After a few years of Stress, the paper industry in India is now well placed. In the recently announced union budget 2019-20, the Govt of India has removed end use based custom duty exemption for News Print and thus provided a level playing field to the Indian Newsprint manufactures. Your company would be one of the beneficiaries of this step.

India is one of the fastest growing major paper market in the World registering CAGR of 8% from 2011-2016 vs 1% for the Global paper industry. The paper demand grows in tandem with GDP growth rate in a county and as such Indian paper market is expected to post a robust growth in foreseeable future market. Moreover, paper usage per capita in India lags most other major economies at-13 kg Pa V/s global average of 57 Kg and significantly below 200 Kg in North America.

In the post RMDP scenario your company is diversifying into writing and printing paper segmen in addition to the traditional newsprint segments. In both segments the quality and brightness of paper produced would be high due to a state-of-the-art De-inking plant being set up under the ongoing RMDP.



Whereas for the newsprint segment your company has its traditional customer base and marketing channels, in case of new area of writing & Printing paper new marketing agencies and channels would be established with a facility available to vary % of either segment based on market demand, the Company expects to optimize its production in both segments to maximize realization from the market.

48. Maintenance of Cost Records

The specified accounts have been made and maintained

49. Evaluation of The Board's Performance:

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 134 (P) of the Companies Act, 2013.

Nepa Ltd. being a Government Company, therefore, such particulars have not been included as part of the Directors' Report.

50. 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. Out of the entire spectrum of PSUs, your company is the only one that has been sanctioned a revival package. The board of Directors are thankful for this support. 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.

The Board of Directors also convey their appreciation to all the national and international companies that are contributing to the modernization project of the company.

For & on behalf of the Board

Sd/-
Cmde AN Sonsale
Chairman-cum-Managing Director

Date: 22.10.2019

Place: New Delhi

**ANNEXURE-I TO THE DIRECTOR'S REPORT**

Position regarding employment of Scheduled Castes/Scheduled Tribes, Ex-Servicemen/OBC etc. as on 31.03.2019

1. Representation of SCs/STs/OBCs

| GROUP | TOTAL NO. OF EMPLOYEES | NO. OF SC | % | NO. OF ST | % | NO. OF OBC | % |
|-------|------------------------|-----------|-------|-----------|------|------------|-------|
| A. | 91 | 5 | 5.49 | 1 | 1.09 | 15 | 16.48 |
| B. | 199 | 9 | 4.52 | 6 | 3.01 | 29 | 14.57 |
| C. | 74 | 10 | 13.51 | 1 | 1.35 | 3 | 4.05 |
| 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. | 91 | - | - | - | - | - | - |
| B. | 199 | - | - | - | - | - | - |
| C. | 74 | - | - | - | - | - | - |
| D. | 6 | - | - | - | - | - | - |

3. Representation of Persons with Disabilities (PwD)

| GROUP | TOTAL NO. OF EMPLOYEES | NO. OF PHYSICALLY CHALLENGED | CATEGORY OF PHYSICALLY CHALLENGED |
|-------|------------------------|------------------------------|-----------------------------------|
| A | 91 | 0 | - |
| B | 199 | 0 | - |
| C&D | 80 | 0 | - |



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

ANNEXURE-II TO THE DIRECTOR'S REPORT

Representation of Female Employees as on 31.03.2019

| | PAY SCALE | NO. OF EMPLOYEES | NO.OF FEMALE EMPLOYEES | % |
|------------|---------------------------------|-------------------------|-------------------------------|-------------|
| A | EXECUTIVES | | | |
| | | 1 | 0 | 0 |
| | 20500-25000 | 1 | 0 | 0 |
| | 18500-23900 | 1 | 0 | 0 |
| | 17500-22300 | 3 | 0 | 0 |
| | 16000-20800 | 3 | 0 | 0 |
| | 14500-18700 | 21 | 1 | 4.76 |
| | 13000-18250 | 29 | 1 | 3.44 |
| | 10750-16750 | 13 | 0 | 0 |
| | 8600-14600 | 19 | 1 | 5.26 |
| 6550-11350 | 10 | 1 | 10.00 | |
| | TOTAL A | 101 | 4 | 3.96 |
| B | NON-UNIONISED SUPERVISOR | | | |
| | 6000-9040 | 47 | 4 | 8.51 |
| | TOTAL B | 47 | 4 | 8.51 |
| C | WORKMEN | | | |
| | 5900-8845 | 18 | 4 | 22.22 |
| | 5800-8760 | 25 | 2 | 8.00 |
| | 5650-8680 | 99 | 2 | 2.02 |
| | 5350-8350 | 0 | 0 | 0 |
| | 5250-8060 | 80 | 2 | 2.50 |
| | 4850-7600 | 0 | 0 | 0 |
| | 4650-7200 | 0 | 0 | 0 |
| | 4450-6800 | 0 | 0 | 0 |
| | 4300-6450 | 0 | 0 | 0 |
| 4200-6150 | 0 | 0 | 0 | |
| | TOTAL C | 222 | 10 | 4.50 |
| | GRAND TOTAL (A+B+C) | 370 | 18 | 4.86 |

**ANNEXURE-III****FORM 'A'**

(Form for disclosure of particulars with reference to conservation of energy)

| Particulars | Unit | 2018-19 | 2017-18 |
|--|----------|---------|-----------------------|
| I. NEWSPRINT | | | |
| Power and Fuel Consumption | | | |
| 1. Electricity: | | | |
| a) Purchased Units (MPEB Grid) | KWH | 2992950 | <u>2977700</u> |
| Total amount | Rs. Lacs | 281.29 | 313.45 |
| Cost / Unit | Rs. | 9.30 | 10.54 |
| b) Own Generation Units | | | |
| i) Power House | KWH | NIL | Nil |
| II) DG Set | KWH | NIL | <u>1050</u> |
| c) Total Unit (a+b) | | | 2978750 |
| 2. Coal used in Power House: | | | |
| Quantity | MT | NIL | NIL |
| Total Cost | Rs. Lacs | Nil | NIL |
| Average Rate | Rs./MT | Nil | NIL |
| 3. Fuel Oil: | | | |
| Quantity | KL | NIL | NIL |
| Total amount | Rs. lacs | NIL | NIL |
| Average Rate | Rs./KL | NIL | NIL |
| 4. Other/Internal Generation | | | |
| | | NIL | NIL |
| d. Consumption per unit of production | | | |
| Newsprint Production | MT | NIL | NIL |
| Electricity (Purchased) | KWH/T | NIL | NIL |
| Electricity (own generated) | KWH/T | NIL | |
| Coal/T of Paper | Kg/T | NIL | |
| Fuel Oil | Lit/T | NIL | NIL |

**NEPA LIMITED**

(Form for disclosure of particulars with respect to technology absorption)

A) RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES IN FUTURE

- | | | | | | | | | | | |
|--|--|--------------------|---|-----|--------------|---|--------------------|----------|---|--------------------|
| 1. Specific areas in which R&D carried out | 1. Improved quality of end products with chemicals & modern De-inking Cell for manufacturing paper of higher brightness. | | | | | | | | | |
| 2. Benefits derived as a result of | Use of cheapest raw material to improve the cost efficiency in existing system. | | | | | | | | | |
| 3. Future Plan of Action. | <p>1. Testing of various combinations of Raw material and chemicals for effective and economic utilization of chemicals in upgraded plant setups in newly installed De-Inking plant and in Paper machine, to achieve desired properties of finished paper products (Writing & Printing and Newsprint) after RMDP, so as to match paper of imported quality.</p> <p>2. To assist in up-gradation of ET Plant so as to meet zero liquid discharge.</p> | | | | | | | | | |
| 4. Expenditure of R&D ** | <table border="0"> <tr> <td>a) Capital</td> <td>-</td> <td>NIL</td> </tr> <tr> <td>b) Recurring</td> <td>-</td> <td>148.51 Lakh</td> </tr> <tr> <td>c) Total</td> <td>-</td> <td>148.51 Lakh</td> </tr> </table> | a) Capital | - | NIL | b) Recurring | - | 148.51 Lakh | c) Total | - | 148.51 Lakh |
| a) Capital | - | NIL | | | | | | | | |
| b) Recurring | - | 148.51 Lakh | | | | | | | | |
| c) Total | - | 148.51 Lakh | | | | | | | | |

**B) TECHNOLOGY ABSORPTION
ADAPTATION AND INOVATION**

The mill will produce improved newsprint and writing & Printing grade paper under RMDP. Thus productivity as well as product quality will be as per the standard

C) FOREIGN EXCHANGE EARNINGS AND OUTGO.

Activities relating to exports Initiatives taken to increase Exports, development of new Export market for products & Services, and export plans.

- a) Company has imported plant and machinery under EPCG (Export Promotion Capital Goods) Scheme of Government of India with debting EPCG licenses worth 26 Cr against six times export obligation. In compliance to export obligation, finished paper will be exported post RMDP after commencement of production. In addition to this the company is forecasting its future sales (after RMDP) in the form of exports as it is going diversifying its product to writing and printing grade.

b) Total foreign exchange used & earned.

| | 2018-19 | 2017-2018 (Amt in Lakhs) |
|-------------------------------|---------|--------------------------|
| i) Earnings | NIL | NIL |
| ii) Used (Procurement of OIN) | NIL | NIL |
| for RMDP | 739.72 | 295.44 |

For & on behalf of the Board

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

DATE: 22.10.2019

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, 2019, The Board of Directors of Nepa Limited comprise of 5 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) and one (1) Independent Director

BOARD MEETINGS:

During the year 2018-19, 5 Board Meetings were held on 4th June 2018, 20th July 2018, 28th August 2018, 7th March 2019, and 18th March 2019.

Details of number of board meetings attended by the directors, attendance at the least Annual general meeting, number of other directorship held during the year 2018-19 are as follows:-



NEPA LIMITED

| S. No. | Name of Director | Category of directorship | Attendance | | Number of other Board or Committees | | |
|--------|----------------------------|--------------------------------|------------|----------|-------------------------------------|-------------|--------|
| | | | BM | Last AGM | Board Chairperson | Committee | |
| | | | | | | Chairperson | Member |
| 1 | Comde A.N. Sonsale | Chairman cum Managing Director | 5 | Yes | 1 | - | 2 |
| 2. | Sh. Ravindra Kumar | Director (Finance) | 5 | Yes | - | - | - |
| 3. | *Sh. Arvind Kumar | Part-time Official Director | 3 | No | - | - | 1 |
| 4. | Capt. Anil Kumar Khare | Part-time Official Director | 3 | No | - | - | 4 |
| 5. | *Smt. Sukriti Likhi | Part-time Official Director | 2 | No | - | - | 4 |
| 5. | **Smt. Kalpana Shrivastava | Independent Director | 2 | No | - | 4 | 4 |

* Smt. Sukriti Likhi Director of the company w.e.f. 20.11.2018 vice Sh. Arvind Kumar.

** Smt. Kalpana Shrivastava Independent Director of the Company w.e.f. 18.02.2019

Brief Resume of New Director Appointed on Board and their Area of Expertise

1. Smt. Sukriti Likhi

A civil servant belonging to the Indian Administrative Service, with over 25 years experience in development administration and public policy formulation.

2. Smt. Kalpana Shrivastava

A B.Ed Degree Holder and Social worker having vast experience in the field of Teaching & Social welfare

Names of other Companies in which the person holds the Directorship

| Name of Director | Name of Companies |
|-----------------------|---|
| 1. Comde A N Sonsale | Nagaland Pulp & Paper Company Ltd. Hindustan News Print Ltd. Jadishpur Paper Mill Ltd. National Bicycle Corporation of India Ltd. Hindustan Paper Corporation Ltd. National Safety Council (Member, Board of Governors) SCOPE (Member, Executive Council) |
| 2. Sh.Ravindra Kumar | Nagaland Pulp & Paper Company Ltd. Hindustan News Print Ltd. Jadishpur Paper Mill Ltd. |
| 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. Smt. Sukriti Likhi | Cement Corporation of India Limited Engineering Project (India) limited Tumakuru Machine Tool Park |

**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. Capt. Anil Kumar Khare Chairperson (Till 07.03.2019) member from 07.03.2019
2. Smt. Kalpana Shrivastava Chairperson (From 07.03.2019)
3. Sh. Arvind Kumar Member (Till 20.11.2018)
4. Smt. Sukriti Likhi Member (From 07.03.2019)
5. Sh Ravindra Kumar Member (Till 07.03.2019)

During the F. Y. 2018-19, three meetings have been held on 20th July 2018, 07th March 2019 & 18th March 2019. Details of the member's attendance are as follows:

| S. No. | Name of Member | Status | Attendance in Meetings |
|--------|---------------------------|---|------------------------|
| 1. | Capt. Anil kumar Khare | As Chairperson in 1 meeting as Member 2 | 3 |
| 2. | *Smt. Kalpana Shrivastava | Chairperson | 2 |
| 3. | *Sh. Arvind Kumar | Member | 1 |
| 4. | **Smt. Sukriti Likhi | Member | 2 |
| 5. | Sh. Ravindra Kumar | Member | 1 |

* Smt. Kalpana Shrivastava Independent Director of the Company w.e.f. 18.02.2019

** Smt. Sukriti Likhi Director of the company w.e.f. 20.11.2018 vice Sh. Arvind Kumar.

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. 2018-19, no meeting of the committee was held during the year.

The composition of the Stakeholders Relationship Committee is as under:

1. Sh. Anil Kumar Khare Chairperson (Till 07.03.2019)
2. Smt. Kalpana Shrivastava Chairperson (from 07.03.2019)
3. Sh. Arvind Kumar Member (Till 20.11.2018)
4. Sh. Ravindra Kumar Member (Till 07.03.2019)
5. Cmde A.N. Sonsale Member (From 07.03.2019)

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 till 20.11.2018
2. Smt. Kalpana Shrivastava Chairperson from 07.03.2019
3. Smt. Sukriti Likhi Member from 07.03.2019
4. Capt Anil Kumar Khare Member
5. Cmde A.N. Sonsale Member

**4. General Body meetings:**

| Year | Location | Date | Time |
|---------|--|----------------------------------|---------|
| 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 |
| 2017-18 | Nepa Auditorium, Nepanagar – 450221 (M.P.) | 26 th September, 2018 | 4.00 PM |

During the F.Y. 2018-19 No resolution was passed through postal ballot.

5. Disclosures:

- (i) **Details of remuneration paid to Functional Directors during the Financial Year 2018-19 are under:**
Amount in Rs.Lacs

| Sl. No. | Particulars | CMD Cmde AN Sonsale | Director (Finance) Sh. Ravindra Kumar |
|---------|---------------------|------------------------|--|
| a. | Salary & Allowances | 6.63 | 13.93 |
| b. | Contribution to PF | 1.36 | 1.46 |
| c. | Other Benefits | - | - |
| | Total | 7.99 | 15.39 |

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. 2018-19 are Rs.10000/-

- (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.

- (iii) **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.

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

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:

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



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: 22/10/2019
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, 2019, 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) Gap between two Board Meetings.
 - c) Training of new Board Members.
 - d) Meeting of Independent Directors.
 - e) Meeting of Management Committee.
 - f) Composition and other conditions related to Audit Committee.
 - g) Meeting of Audit Committee.
 - h) Composition of Nomination and Remuneration Committee.
 - i) Meeting of Nomination and Remuneration Committee.
 - j) Risk Assessment and Management System.
 - k) Means of publication of Quarterly Results (Newspapers, Website etc.)
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:23.09.2019

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



FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

[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 Ltd
Registered Office: Nepa Nagar,
Dist: Burhanpur - 450221 (MP)
CIN:U21012MP1947GOI000636

We have conducted the Secretarial Audit of the compliance applicable statutory provisions and the adherence to good corporate practices by NEPA Ltd CIN: U21012MP1947GOI000636 (hereinafter called the Company) Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on our verification of the company's, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit.

We hereby report that in our opinion, the company has during the audit period covering the financial year ended on March 31, 2019 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 Ltd ("the Company") for the financial year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder read with modifications, exemptions and clarifications thereto;
- (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) The Foreign Exchange Management Act, 1999 and the rules 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, as amended from time to time. **Not Applicable.**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended form time to time. **Not Applicable.**
 - (c) The Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulations 2009, as amended form time to time. **Not Applicable.**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefit) Regulation, 2014. **Not Applicable.**



- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **Not Applicable.**
- (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 as amended from time to time regarding the Companies Act and dealing with client. **Not Applicable.**
- (g) The Securities and Exchange Board of India (Delisting of equity shares) Regulations, 2009 as amended from time to time. **Not Applicable.**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **Not Applicable.**
- (vi) During the period under review the Company has generally complied with the provisions of the specifically Laws applicable to the company as per the representation/certificate made by the management of the Company and we relies the same. **(Subject to the following non compliances and observations listed in Annexure-I)**
- a) Factories Act, 1948;
- b) Contract Labour (Regulation & Abolition) Act;
- c) Child Labour (Prohibition & Regulation) Act, 1986;
- d) Environment Protection Act, 1986;
- e) Water & Air Control of Pollution Act, 1974;
- f) Apprentices Act;
- g) Industrial Dispute Act;
- h) Industrial Employment Standing Order Act;
- i) Employees' Provident Funds & Miscellaneous Provisions Act, 1952
- j) We have also examined compliance with the applicable clauses of the following.
- (i) Secretarial Standard issued by the Institute of Company Secretaries of India
- (ii) The Listing Agreement entered into by the Company with the Exchange read with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time. **The Company is not a listed entity hence provisions of this regulations are not applicable to the company.**

During the Audit period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above **(subject to the following non compliances and observations Listed in Annexure-I)**, we further report that

The Board of Directors of the Company has not 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 provisions of the Act but not noted in the consecutive Board Meeting.

Adequate notice is given to all Directors to schedule the board meetings, agenda and detailed note on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the Company has specific events/actions that having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

Note: This Report is to be read with our letter dated 22.08.2019 which is annex as (Annexure II) and forms and integral part of this report.

**For I G & Associates
Company Secretaries**

Sd/-

Isha Garg

FCS: 9955 COP No:12184

**Date: 22.08.2019
Place: Indore (MP)**

**1. Nonpayment 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 2018-19.

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.

3. E-Form CHG-4 not filed with ROC 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 31.03.2019. However, on verification of Registrar of Companies records. We observed that the below mentioned Charges are still outstanding against Assets. It reveals that e-Forms 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:

| Charge ID | Charge Holder Name | Date of Creation | Amount | Auditor's Comment |
|-----------|--|------------------|-------------|--|
| 90204446 | M. P. Electricity Board, Jabalpur | 18/09/1978 | 12500000.00 | E-FORM CHG-4 has not been filed by the Company |
| 90204427 | The Chairman Madhya Pradesh Housing Board Bhopal, MP | 21/03/1964 | 96250.00 | E-FORM 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 only one 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. Although the Company has appointed Mrs. Kalpana Shrivastav, Independent Directors w.e.f. 18.02.2019.

6. i. 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 2018-19. No meeting of Management Committee has been conducted.

ii. Nomination and Remuneration Committee Meeting.

As per Section 178 (1) of the Companies Act, 2013 the No Nomination and Remuneration Committee Meeting has been conducted during Financial Year 2018-19.

iii. Stakeholders Relationship Committee Meeting.

As per Section 178 (5) of the Companies Act, 2013 the no Stakeholders Relationship Committee Meeting has been conducted during Financial Year 2018-19.

iv. Audit Committee Meeting.

As per Section 177 of the Companies Act, 2013 all the business which are required to be discuss, recommend and approve are not considered in the Audit Committee Meeting and the Company has not conducted Audit Committee Meeting for the said business.



v. Separate meeting of Independent Directors:

As per Section 149(8) and clause VII of Schedule IV the independent directors of the company shall hold at least one Separate meeting of independent directors in a year. No Separate meeting of independent directors has been conducted during Financial Year 2018-19.

7. Constitution of Committees.

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 and due to non compliance in appointment of Independent Directors composition of statutory committees are not proper as provided in the Companies Act, 2013.

8. Other Observations:

i. As per the Office Order No. PNI/59 dated 4th December, 2018 Mr. Avhijit Chatterjee, Manager (P&A) will hold the additional charge of Company Secretary and Internal Audit Department in addition to his present assignment, and this order is valid till the appointment of a regular Company Secretary or for three months from the date of promulgation, whichever is earlier.

Further the regular Company Secretary was appointed on 15th March, 2019 and three months as per the said office order was complete on 3rd March, 2019. Therefore additional charge of Mr. Avhijit Chatterjee, Manager (P&A) had been expired on 3rd March, 2019 further attendance of Mr. Avhijit Chatterjee as Company Secretary in the Board of Directors Meeting dated 7th March, 2019 is a violation of Office Order No. PNI/59 dated 4th December, 2018.

ii. During Audit, we observed that the content of Board Report for the FY 2017-18 are not as per the provisions of the Section 134 (3) of the Companies Act, 2013.

iii. During Audit, we observed that the Company is not timely making monthly contribution of PF to PF Trust.

iv. As per the financial statements for the year 2018-19, it comes to our knowledge that the company has taken a bank overdraft of Rs. 2468.91 lakhs (previous year - Rs. 3498.72 lakhs) against security of its FDRS and same was outstanding at the year end. However, the company has not created any charge on such FDRS with ROC. The overdraft of SBI against FDRS has been closed during the year.

**For I G & Associates
Company Secretaries**

**Sd/-
Isha Garg
FCS: 9955 COP No:12184**

**Date: 22.08.2019
Place: Indore (MP)**



**To,
The Members
NEPA Ltd
Registered Office:Nepa Nagar,
Dist: Burhanpur - 450221 (MP)
CIN:U21012MP1947GOI000636**

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

1. Maintenance of Secretarial Record is the responsibility of the management of the company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management Representation/certificates about the compliance of applicable Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For I G & Associates
Company Secretaries**

**Sd/-
Isha Garg
FCS: 9955 COP No:12184**

**Date: 22.08.2019
Place: Indore (MP)**

**Annexure B to Board's Report****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March, 2019***[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: | Purva Sharegistry (I) Pvt Ltd 9 Shiv Shakti Industrial Estate, J.R. Boricha Marg, Lower Parel (E), Mumbai, 400011 |

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 |

Note * During whole F.Y. both machines are remain shut due to RMDP, no operation except old stock in hand, sale of scrape, running petrol pump in township, realisation value for handing of Hempur land to GOUK nominating 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 |
|------|--|---------|--------------------------------|------------------|--------------------|
| | There are no Subsidiary and Associate Companies. | | | | |



NEPA LIMITED

| 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 | - |



NEPA LIMITED

| | | | | | | | | |
|---|--|------------------|------------------|-------------|--|------------------|------------------|-------------|
| i) Category -wise Share Holding : i) Individual shareholders holding in nominal share capital in excess of | | | | | | | | |
| c) Others Hindu Undivided Family | | | | | | | | |
| d) NRI's | | | | | | | | |
| Subtotal(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 | |
|---------|---------------------|---|----------------------------------|---------------------------|--------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | Increase/ Decrease | Reason | No. of shares | % of total shares of the company |
| 1. | President of India | 493477344 | 94.06 | No Change during the year | | 493477344 | 94.06 |
| 2. | Governor of MP | 30537290 | 5.82 | No change During the Year | | 30537290 | 5.82 |

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and A DRs):**

| Sl. No. | Top ten Shareholders Name | Share holding at the beginning of the year | | Change During The year | | | Cumulative Share holding 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 | 4000 | 0.004 | | - | | 4000 | 0.0008 |
| 5 | NARINDRAKAUR 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) | Sharehold ingat thebeginnin goftheyear | | | Change During The year | | | Cumulative Share holding 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 | Cmde A N Sonsale CMD | | - | | | - | | - | |
| 2 | Ravindra Kumar D(F) & CFO | | - | | | - | | - | |
| 3 | *Arvind Kumar Director | | - | | | - | | - | |
| 4 | Capt. Anil Kumar Khare Director | | | | | | | | |
| 5 | *Smt. SukirtiLikhi | | - | | | - | | - | |
| 6 | **Smt. Kalpana Shrivastava | | | | | | | | |
| 7 | ***Sanjay Kumar Ojha Company Secretary | | | | | | | | |
| 8 | ****Purnima Parashar Company Secretary | | | | | | | | |

*Smt. SukritiLikhi, appointed as Part time Official Directorw.e.f 20.11.2018 vice Shri Arvind Kumar

**Smt. Kalpana Shrivastava appointed as Independent cum women Director on the Board of Nepa Limited on 18.02.2019

***Shri Sanjay Ojha , Company Secretary Cum CFO resigned on 04.12.2018

****Ku. Purnima Parashar appointed as Company Secretary w.e.f. 15.03.2019



I. INDEBTEDNESS;

Indebtedness of the Company including interest on 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 | 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 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | 3300 | - | - |
| Reduction | 1029.82 | - | - | - |
| Net Change in Indebtedness | | | | |
| At the end of the financial year | | | | |
| i) Principal Amount | 2468.90 | 14659 | - | 17129.9 |
| ii) Interest due but not paid | - | 10059.40 | - | 10059.40 |
| iii) Interest accrued but not due | - | 892.67 | - | 892.67 |
| Total (i+ii+iii) | 2468.90 | 25611.07 | - | 28079.97 |

II. 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 | | | Total Amount |
|---------|--|-------------------|---------------------------|--------------|
| | | Mr. A. N. Somsale | Ravindra Kumar D(F) & CFO | |
| 1 | Gross salary | | | |
| | (a) Salary as per provision contained in section 17(1) of the Income-tax Act, 1961 | 7.99 | 15.39 | 23.38 |
| | (b) Value of perquisite under section 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profit 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) | 7.99 | 15.39 | 23.38 |
| | Ceiling as per the Act | | N.A. | |



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

| Sl.No. | Particulars of Remuneration | Name of Director(s) (S/shri) | | | Total Amount |
|--------|---|--|------------------------|--------------------------------------|--------------|
| 1. | Independent Directors | Smt. Kalpana Shrivastava | | | - |
| | Fee for attending in board/committee meetings | 10000 | | | - |
| | Commission | 0 | | | 0 |
| | Others, please specify | 0 | | | 0 |
| | Total(1) | 10000/- | | | 0 |
| 2 | Other Non-Executive Directors | Arvind Kumar (Till 20.11.2018) | Capt. Anil Kumar Khare | Smt. Sukirti Likhi (From 20.11.2018) | |
| | Fee for attending in board/committee meetings | - | - | - | - |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total(2) | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - |
| | Total Managerial Remuneration | NA | N.A. | NA | |
| | 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 | | |
| | | | | Shri Sanjay Kumar Ojha (Till 04.12.2018) | | Ku. Purnima Parashar (from 15.03.2019) |
| 1 | Gross salary | As per table VI | As per table | 5.14 | - | 5.14 |
| | (a) Salary as per provision contained in section 17(1) of the Income-tax Act, 1961 | | | - | - | - |
| | (b) Value of perquisite under section 17(2) of Income-tax Act, 1961 | | | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 | | | - | - | - |
| 2 | Stock Option | | | - | - | - |
| 3 | Sweat Equity | - | - | - | | |
| 4 | Commission - as % of profit - others, specify... | - | - | - | | |
| 5 | Others, please specify | - | - | - | | |
| | Total(C) | | | 5.14 | | 5.14 |



I. 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:

After a few years & Stress, the paper industry in India is now well placed. In the recently announced union budget 2019-20, the Govt of India has removed end use based custom duty exemption for News Print and thus provided a level playing field to the Indian Newsprint manufactures. Your company would be one of the beneficiaries of this step.

India is one of the fastest growing major paper market in the World registering CAGR of 8% from 2011-2016 vs 1% for the Global paper industry. The paper demand grows in tandem with GDP growth rate in a county and as such Indian paper market is expected to post a robust growth in foreseeable future market. Moreover, paper usage per capita in India lags most other major economic-13 kg Pa Vs global average of 57 Kg and significantly below 200 Kg in North America.

According to CARE ratings report on paper industry 2019, the reasons that are driving the demand growth includes:

- 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 includes:

- 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

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|-------------------|---------|---------|---------|---------|
| PRODUCTION | 1233396 | 900000 | 890000 | 1000000 |
| IMPORT | 1442923 | 1450166 | 1547876 | 1500000 |
| TOTAL | 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 Napanagar. 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. which got escalated to Rs. 434 crore (net of EPCG benefits). Govt. of India sanctioned the revised cost estimates on 3rd October, 2018

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).

The RMDP is expected to complete by Dec 2019. On completion the production capacity of your company will get enhanced to 100000 TPA against the present installed capacity of 88000 TPA.

Your company would be diversifying into writing and printing paper segment in addition to the traditional newsprint segment. In both segments the quality and brightness of paper produced would be high ,due to a state-of-the-art De-inking plant being set up, under the ongoing RMDP.

Where as for the newsprint segment ,your company has its traditional customer base and marketing channels, in case of new area of writing & Printing paper, new marketing agencies and channels would be established. With a facility available to vary percentage of either segment based on market demand, the Company expects to optimize its production in both segments to maximize realization from the market.

With adequate demand available for quality paper, the mill is confident of regaining its pride and becoming self sustaining in times to come.

For & on behalf of the Board
Sd/-
Cmde A N Sonsale
Chairman-cum Managing Director

Date: 22.10.2019
Place: New Delhi



INDEPENDENT AUDITOR'S REPORT

To,
The Members of
Nepa Ltd.

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Nepa Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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 31 st March 2019, and its loss and its cash flows for the year ended on that date.

Basis for opinion

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

Emphasis of Matter

- A. Note no. 18 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. Our opinion is not modified in respect of this matter.
- B. Note no. 30 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 value for valuing subject assets as informed by the management. Our opinion is not modified in respect of this matter.
- C. Note no. 39 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". Our opinion is not modified in respect of this matter.



- D. Note no. 40 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. Our opinion is not modified in respect of this matter.
- E. 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 one Independent Directors as against two independent directors required. Our opinion is not modified in respect of this matter.
- F. Note no. 12 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 start-up of new assets on completion of RMDP. Our opinion is not modified in respect of this matter.
- G. Note No 37 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. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note no. 33 to the financial statement, which indicates that the Company has completely wiped off its net worth due to accumulated losses at Rs.68,189.86 Lakhs (Previous year 60,411.03 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 34 & 38, 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. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and In addition to the matter described in the Material Uncertainty Related to Going Concern section, we do not provide a separate opinion on these matters.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation 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.

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

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

Auditor's Responsibilities for the audit of the standalone financial statements

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

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.



Report on other legal requirement

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, except as stated in emphasis of matter paragraph:
 - (e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2019 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 1.1 of 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 Rakesh Bhawsar
Partner
M NO. 401314**

**Place: Indore
Date: August 22, 2019**



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 2019.

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 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, whereas per 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-FC Ministry of Gol of Environment and Forest dated 23/07/2002 was returned to Govt. 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) has been completed on 04/10/2018



Hempur Land 13.46 Acres:

Land admeasuring to 802.675 acres 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/ enter any transaction mentioned in section 185 and 186 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:-

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, 2019 for a period of more than six months from the date they became payable except as mentioned in table below:

**NEPA LIMITED**

| 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. | 879.08 | October 2016 to August 2018 | 15 th of the following month | No payment has been made till 31.03.2019 | The amount of Rs. 836.95 Lacs represents installment of the loan recovered by the employer and RS.42.13 Lacs represent interest on pf loan recovered by employer. |
| 2 | The Employees Provident fund and Misc. Provisions Act, 1952 | Voluntary Contribution to PF recovered by Employer. | 267.39 | October 2016 to August 2018. | 15 th of the following month | No payment has been made till 31.03.2019 | |
| 3 | The Employees Provident fund and Misc. Provisions Act, 1952 | Interest on delayed Payment of PF | 436.38 | February 2016 to August 2018 | - | No payment has been made till 31.03.2019 | |
| 4 | Madhya Pradesh Vidyut Shulk Adhinyam, 2012 | Electricity Duty | 573.61 | From 2012-13 to sept 2016 | | No payment has been made till 31.03.2019 | |
| 5 | The Water (Prevention and Control of Pollution) Cess Act, 1977 | Interest on Delayed Payment | 69.44 | | | No payment has been made till 31.03.2019 | |

- 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 2019 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 disputes:



| NAME OF THE STATUTE | NATURE OF THE DUES | AMOUNT (Rs. In Lakhs) | PERIOD TO WHICH THE AMOUNT RELATES | FROM WHERE DISPUTE IS PENDING |
|--|--------------------------|-----------------------|------------------------------------|---|
| 1) Local Body Tax M.P. Nagar Palika Adhinyam, 1961 | Property Tax | 285.14 | 1993-94 to 2018-19 | M.P. High Court, Jabalpur Bench |
| M.P. Nagar Palika Adhinyam, 1961 | Interest on Property Tax | 17.82 | 1993-94 to 2018-19 | 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) | 9630.00 lakhs | Upto March 31, 2019 |
| 2. | Interest and penal interest thereon | 10059.40 lakhs | Upto March 31, 2019 |

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 Rakesh Bhawsar
Partner
M NO. 401314
Place: Indore
Date: August 22, 2019**

**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 system in place to process all the accounting transaction through IT system? If yes, the implication of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications if any, may be stated. | The company has system to process all the accounting transaction through IT system. |
| 2 | Whether there is any restructuring of an existing loan or any cases of waiver / write off of debts/loans / interest etc. Made by lender to the company due to companies inability to repay the dues if yes, the financial impact may be stated. | There are no cases restructuring of loan and no cases of waiver / write off of debts/loans / interest etc. during current financial year. |
| 3 | Whether fund received/ receivable for specific schemes from central/state agencies were properly accounted for/ utilized as per its term and condition? List the case of deviation. | Funds have been received for specific schemes from central government and the funds are utilized as per schemes and terms and conditions, there are no cases of deviation. |

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

Sd/-

**CA Rakesh Bhawsar
Partner
M NO. 401314
Place: Indore
Date: August 22, 2019**



Annexure - C

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 2019 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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 2019, 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 Rakesh Bhawsar
Partner
M NO. 401314**

**Place: Indore
Date: August 22, 2019**

**NEPA LIMITED**

NEPA LIMITED
NEPANAGAR (M.P.)
CIN:U21012MP1947GOI000636
BALANCE SHEET AS ON 31ST MARCH, 2019

(Rs. In Lakhs)

| NOTE | AS ON 31.03.2019 | AS ON 31.03.2018 |
|---|---------------------|---------------------|
| I EQUITY AND LIABILITIES | | |
| 1) SHAREHOLDER'S FUNDS | | |
| (a) SHARE CAPITAL | 58,471.25 | 58,471.25 |
| (b) RESERVES & SURPLUS | (68,179.22) | (60,400.37) |
| 2) SHARE APPLICATION MONEY PENDING FOR ALLOTMENT | | |
| | 4,954.00 | - |
| 3) NON-CURRENT LIABILITIES | | |
| (a) LONG-TERM BORROWINGS | 687.20 | 1,729.00 |
| (b) OTHER LONG TERM LIABILITIES | 3,247.53 | 2,265.92 |
| (c) LONG TERM PROVISIONS | 3,106.50 | 2,617.29 |
| 4) CURRENT LIABILITIES | | |
| (a) SHORT-TERM BORROWINGS | 2,468.91 | 3,498.72 |
| (b) TRADE PAYABLES | 162.38 | 177.73 |
| (c) OTHER SHORT TERM LIABILITIES | 31,330.75 | 25,571.70 |
| (d) SHORT TERM PROVISIONS | 265.93 | 254.85 |
| GRAND TOTAL | 36,515.23 | 34,186.09 |
| II ASSETS | | |
| 1) NON- CURRENT ASSETS | | |
| (a) FIXED ASSETS | | |
| (i) TANGIBLE ASSETS | 1,723.21 | 1,832.29 |
| (ii) INTANGIBLE ASSETS | 0.25 | 0.25 |
| (iii) CAPITAL WORK IN PROGRESS | 19,167.09 | 16,680.57 |
| (iv) INTANGIBLE ASSETS UNDER DEVELOPMENT | 16.07 | 16.07 |
| (b) LONG TERM LOANS & ADVANCES | 894.27 | 938.65 |
| 2) CURRENT ASSETS | | |
| (a) INVENTORIES | 708.32 | 1,011.60 |
| (b) TRADE RECEIVABLES | 119.84 | 92.35 |
| (c) CASH & CASH EQUIVALENTS | 7,058.66 | 8,039.77 |
| (d) SHORT- TERM LOANS & ADVANCES | 5,233.68 | 4,069.12 |
| (e) OTHER CURRENT ASSETS | 1,593.84 | 1,505.43 |
| GRAND TOTAL | 36,515.23 | 34,186.09 |

SIGNIFICANT ACCOUNTING POLICIES
 NOTES ON FINANCIAL STATEMENTS

"01"
 "02" TO "47"

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR KHANDELWAL KAKANI & CO.
CHARTERED ACCOUNTANTS
FRN: 001311C

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
CA RAKESH BHAWSAR
 PARTNER
 M.NO. 401314

Sd/-
KALPANA SHRIVASTAVA
 INDEPENDENT DIRECTOR
 DIN: 08401718

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

PLACE: NEW DELHI
 DATE: 22.08.2019

Sd/-
PURNIMA PARASHAR/CFO
 COMPANY SECRETARY
 M.No. A36079

**NEPA LIMITED**

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

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2019

| PARTICULARS | NOTE | 2018-19 | (Rs. in Lakh) 2017-18 |
|--|--------------|--------------------------|--------------------------|
| I REVENUE FROM OPERATIONS (GROSS) | "20" | 1,187.67 | 1,024.70 |
| II OTHER INCOME | "21" | 841.73 | 10,437.93 |
| TOTAL REVENUE | | <u>2,029.41</u> | <u>11,462.63</u> |
| III EXPENDITURE | | | |
| (a) COST OF MATERIALS CONSUMED | "22" | - | - |
| (b) PURCHASE OF TRADING GOODS CHANGES IN INVENTORIES OF FINISHED GOODS/ STOCK IN | "23" | 983.02 | 881.76 |
| (c) PROCESS AND STOCK IN TRADE | "24" | 143.06 | 46.11 |
| (d) EMPLOYEE BENEFIT EXPENSES | "25" | 4,760.59 | 3,921.06 |
| (e) FINANCE COST | "26" | 3,131.49 | 2,664.46 |
| (f) DEPRECIATION & AMORTIZATION EXP. | "12" | 100.34 | 107.01 |
| (g) OTHER EXPENSES | "27" | 767.90 | 833.90 |
| TOTAL EXPENSES | | <u>9,886.40</u> | <u>8,454.30</u> |
| IV PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS, EXTRA-ORDINARY ITEMS AND TAX | | <u>(7,856.99)</u> | <u>3,008.33</u> |
| PRIOR PERIOD ITEMS | "28" | (78.16) | (4.11) |
| V PROFIT/(LOSS) BEFORE EXTRA- ITEMS AND TAX | | <u>(7,778.83)</u> | <u>3,012.44</u> |
| EXTRA ORDINARY ITEMS | | - | - |
| VI PROFIT/(LOSS) BEFORE TAX | | <u>(7,778.83)</u> | <u>3,012.44</u> |
| IX TAX EXPENSE | | NIL | NIL |
| X PROFIT/(LOSS) AFTER TAX | | <u>(7778.83)</u> | <u>3012.44</u> |
| EARNING PER EQUITY SHARE | "29" | RS. | Rs. |
| BASIC | | (1.50) | 0.57 |
| DILUTED | | (1.50) | 0.57 |
| SIGNIFICANT ACCOUNTING POLICIES | "01" | | |
| NOTES TO ACCOUNTS | "02" To "47" | | |
| NOTES ON FINANCIAL STATEMENTS | | | |

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 RAKESH BHAWSAR
PARTNER
M.NO. 401314

Sd/-
KALPANA SHRIVASTAVA
INDEPENDENT DIRECTOR
DIN: 08401718

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

PLACE: NEW DELHI
DATE: 22/08/2019

Sd/-
PURNIMA PARASHAR
COMPANY SECRETARY & CFO
M.No. A36079

**NEPA LIMITED****NEPA LIMITED**
NEPANAGAR (M.P.)

CIN : U21012MP1947GOI000636

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(Rs. In Lakh)

| <u>A. Cash Flow from Operating Activities</u> | Year ended 31st March 2019 | Year ended 31st March 2018 |
|--|---|---|
| Net Profit (+)/Loss (-) before tax and prior | | |
| Period adjustment as per P&L A/c | (7,856.98) | 3,008.33 |
| Adjustment for | | |
| Depreciation | 100.34 | 87.99 |
| Prior Period item adjustment | 78.16 | 23.13 |
| Subsidy Reserve Transfer | (0.03) | (0.03) |
| Reserves & Provisions written back | (16.48) | (34.73) |
| Obsolescence Allowance | 49.87 | 20.10 |
| Gratuity & Leave encashment | 500.29 | 608.95 |
| Profit on sale of Fixed Assets | (0.14) | (9,418.08) |
| Interest Earned | (396.44) | (396.36) |
| Interest & Finance Charges | <u>3,131.49</u> | <u>2,664.46</u> |
| | (4,409.90) | (3,436.25) |
| Operating Profit (before working Capital changes) | | |
| (Increase) / Decrease Loan & Advances | (1,203.08) | (2,026.01) |
| (Increase) / Decrease Trade and other Receivables | (27.49) | (207.96) |
| Increase / (Decrease) Trade payables & Provisions | 2,058.14 | 1,470.54 |
| (Increase) / Decrease Inventories | <u>253.41</u> | <u>122.04</u> |
| | 1,080.98 | (641.39) |
| Income Tax Paid | <u>9.88</u> | <u>(11.49)</u> |
| CASH GENERATED FROM OPERATION | (3,319.04) | (4,089.13) |
| <u>B. Cash flow from Investing activities</u> | | |
| Purchase of Fixed Assets (Net) | 8.62 | (4.64) |
| Sale of Fixed Assets (Net) | 0.26 | 9,515.39 |
| Amount invested in Fixed deposit | 693.73 | (7,517.01) |
| Fixed deposit matured | 2,851.74 | 7,082.24 |
| Interest Earned | 331.45 | 543.31 |
| Payment for Capital Work in progress | <u>(1,498.79)</u> | <u>(2,497.91)</u> |
| | 2,387.00 | 7,121.38 |
| <u>C. Cash flow from Finance Activities</u> | | |
| Movement in Overdraft account | (1,029.81) | (2,697.17) |
| Interest and Financial charges paid | (427.78) | (451.94) |
| Share capital pending allotment | <u>4,954.00</u> | <u>-</u> |
| | 3,496.41 | (3,149.11) |
| Net inflow/outflow in cash & cash equivalents (A-B-C) | 2,564.36 | (116.85) |
| Opening Cash and Cash equivalents | 87.76 | 204.61 |
| Closing Cash & Cash equivalents | <u><u>2,652.12</u></u> | <u><u>87.76</u></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

**NEPA LIMITED**

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

| | As on | As on |
|--|------------------------|---------------------|
| | 31.03.2019 | 31.03.2018 |
| Amount as per Balance sheet note "16" | 7,058.66 | 8,039.77 |
| Less: Fixed deposits with maturities up to 12 months | <u>4,406.54</u> | <u>7,952.01</u> |
| Cash and Cash equivalents as per Cash Flow Statement | <u><u>2,652.12</u></u> | <u><u>87.76</u></u> |

SIGNIFICANT ACCOUNTING POLICIES
NOTES ON FINANCIAL STATEMENTS

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 RAKESH BHAWSAR
PARTNER
M.NO. 401314

Sd/-
KALPANA SHRIVASTAVA
INDEPENDENT DIRECTOR
DIN: 08401718

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

PLACE: NEW DELHI
DATE : 22.08.2019

Sd/-
PURNIMA PARASHAR
COMPANY SECRETARY & CFO
M.NO. A36079



NEPA LIMITED

NOTE NO: "01"

SIGNIFICANT ACCOUNTING POLICIES PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

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 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 material. By adopting a make shift arrangements 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 GoI 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 Machine & 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 of the company 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 GoI in form of revival plan as explained above and in note no. 34 to the 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 reported amounts of revenue 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 purchase 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 purchase price. Capital works 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 Equipment, 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:

| Type of Asset | Period |
|---------------------|----------|
| 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.
- (iii) 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 accrual 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 amortized 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 recognized 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 recognized 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. CLAIM AGAINST CONTRACT OF PURCHASE AND 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 earnings 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 AND 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 2019

NOTE NO. "02"

SHARE CAPITAL

PARTICULARS

AMOUNT
AS ON
31.03.2019

AMOUNT
AS ON
31.03.2018

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 524669564 EQUITY SHARES @RS.10/- EACH (P.Y. 524669564 EQUITY SHARES) | 52,466.95 | 52,466.95 |
| Add: FORFEITED EQUITY SHARES 97780 (97780) EQUITY SHARES OF Rs.10/- EACH | 4.30 | 4.30 |
| | 52,471.25 | 52,471.25 |
| 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) | 58,471.25 | 58,471.25 |

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

| <u>PARTICULARS</u> | <u>AS ON 31.03.2019 NO. OF SHARES</u> | <u>AS ON 31.03.2018 NO. OF SHARES</u> |
|---|---|---|
| <u>OUTSTANDING AT THE BEGINNING OF THE YEAR</u> | | |
| (I) CENTRAL GOVERNMENT EQUITY SHARES OF Rs. 10/- EACH FULLY | 493,477,344 | 493,477,344 |
| (II) MADHYA PRADESH GOVERNMENT EQUITY SHARE OF Rs. 10/- EACH FULLY | 30,537,290 | 30,537,290 |
| (III) PUBLIC EQUITY SHARE OF Rs.10/- EACH FULLY | 654,930 | 654,930 |
| | 524,669,564 | 524,669,564 |
| <u>OUTSTANDING AT THE END OF THE YEAR</u> | | |
| (I) CENTRAL GOVERNMENT EQUITY SHARE OF Rs.10/- EACH FULLY | 493,477,344 | 493,477,344 |
| (II) MADHYA PRADESH GOVERNMENT EQUITY SHARE OF Rs.10/- EACH FULLY | 30,537,290 | 30,537,290 |
| (III) PUBLIC EQUITY SHARE OF Rs.10/- EACH FULLY | 654,930 | 654,930 |
| TOTAL | 524,669,564 | 524,669,564 |

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 31.03.2019 | % OF SHARE HOLDING | NO. OF SHARES 31.03.2018 | % 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 TO 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 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--|-------------------------------|-------------------------------|
| A. CAPITAL RESERVE | | |
| AS PER THE LAST B/S | 10.07 | 10.07 |
| B. SUBSIDY RESERVE | | |
| AS PER THE LAST B/S | 0.60 | 0.63 |
| LESS: TRANSFER TO PROFIT & LOSS A/C | <u>0.03</u> | <u>0.03</u> |
| | 0.57 | 0.60 |
| C. NET DEFICIT IN STATEMENT PROFIT & LOSS | | |
| NET DEFICIT AT THE BEGINNING OF THE YEAR | (60,411.03) | (63,423.47) |
| ADD: PROFIT/ LOSS INCURRED DURING THE YEAR | (7,778.83) | 3,012.44 |
| NET DEFICIT AT THE END OF THE YEAR | <u>(68,189.86)</u> | <u>(60,411.03)</u> |
| | <u>(68,179.22)</u> | <u>(60,400.37)</u> |

NOTE 03.01:

TRANSFER OF RS. 0.03 LAKHS (PREVIOUS YEAR 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"

SHARE APPLICATION MONEY PENDING FOR ALLOTMENT

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|---|-------------------------------|-------------------------------|
| a) EQUITY SHARE APPLICATION PENDING FOR ALLOTMENT | 3,300.00 | - |
| 7% NON CUMULATIVE PREFERENCE SHARE | | |
| b) PENDING FOR ALLOTMENT | 1,654.00 | - |
| (REFER NOTE "47" OF NOTES TO ACCOUNTS) | | |
| TOTAL | <u>4,954.00</u> | <u>-</u> |

NOTE NO. "05"

LONG-TERM BORROWINGS

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|---------------------------------------|-------------------------------|-------------------------------|
| UNSECURED LOANS | | |
| GOVT. OF INDIA (PLAN & NON PLAN LOAN) | 687.20 | 1,729.00 |
| TOTAL | <u>687.20</u> | <u>1,729.00</u> |

**NOTE NO. "06"****OTHER LONG TERM LIABILITIES**

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--|-------------------------------|-------------------------------|
| 1 <u>MICRO SMALL AND MEDIUM ENTERPRISES</u> S. CREDITORS - SMALL SCALE INDUSTRIES | 167.50 | - |
| 2 CREDITORS FOR PROJECT | 3,079.87 | 2,259.67 |
| 3 OTHERS (CST & VAT) | 0.16 | 6.25 |
| TOTAL | <u>3,247.53</u> | <u>2,265.92</u> |

NOTE NO. "07"**LONG TERM PROVISIONS**

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|----------------------------------|-------------------------------|-------------------------------|
| 1 PROVISION FOR GRATUITY | 1,434.92 | 968.90 |
| 2 PROVISION FOR LEAVE ENCASHMENT | 1,671.58 | 1,648.39 |
| TOTAL | <u>3,106.50</u> | <u>2,617.29</u> |

NOTE NO. "08"**SHORT TERM BORROWINGS**

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|----------------------------|-------------------------------|-------------------------------|
| <u>SECURED LOAN</u> | | |
| OVERDRAFT AGAINST TDR | 2,468.91 | 3,498.72 |
| TOTAL | <u>2,468.91</u> | <u>3,498.72</u> |

NOTE NO. 08.01

COMPANY HAS TAKEN A BANK OVERDRAFT OF RS. 2468.91 LAKHS (PREVIOUS YEAR - RS. 3498.72 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. THE OVERDRAFT OF SBI AGAINST TDR HAS BEEN CLOSED DURING THE YEAR.

NOTE NO. "09"**TRADE PAYABLES**

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--------------------------------------|-------------------------------|-------------------------------|
| B) OTHER SUNDRY CREDITORS FOR SUPPLY | 162.38 | 177.73 |
| TOTAL | <u>162.38</u> | <u>177.73</u> |

NOTE : 9.01

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. "10"**

=====

OTHER CURRENT LIABILITIES

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|---|-------------------------------|-------------------------------|
| 1 CURRENT MATURITY OF LONG TERM DEBT INSTALLMENT OF GOI LOAN (PLAN & NON-PLAN) | 10,671.80 | 9,630.00 |
| 2 INTEREST ACCRUED & DUE (ON GOI PLAN & NON PLAN LOAN) | | |
| - INTEREST | 5,135.79 | 4,957.67 |
| - INTEREST INCLUDING PENAL INTEREST ON OVERDUE INSTALMENTS | 4,923.61 | 2,434.73 |
| 3 INTEREST ACCRUED AND NOT DUE (ON GOI PLAN & NON PLAN LOAN) | | |
| - INTEREST | 52.30 | 131.56 |
| - INTEREST INCLUDING PENAL INTEREST ON OVERDUE INSTALMENTS | 840.38 | 724.41 |
| 4 DEPOSIT FROM CONTRACTOR / AGENT /CUSTOMERS & OTHERS | 402.83 | 373.09 |
| 5 OTHER CREDITORS | 9,063.49 | 7,140.94 |
| 6 STATUTORY AND OTHER | 240.55 | 179.30 |
| TOTAL | 31,330.75 | 25,571.70 |

NOTE NO. "11"

=====

SHORT TERM PROVISIONS

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--|-------------------------------|-------------------------------|
| PROVISION FOR GRATUITY | 189.04 | 82.94 |
| PROVISION FOR LEAVE ENCASHMENT | 76.89 | 171.91 |
| (FOR LIABILITY PAYABLE AFTER 12 MONTHS REFER NOTE NO. 7) | | |
| TOTAL | 265.93 | 254.85 |

NOTE 11.1: SHORT TERM PROVISION FOR LEAVE ENCASHMENT IS PROVIDED ON ESTIMATED BASIS.



NEPA LIMITED

Note No. "12"

FIXED ASSETS

(Rs. In Lacs)

| DESCRIPTION | GROSS BLOCK AT COST | | | | LESS DEPRECIATION | | | | NET BLOCK | |
|--|---------------------|--------------|--------------|---------------------|---------------------|-----------------|-------------------------|--------------------|---------------------|---------------------|
| | AS ON 31.03.2018 | Additions | Deduction | AS AT 31.03.2019 | AS ON 31.03.2018 | For the Year | Transfer Adjustments | Upto 31.03.2019 | AS AT 31.03.2019 | AS AT 31.03.2018 |
| A. NEPA LIMITED NEPANAGAR | | | | | | | | | | |
| 1. Non-Township | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | |
| Land (Free Hold) | 2.58 | - | - | 2.58 | - | - | - | - | 2.58 | 2.58 |
| Buildings | 965.80 | 0.12 | - | 965.92 | 693.25 | 10.76 | - | 704.01 | 261.91 | 272.55 |
| Railway Siding | 412.93 | - | - | 412.93 | 267.09 | 11.33 | - | 278.42 | 134.51 | 145.84 |
| Plant and Machinery | 8,059.53 | 12.91 | 29.33 | 8,043.11 | 7,055.20 | 47.34 | 4.00 | 7,098.54 | 944.57 | 1,004.33 |
| Water Works | 263.79 | - | - | 263.79 | 219.39 | 1.95 | - | 221.34 | 42.45 | 44.40 |
| Roads and Bridges | 34.31 | - | - | 34.31 | 32.60 | - | - | 32.60 | 1.71 | 1.71 |
| Tools and Implements | 4.83 | - | - | 4.83 | 4.51 | 0.03 | - | 4.54 | 0.29 | 0.32 |
| Furniture, Fixtures & Equipments | 273.69 | 1.45 | - | 275.14 | 208.67 | 18.31 | - | 226.98 | 48.16 | 65.02 |
| Furniture Equipment at Nepa House | 0.92 | 0.38 | - | 1.30 | 0.30 | 0.12 | - | 0.42 | 0.88 | 0.62 |
| Library Books | 0.37 | - | - | 0.37 | 0.35 | - | - | 0.35 | 0.02 | 0.02 |
| Vehicles | 10.17 | - | - | 10.17 | 9.66 | - | - | 9.66 | 0.51 | 0.51 |
| Discarded Assets | 186.95 | - | - | 186.95 | 90.37 | - | - | 90.37 | 96.58 | 96.58 |
| SUB-TOTAL | 10,215.87 | 14.85 | 29.33 | 10,201.39 | 8,581.39 | 89.84 | 4.00 | 8,667.23 | 1,534.16 | 1,634.48 |
| 2. Township | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | |
| Building | 417.57 | 1.08 | - | 418.65 | 263.04 | 4.57 | - | 267.61 | 151.04 | 154.53 |
| Roads Bridges & Level Crossing | 17.38 | - | - | 17.38 | 16.51 | - | - | 16.51 | 0.87 | 0.87 |
| Vehicles | 6.83 | - | - | 6.83 | 6.29 | 0.18 | - | 6.47 | 0.36 | 0.54 |
| Furniture, Fixtures & Equipments | 112.32 | 0.73 | 0.50 | 112.55 | 72.24 | 5.70 | 0.38 | 77.56 | 34.99 | 40.08 |
| SUB-TOTAL | 554.10 | - | 0.50 | 555.41 | 358.08 | 10.45 | 0.38 | 368.15 | 187.26 | 196.02 |
| TOTAL (A) | 10,769.97 | 16.66 | 29.83 | 10,756.80 | 8,939.47 | 100.29 | 4.38 | 9,035.38 | 1,721.42 | 1,830.50 |
| B. NEPA LIMITED U.P. PROJECT | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | |
| Land Lease hold (Hempur) | 2.50 | - | - | 2.50 | 0.84 | - | - | 0.84 | 1.66 | 1.66 |
| 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) | 5.76 | - | - | 5.76 | 3.97 | - | - | 3.97 | 1.79 | 1.79 |
| TOTAL (A+B) | 10,775.73 | 16.66 | 29.83 | 10,762.56 | 8,943.44 | 100.29 | 4.38 | 9,039.35 | 1,723.21 | 1,832.29 |
| A. NEPA LIMITED NEPANAGAR UNIT | | | | | | | | | | |
| 1. Non-Township | | | | | | | | | | |
| Note No. "12 (ii)" | | | | | | | | | | |
| Intangible Assets | | | | | | | | | | |
| Rights, concessions & facilities from Government of Madhya Pradesh | 5.00 | - | - | 5.00 | 4.75 | - | - | 4.75 | 0.25 | 0.25 |
| TOTAL (C) | 5.00 | - | - | 5.00 | 4.75 | - | - | 4.75 | 0.25 | 0.25 |
| GRAND TOTAL (A+B+C) | 10,780.73 | 16.66 | 29.83 | 10,767.56 | 8,948.19 | 100.29 | 4.38 | 9,044.10 | 1,723.46 | 1,832.54 |

Note 12.1 :- The Company has Capitalised the Cost of Chairs Purchased Amounting Rs. 0.12 Lakhs to Building account which needs to be rectified.

**NEPA LIMITED****NOTE NO. "13(i)"**

=====

CAPITAL WORK IN PROGRESS

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--|-------------------------------|-------------------------------|
| PLANT & MACHINERY UNDER ERECTION | | |
| OPENING BALANCE | 16,680.57 | 14,533.48 |
| ADD:-ACQUIRED DURING THE YEAR | 2,468.78 | 1,995.37 |
| ADD:-ADMINSTRATIVE AND ESTABLISHMENT EXPENDITURE | 17.74 | 151.72 |
| | 19,167.09 | 16,680.57 |
| LESS - TRANSFER TO FIXED ASSETS | | - |
| TOTAL | 19,167.09 | 16,680.57 |

NOTE NO. "13(ii)"**INTANGIBLE ASSET UNDER DEVELOPMENT**

| | | |
|--------------|--------------|--------------|
| | 16.07 | 16.07 |
| TOTAL | 16.07 | 16.07 |

NOTE 13(iii): BALANCE INCLUDE PLANT & MACHINERY UNDER TRANSIT OF RS. 1081.59 lakhs (PY Rs. 336.98 LAKHS), IMPORTED ON FOB TERMS.

NOTE NO. "14"

=====

LONG TERM LOANS AND ADVANCES

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--|-------------------------------|-------------------------------|
| 1 CAPITAL ADVANCES | 839.69 | 889.28 |
| 2 SECURITY DEPOSIT FOR SERVICE CONNECTION | 1.35 | 1.04 |
| 3 DEPOSIT WITH CUSTOMS AND OTHER AUTHORITIES | 53.23 | 48.33 |
| TOTAL | 894.27 | 938.65 |
| (14)A | | |
| Secured Considered Good | 99.75 | 75.82 |
| Unsecured Considered Good | 627.20 | 693.18 |
| Doubtful | 167.32 | 169.65 |

NOTE NO. "15"

=====

INVENTORIES

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--|-------------------------------|-------------------------------|
| 1 RAW MATERIALS WITH PRODUCTION DEPARTMENT | 101.00 | 107.48 |
| LESS: PROVISION FOR REDUCTION IN VALUE | 4.45 | 4.45 |
| 2 FINISHED GOODS | | |
| 3 STORES AND SPARES & OTHERS | 849.64 | 845.40 |
| LESS: PROVISION FOR NON MOVING ITEMS | 650.36 | 606.45 |
| 4 COAL FOR POWER GENERATION | 71.67 | 71.82 |
| 5 STORES IN TRANSIT | 0.78 | 0.01 |
| 6 LOOSE TOOLS | 4.18 | 4.21 |
| 7 <u>COAL CINDER</u> | | |
| - COAL CINDER | 272.11 | 404.02 |
| 8 PAPER CUTTING & AGRICULTURAL RESIDUE MATERIAL FOR PULP | 47.42 | 161.69 |
| 9 PETROL, DIESEL, LUBRICANTS | 16.33 | 27.87 |
| TOTAL | 708.32 | 1,011.60 |

**NOTE NO. "16"**

=====

TRADE RECEIVABLE

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--|-------------------------------|-------------------------------|
| (UNSECURED AND CONSIDERED GOOD) | | |
| DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT | | |
| UNSECURED, CONSIDERED GOOD | 119.84 | 92.35 |
| DOUBTFUL | 249.77 | 249.77 |
| LESS: PROVISION FOR DOUBTFUL DEBTS | 369.61 (249.77) | 342.12 (249.77) |
| TOTAL | 119.84 | 92.35 |

NOTE NO. "17"

=====

CASH AND CASH EQUIVALENTS

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|---|-------------------------------|-------------------------------|
| <u>CASH IN HAND</u> | | |
| CASH BOOK (ADMIN OFFICE) | 3.92 | 1.38 |
| CASH IN HAND WITH OTHER DEPARTMENTS OF THE MILL | 7.04 | 3.22 |
| | 10.96 | 4.60 |
| BALANCE WITH SCHEDULE BANKS | 214.30 | 83.16 |
| FIXED DEPOSITS WITH SCHEDULE BANKS | 4,406.54 | 7,952.01 |
| BALANCE IN ESCROW ACCOUNTS | 2,426.86 | - |
| TOTAL | 7,058.66 | 8,039.77 |

NOTE:- 17.1:-

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

- a) BANK OVERDRAFT Rs. 2468.90 LAKHS (P.Y. Rs. 3845.49 LAKHS)
b) BANK GUARANTEES Rs. 287.604 LAKHS (P.Y. Rs.629.22 LAKHS)

NOTE NO. "18"

=====

SHORT TERM LOANS AND ADVANCES

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--|-------------------------------|-------------------------------|
| ADVANCE AGAINST INDIGENOUS PURCHASE AND OTHERS | | |
| - UNSECURED AND CONSIDERED GOOD | - | - |
| - DOUBTFUL | 0.71 | 3.05 |
| LESS:-PROVISION FOR BAD AND DOUBTFUL DEBTS | 0.71 | 3.05 |
| GENERAL ADVANCE TO MONTHLY RATED EMPLOYEES | 5,185.16 | 3,979.64 |
| FESTIVAL ADVANCE | 24.97 | 50.32 |
| OTHER ADVANCES | | |
| - UNSECURED AND CONSIDERED GOOD | 23.23 | 38.84 |
| - DOUBTFUL | | |
| SUNDRY ADVANCES | 127.83 | 127.83 |
| OTHER LOANS & ADVANCES | 0.55 | 0.55 |
| | 128.38 | 128.38 |
| LESS: PROVISION FOR DOUBTFUL LOANS & ADVANCES | 128.06 | 128.06 |
| | 0.32 | 0.32 |
| TOTAL | 5,233.68 | 4,069.12 |

**NEPA LIMITED****NOTE NO. "19"**

=====

OTHER CURRENT ASSETS

| PARTICULARS | AMOUNT AS ON 31.03.2019 | AMOUNT AS ON 31.03.2018 |
|--|-------------------------------|-------------------------------|
| 1 DEPOSIT WITH CENTRAL EXCISE FOR CESS ON PAPER | 0.05 | 1.27 |
| 2 INCOME TAX PAID AT SOURCE | 49.14 | 39.26 |
| 3 SALES TAX RECOVERABLE | 11.77 | 11.77 |
| 4 PREPAID EXPENSES | 4.18 | 8.61 |
| 5 INTEREST ACCRUED ON BANK DEPOSIT | 93.67 | 158.65 |
| 6 ACCRUED INCOME (O/S RECOVERY OF TOWNSHIP RENT) | 174.82 | 218.42 |
| LESS:PROVISION AGAINST DOUBTFUL RECOVERY | <u>20.92</u> | <u>20.92</u> |
| 7 DEPOSIT WITH CUSTOMS AND OTHER AUTHORITIES | 12.07 | 12.07 |
| LESS: PROVISION FOR BAD & DOUBTFUL DEPOSITS | <u>4.45</u> | <u>4.45</u> |
| 8 CLAIM RECEIVABLE | 541.66 | 475.15 |
| LESS: PROVISION FOR BAD & DOUBTFUL CLAIM | <u>13.17</u> | <u>13.17</u> |
| 9 SALES TAX PAID UNDER PROTEST | 15.68 | 15.68 |
| 10 GST RECEIVABLE | 729.34 | 603.09 |
| TOTAL | <u>1,593.84</u> | <u>1,505.43</u> |

NOTE NO. 19.1

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**NEPANAGAR (M.P.)****NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019****NOTE NO."20"**

=====

REVENUE FROM OPERATION

| PARTICULARS | 2018-19 | 2017-18 |
|--|------------------------|------------------------|
| A REVENUE FROM MANUFACTURING OPERATIONS | | |
| 1 SALE OF NEWSPRINT (ODD SIZE) | - | 31.64 |
| 2 SALE OF COAL CINDER | 141.63 | 75.81 |
| | <u>141.63</u> | <u>107.44</u> |
| LESS: REBATE & DISCOUNT ON NEWSPRINT | - | 1.48 |
| TOTAL (A) | 141.63 | 105.97 |
| B REVENUE FROM TRADING OPERATIONS | | |
| SALE OF PETROL, DIESEL & LUBRICANTS,EXTRA PREMIUM PETROL | 1046.04 | 918.73 |
| TOTAL (A+B) | <u>1,187.67</u> | <u>1,024.70</u> |

NOTE NO."21"

=====

OTHER INCOME

| PARTICULARS | 2018-19 | 2017-18 |
|---|----------------------|-------------------------|
| 1 MISCELLANEOUS INCOME | 34.74 | 24.10 |
| 2 SALE OF SCRAP | 161.45 | 117.87 |
| 3 PROVISIONS & LIABILITIES WRITTEN BACK | 16.48 | 34.73 |
| 4 INCOME FROM HEMPUR PLANTATION | - | 160.62 |
| 5 INCOME FROM TOWNSHIP | 216.53 | 260.50 |
| 6 OTHER RECEIPTS | 0.45 | 7.94 |
| 7 PROFIT ON SALE OF FIXED ASSETS | 0.14 | 9,418.08 |
| 8 INTEREST EARNED | 396.44 | 396.36 |
| 9 RECEIPTS FROM MEDICAL DEPARTMENT | <u>15.51</u> | <u>17.72</u> |
| | <u>841.73</u> | <u>10,437.93</u> |

**NOTE NO."22"**

=====

COST OF MATERIAL CONSUMED

2018-19

2017-18

PARTICULARS

a) **INDIGENOUS**

OLD NEWSPAPER AND OTHERS

-

-

--**NOTE NO."23"**

=====

PURCHASE OF TRADED GOODS

2018-19

2017-18

PARTICULARS

PURCHASE OF PETROL, DIESEL & LUBRICANTS

983.02

881.76

TOTAL**983.02****881.76****NOTE NO."24"**

=====

CHANGES IN THE INVENTORIES OF FINISHED GOODS

2018-19

2017-18

PARTICULARS

A INVENTORIES AT THE END OF THE YEAR**a MANUFACTURING GOODS**

1 NEWSPRINT

2 COAL CINDER

272.11

272.11

404.02

404.02

b TRADING GOODS

1 EXTRA PREMIUM PETROL(XP)

2 PETROL

3 DIESEL

4 LUBRICANTS

0.39

8.05

8.05

9.69

7.61

9.75

0.67

16.72

0.38

27.87

TOTAL (A)**288.83****431.89****B INVENTORIES AT THE BEGINNING OF THE YEAR****a MANUFACTURING GOODS**

1 NEWSPRINT

2 COAL CINDER

-

28.89

404.02

404.02

427.05

455.94

b TRADING GOODS

1 EXTRA PREMIUM PETROL(XP)

2 PETROL

3 DIESEL

4 LUBRICANTS

8.05

5.42

9.69

7.51

9.75

8.59

0.38

27.87

0.54

22.06

TOTAL (B)**431.89****478.00****NET (INCREASE)/ DECREASE (B-A)****143.06****46.11**

**NOTE NO. "25"**

=====

| EMPLOYEES BENEFIT EXPENSES | 2018-19 | 2017-18 |
|--|-----------------|-----------------|
| PARTICULARS | | |
| 1 SALARIES, WAGES AND ALLOWANCES | 2,784.71 | 2,943.15 |
| 2 CONTRIBUTION TO PROVIDENT FUND & OTHER FUNDS | 304.67 | 315.89 |
| 3 GRATUITY | 591.19 | 513.84 |
| 4 VRS PAYMENT | 896.31 | - |
| 5 STAFF WELFARE EXPENSES | 55.96 | 55.30 |
| 6 REIMBURSEMENT OF MEDICAL EXPENSES | 127.75 | 92.88 |
| TOTAL | 4,760.59 | 3,921.06 |

NOTE 25.01

=====

| REIMBURSEMENT OF MEDICAL EXP | 2018-19 | 2017-18 |
|---|---------------|--------------|
| PARTICULARS | | |
| 1 REIMBURSEMENT OF MEDICAL EXPENSES TO EMPLOYEES | 54.65 | 42.37 |
| 2 REIMBURSEMENT OF OUTSIDE MEDICAL CLAIM | 57.02 | 38.39 |
| 3 REIMBURSEMENT OF MEDICAL EXPENSES TO CASUAL/ BADLI EMPLOYEES | 15.61 | 11.74 |
| 4 REIMBURSEMENT OF LOCAL BILL TO CONTRACTUAL EMPLOYEES | 0.48 | 0.38 |
| TOTAL | 127.75 | 92.88 |

NOTE NO. "26"

=====

FINANCE COST

| PARTICULARS | 2018-19 | 2017-18 |
|-------------------------------|-----------------|-----------------|
| 1 INTEREST ON GOVERNMENT LOAN | 2,703.71 | 2,212.53 |
| 2 OTHERS | 427.78 | 451.93 |
| | 3,131.49 | 2,664.46 |

NOTE NO. 26.01

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."27"****OTHER EXPENSES**

| <u>PARTICULARS</u> | <u>2018-19</u> | <u>2017-18</u> |
|---|----------------|----------------|
| A <u>MANUFACTURING EXPENSES</u> | | |
| 1 STORES & SPARES CONSUMED | 0.66 | 0.08 |
| 2 CHEMICALS CONSUMED | 4.04 | 4.14 |
| 3 PACKING MATERIALS | - | 0.03 |
| 4 OBSOLESCENCE ALLOWANCE | 49.87 | 20.10 |
| 5 POWER & FUEL | 280.02 | 317.23 |
| 6 WATER CESS | - | 0.15 |
| 7 OVERHEAD EXP. FOR HANDLING & STORAGE | 0.00 | 2.01 |
| B <u>ADMINISTRATION AND ESTABLISHMENT EXPENSES</u> | | |
| 1 PRINTING & STATIONARY | 8.96 | 9.09 |
| 2 COMMUNICATION EXPENSES (INCL POSTAGE) | 10.31 | 12.47 |
| 3 INSURANCE | 7.18 | 3.38 |
| 4 VEHICLE RUNNING (& MAINT.) EXPENSES | 0.23 | 0.08 |
| 5 LEGAL AND PROFESSIONAL CHARGES | 32.90 | 67.92 |
| 6 AUDIT FEES | 2.81 | 2.48 |
| 7 RATES & TAXES | 12.20 | 10.22 |
| 8 DIRECTORS SITTING FEES | 0.10 | - |
| 9 PUBLICATION CHGS FOR TENDRS & EMB | 1.92 | 3.37 |
| 10 EXP. FOR HEMPUR PLANTATION | 4.36 | 10.93 |
| 11 SERVICE TAX | - | 0.24 |
| 12 REPAIR & MAINTENANCE | 55.43 | 59.59 |
| 13 HIRE CHARGES OF VEHICLES | 17.70 | 15.90 |
| 14 OTHER MISC. EXPENSES | 6.53 | 4.82 |
| 15 ENTERTAINMENT EXP. | 2.97 | 2.46 |
| 16 RESEARCH AND DEVELOPMENT EXP. | 148.51 | 147.52 |
| 17 BANK CHARGES | 1.88 | 3.51 |
| 18 ELECTRICITY CHARGES | 11.22 | 11.40 |
| 19 GUEST HOUSE RUNNING EXPENSES | 9.17 | 15.49 |
| 20 OTHER GENERAL EXPENSES | 12.98 | 12.81 |
| 21 RENT | 1.55 | 1.45 |
| 22 TRAVELLING EXPENSES | 18.04 | 16.51 |
| 23 STAFF TRAINING & DEVELOPMENT EXP. | 0.26 | 0.43 |
| 24 PAYMENT TO S. CREDITORS AGST. LEGAL CASES | - | 19.99 |
| 25 HORTICULTURE EXPENSES | 8.52 | 9.31 |
| 26 LIGHTNING AND SANITATION | 3.04 | 3.28 |
| 27 CESS FOR WATER CONSMN IN T/SHIP | - | 0.17 |
| 28 EXPENSES ON CULTURAL & SOCIAL ACTIVITIES | 2.61 | 2.66 |
| 29 SALES TAX (CENTRAL, ENTRY TAX & STATE) | 0.93 | 0.01 |
| 30 HONORARIUM & TA | 0.05 | 0.04 |
| 31 MEDICAL EXPENSES | 7.73 | 8.23 |
| 32 SALARY & WAG(UPP) | 4.66 | - |
| 33 SUNDRY BALANCES WRITTEN OFF | 0.29 | |
| C. <u>SELLING & DISTRIBUTION EXPENSES</u> | | |
| 1 COMMISSION ON SALES | 6.77 | 3.47 |
| 2 CONFERENCE EXP. (FOR SALES PROMOTION) | 0.51 | 0.38 |
| 3 FREIGHT AND LOADING CHARGES | 31.00 | 30.55 |
| TOTAL | 767.90 | 833.90 |

**NOTE 27.01**

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- 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 27.02

=====

AUDIT FEES

| S.NO.PARTICULARS | 2018-19 | 2017-18 |
|---|-------------|-------------|
| 1 STATUTORY AUDIT FEES | 1.75 | 1.25 |
| 2 AUDIT EXP. | 0.75 | 0.50 |
| 3 AUDIT FEES (INTERNAL & SECRETARIAL AUDIT) | 0.31 | 0.73 |
| TOTAL | 2.81 | 2.48 |

NOTE 27.03

=====

REPAIR & MAINTANANCE

| S.NO.PARTICULARS | 2018-19 | 2017-18 |
|---------------------|--------------|--------------|
| 1 PLANT & MACHINERY | 3.14 | 11.58 |
| 2 BUILDINGS | 1.06 | 4.99 |
| 3 OTHER ASSETS | 51.23 | 43.02 |
| TOTAL | 55.43 | 59.59 |

NOTE 27.04

=====

GUEST HOUSE RUNNING EXPENSES

| S.NO.PARTICULARS | 2018-19 | 2017-18 |
|---------------------------------|-------------|--------------|
| 1 NEPA G.H.RUNNING EXP (OTHERS) | 4.73 | 10.33 |
| 2 N.DELHI G.H.EXP. | 4.44 | 5.16 |
| TOTAL | 9.17 | 15.49 |

NOTE 27.05

=====

MEDICAL EXPENSES

| S.NO.PARTICULARS | 2018-19 | 2017-18 |
|--|-------------|-------------|
| 1 CONSUMPTION OF MEDICINE | 3.82 | 4.21 |
| 2 COST OF MILK & BREAD | 0.15 | 0.54 |
| 3 MISC EXPENSES FOR MEDICAL DEPARTMENT | 3.77 | 3.48 |
| TOTAL | 7.73 | 8.23 |

NOTE NO."28"

=====

PRIOR PERIOD ITEMS

| S.NO.PARTICULARS | 2018-19 | 2017-18 |
|--------------------------------|----------------|---------------|
| 1 DEPRECIATION | (4.01) | (19.02) |
| 2 PRIOR PERIOD INCOME | (53.88) | - |
| 3 MANUFACTURING EXPENSES | 0.35 | 15.11 |
| 4 SALARY/WAGES/OTH TO EXPENSES | | 1.03 |
| 5 ADMN. & SELLING EXPENSES | (20.62) | (1.23) |
| TOTAL | (78.16) | (4.11) |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31stMARCH, 2019****29. EARNINGS PER SHARE**

| | | 2018-19 | 2017-18 |
|------|---|----------------|----------------|
| i. | Net Profit / (Loss) for calculating basic / diluted EPS in (Rs. Lakhs) | (7856.99) | 3008.33 |
| 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 | 5246.70 |
| iii. | Nominal Value of share (Rs.) | 10 | 10 |
| iv. | Basic EPS (Rs.) | (1.50) | 0.57 |
| v. | Weighted Average Number of equity Shares for Diluted EPS (Nos. in lakhs) | 5246.70 | 5246.70 |
| vi. | Diluted EPS (Rs.) | (1.50) | 0.57 |

30 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.

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

32 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.

33 The accounts have been prepared on going concern basis despite accumulated losses for Financial year ended 31st March 2019 of Rs 68179.22 Lakhs (Previous year 60400.37 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.

34. 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.

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



A revised RMDP package totaling to 469.41 crore has been sanctioned by GOI/CCEA on 30Oct' 2018 that has following main components.:-

- i) Infusion of additional equity towards financing the Revised Cost - estimate of RMDP including Rs 128 Cr. as equity funding in lieu of bank loan - Rs. 277 Crores
- ii) Sanction of loan towards funds required for payment of Salary and wages and statutory dues of employees. - Rs. 101.58 Crores
- iii) Sanction of fund in the form of 7% non-cumulative preference shares towards funding of voluntary Retirement Scheme -Rs. 90.83 Crores

Out of this following installments have been received.

- (i) Rs. 33 Crores (FY 2018-19)+ 40 Crores(FY 2019-20)= 73 Crores for RMDP
- (ii) Rs. 30 Crores (FY 2019-20) for salary & statutory dues payment to employees.
- (III) Rs.46.54 (16.54 FY 2018-19+30.00(FY 2019-20) Crores for VRS.

BIFR sanctioned the Draft Rehabilitation Scheme vide their order dated 04.03.2014 with cutoff date of 31.03.2012 for various reliefs.

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) Company has issued 7% non-cumulative preference shares to the Govt. of India for Rs. 60 Crores utilized for VRS purpose for which it was received earlier.
- 3) A further amount of Rs. 90.83 Crores has been sanctioned towards VRS for approximately 400 employees. An amount of Rs. 46.54 crores out of this has been received.
This will converted to 7% non-cumulative preference shares after utilization.
- 4). The company was directed to de-rate the equity after receipt of funds to be infused and conversion of dues in equity. Action has been initiated. Details are indicated at Note 47 of these notes to accounts.

**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 has been completed on 13th Oct 18 and Govt of MP /Forest department has signed lease deed valid upto 23.07.2032.

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)

| | Govt interest and penal interest | Govt MP Misc dues | Govt 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 |

35 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.

**36. EMPLOYEES RELATED PAYMENTS**

Full liability against salary/wages and P.F. payable from 1st April 2018 to 31st March, 2019 has been created in the books of accounts. An amount of Rs 101.58 crores has been sanctioned vide CCEA decision dated 03.10.2018 towards salary/wages and statutory dues related to employees. Rs. 30 Crores has been received on 29.04.2019.

- a. 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.
- b. Company has made a provision of 117.52 Lakhs (previous year Rs.117.46 Lakhs) during the year for leave encashment liability for leave encashment by the employees.

37. 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:

Employee defined Benefit Plan as per LIC valuation on 31.03.2019 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) | | |
|---|----------|----------|
| | 2018-19 | 2017-18 |
| Present Value of obligations as at beginning of year | 2949.96 | 2940.63 |
| Interest Cost | 221.25 | 235.25 |
| Current Service Cost | 76.78 | 105.55 |
| Benefits Paid | (520.71) | (312.30) |
| Actuarial (Gain)/ Loss on obligations | 353.52 | 349.61 |
| Present value of obligations as at end of the year | 3080.80 | 3318.74 |

| II. Table showing changes in the fair value of plan assets (Rs. Lakhs) | | |
|---|----------|----------|
| | 2018-19 | 2017-18 |
| Fair value of plan assets at beginning of year | 2649.47 | 2762.85 |
| Expected return on plan assets | 188.39 | 198.92 |
| Contributions | - | - |
| Benefits Paid | (520.71) | (312.30) |
| Actuarial Gain/ (Loss) on Plan assets | NIL | NIL |
| Fair value of plan assets at the end of year | 2317.15 | 2649.47 |



| III. Table showing fair value of plan assets (Rs. Lakhs) | | |
|---|----------|----------|
| | 2018-19 | 2017-18 |
| Fair value of plan assets at beginning of year | 2649.47 | 2762.85 |
| Actual return on plan assets | 188.39 | 198.92 |
| Contributions | - | - |
| Benefits paid | (520.70) | (312.3) |
| Fair value of plan assets at the end of the year | 2317.15 | 2649.47 |
| Funded Status | (763.64) | (669.27) |
| Excess of Actual over estimated return on plan assets | NIL | NIL |

| IV. Principal Actuarial Assumption | | |
|---|---------|---------|
| | 2018-19 | 2017-18 |
| Discount Rate as on 31.03.2019 | 7.50% | 8.00% |
| Annual increase in salary costs | 7.00% | 7.00% |

| V. Actuarial Gain/ (Loss) recognized Amount (Rs. Lakhs) | | |
|--|---------|---------|
| | 2018-19 | 2017-18 |
| Actuarial (gain)/ loss on obligations | 353.52 | 349.61 |
| Actuarial (gain)/ loss for the year – plan assets | NIL | NIL |
| Actuarial (gain)/ loss on obligations | 353.52 | 349.61 |
| Actuarial (gain)/ loss recognized in the year | 353.52 | 349.61 |

| VI. Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss (Rs. Lakhs) | | |
|---|----------|----------|
| | 2018-19 | 2017-18 |
| Present value of obligations as at the end of year | 3080.80 | 3,318.74 |
| Fair value of plan assets as at the end of the year | 2317.15 | 2649.47 |
| Funded Status | (763.65) | (669.27) |
| Net asset / (liability) recognized in balance sheet | (763.65) | (669.27) |

| VII. Expenses Recognised in Statement of Profit & Loss (Rs. Lakhs) | | |
|---|----------|----------|
| | 2018-19 | 2017-18 |
| Current Service cost | 76.78 | 105.55 |
| Interest Cost | 221.25 | 235.25 |
| Expected return on plan assets | (188.39) | (198.92) |
| Net Actuarial (gain) / loss recognized in the year | 353.52 | 349.61 |
| Expenses recognized in Statement of Profit and Loss | 463.15 | 491.49 |

38. 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 287.60 Lakhs (Previous year Rs. 598.13 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 up gradation was not possible within six months and lot of steps were taken by company for early up gradation. 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.
- iv

In view of closure of plant for up gradation 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 31.03.2019 is Rs 3660.55 lakhs (Previous year Rs. 3284.86 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. 1.28 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 31.03.2019 is Rs 2256.84. lakhs (Previous year Rs. 2023.57 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. it was agreed at the level of Chief Secretary GoMP to transfer all the civic amenities to Nagar Parishad with effect from 01 April 2017, Approximately 300 Acres of land also is to be transferred . Nepa Limited is to continue supplying bulk drinking water for which Nepa Nagar parishad would pay @Rs. 7 per KL to Nepa Ltd in turn Nepa Limited would pay property Tax with effect from 01 April 2017. The decision on quantum of property tax is under discussion . Measurement survey of three hundred acres land is also in progress prior handing over 300 acres of forestland.
- 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. The case is under consideration at EPFO HQ New Delhi.
- f) Liability of Rs.125.00 Lakhs (previous year Rs. 105.0 Lakhs) towards Maintenance and Salaries for Level Crossing of Neapanagar 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) 105 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.



CAPITAL COMMITMENT (NET OF ADVANCE)

- a. Estimated amount of contract remaining to be executed on capital account are Rs 17846.72 Lakhs (Previous year Rs. Rs. 15043.34 Lakhs)
- 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 Deinking plant and for refurbishing/renovating both the paper machines and captive power plant and others works to the tune of approx Rs. 28542.24 lakhs (Previous year 32807.33).The Company has paid amount for supplies/advances/services to the tune of Rs. 8218.17 lakhs (Previous year Rs. 15504.32 Lakhs) and balance is capital commitment on account of Revival Project.

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 was 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. A revised support package has been sanctioned by the Govt of India/CCFA on 03 Oct 2018 as follows:

- i) Infusion of additional equity towards financing the Revised cost Estimate of RMDP including Rs 128 Cr. as equity funding in lieu of bank loan - Rs. 277 Crores
 - ii) Sanction of loan towards funds required for payment of Salary and wages and statutory dues of employees. - Rs. 101.58 Crores
 - iii) Sanction of fund in the form of 7% non-cumulative preference shares towards funding of voluntary Retirement Scheme - Rs. 90.83 Crores
- Total - Rs. 469.41 Crores

Based on this revised sanction the Revival and Mill Development(RMDP) is under implementation and is expected to complete by Dec'2019.

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.

- d. Company has availed EPCG Scheme for import of capital plant & machinery. As on 31.03.2019, custom-duty of Rs. 2600.00 Lakhs (Previous Year Rs. 2388.13 Lakhs) have been saved, against which Export Commitment is of Rs. 15600 Lakhs. (Previous Year Rs. 14328.78 Lakh)

39 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.

**40. 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.

41. 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 |
| 4. | Ku. Purnima Parashar (from 15.03.2019) | Company Secretary |

* Sh. Sanjay Kumar Ojha (Till Dec-2018)

** Sh. Ravindra Kumar (Till May-2019)

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

(Amount in Rs. Lakhs)

| SI.No. | Nature of Transaction | 2018-19 | 2017-18 |
|--------|---|---------|---------|
| 1 | Remuneration | | |
| | 1.Cmde. A. N. Sonsale | 11.44 | 12.02 |
| | 3.Sh. Ravindra Kumar | 13.93 | 14.90 |
| | 4.Sh. Sanjay Kumar Ojha* | 4.60 | 7.03 |
| | 5. Ku. Purniama Parashar | - | - |
| 2 | Travelling Exp. | | |
| | 1.Cmde. A. N. Sonsale | 0.11 | 2.05 |
| | 3.Sh. Ravindra Kumar | 0.59 | 1.16 |
| | 4. Sh. Sanjay Kumar Ojha | 0.82 | 0.39 |
| 3 | Director's Sitting Fees | 0.10 | - |
| 4 | Other Directors' Travelling Expenses (Incl. foreign tour expenses) | 0.21 | 0.18 |

* Sh. Sanjay Kumar Ojha resigned on 04 Dec-2018

**42 OLD LIABILITIES WRITTEN BACK**

The old liabilities amounting to Rs. 35.77 lakhs (Previous Year Rs. 9.44 lakhs) towards creditors/SDs/EMD have been written back and withdrawn from Books of Accounts as such liabilities are no longer required.

43 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 was under challenged by the opposite party before the Division Bench of Hon'ble High Court, Allahabad, Uttar Pradesh in special appeal no. 225/99 The case has been decided in favour of Nepa Limited. The process for recovery of the amount is in hand.

43 (A) CONFIRMATION OF BALANCES

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

Deposit/advance with custom & Excise department , State revenue department are reconciliation.

All Trade Receivables 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 | 2018-19 | 2017-18 |
|--------------|--------------------------|---------------|---------------|
| 1 | For operations | - | - |
| 2 | For RMDP (Incl. advance) | 739.72 | 295.44 |
| Total | | 739.72 | 295.44 |

b) Expenditure in Foreign Currency

(Rs. in Lakhs)

| SL. NO. | PARTICULARS | 2018-19 | 2017-18 |
|---------|----------------------------------|---------|---------|
| 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



| SL. NO. | PARTICULARS | 2018-19 | 2017-18 |
|---------|--------------------------|---------|---------|
| 1 | Raw Materials | - | - |
| 2 | Capital Goods under RMDP | NIL | NIL |

46 Supplementary Information

a) Details of Raw Material consumed-

(Rs. in Lakhs)

| SL. NO. | PARTICULARS | 2018-19 | 2017-18 |
|---------|--------------------|---------|---------|
| 1 | Exercise note book | - | - |
| 2 | Old News Paper | - | - |

b) Value of Imported and Indigenous Raw Materials and Stores & spares consumed:

(Amount in Rs. Lakhs)

| SL. NO. | PARTICULARS | Raw Materials | | Stores & Spares | |
|---------|-------------|---------------|---------|-----------------|---------|
| | | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| 1 | Imported | NIL | NIL | NIL | NIL |
| 2 | Indigenous | NIL | NIL | NIL | NIL |

47. As per budgetary support to Nepa Ltd for RMDP the Gol, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, vide their letter No. 7(12)/2014-PE-VII dated 12th October 2018 have directed for infusion of additional equity of Rs. 277 crores for revised cost estimates of RMDP to be issued as Equity shares to Government of India and 90.83 Crore for VRS (Voluntary Retirement Scheme) to be issued as 7% non cumulative preference shares to Government of India.

Accordingly GOI vide letter no. vide letter No. 7(12)/2014-PEVII dated 18.12.2018. have released a sum of Rs. 33 Crores for part implementation of RMDP in Nepa Ltd and desired that company should issue 3,30,00,000 ordinary shares of Rs. 10/- each in the name of the President of India vide letter No.7(12)/2014-PE-VII dated 11.03.2019 and part payment of 16.54 Crore vide letter No.7(12)/2014-PE VII dated 12.03.2019 for voluntary retirement scheme VRS and desired that company should issue 7% non cumulative preference share of Rs. 1000/- each in the name of the President of India.

Accordingly, Company needs to de-rate its present equity share capital of Rs. 5,24,71,26,000/- (524669564 Equity Share of Rs. 10 each and 97780 Forfeited Shares) by Rs. 2,67,63,00,000/- as per sanctioned BIFR scheme.



Accordingly in the 391st BOD Meeting of Nepa Ltd held on 18.06.2019 at Mantralaya Bhopal approval was given for conducting postal ballot for taking shareholder approval for De-rating of Existing Equity Share Capital by Rs. Rs. 2,62,38,36,720 instead of Rs. 2,67,63,00,000 due to rounding off of Rs. 4.89 per share to Rs. 5 per share. Postal Ballot was conducted for shareholder approval and the result was declared on 10.08.2019 in which the proposed de-rating of Shares is approved by 100% Votes in favour by Shareholders of the company.

Sign to Notes "29" to "47"

**We certify to the correctness of above
FOR AND ON BEHALF OF THE BOARD**

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

**Sd/-
CA.Rakesh Bhawsar
PARTNER
M.NO.40134**

**Sd/-
Kalpana Shrivastav
Director
Din No.0841718**

**Sd/-
Cmde. A. N. Sonsale
Chairman cum Managing Director
DinNo.07383997**

**Place: New Delhi
Date: 22.08.2019**

**Sd/-
Ku. Purnima Parashar
Company Secretary & CFO
M. No. A36079**



**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 2019**

The preparation of financial statements of Nepa Limited for the year ended 31 March 2019 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 22.08.2019.

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 2019 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.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

Balance Sheet

Non-current Liabilities

Other long term liabilities – ₹ 3247.53 lakh (Note No. 6)

The above includes liabilities of ₹ 1732.46 lakh in respect of RMD Project, which is payable within 12 months from the reporting period, hence should be classified as 'Other Short Term Liabilities' under 'Current Liabilities' as per Schedule III to the Companies Act, 2013.

Non-compliance of above provision of Schedule III to the Companies Act, 2013 has resulted in overstatement of 'Other Long Term Liabilities' (Note No. 6) and understatement of 'Other Short Term Liabilities' (Note No. 10) to the extent of ₹ 1732.47 lakh each.

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

(Rajdeep Singh)

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

Place: New Delhi

Date: 11/10/2019



Comments of the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act 2013, on the Financial Statements for the financial year ended 31 March 2019 and Management replies thereto:

| COMMENTS OF THE CAG | MANAGEMENT REPLY |
|--|--|
| Balance Sheet as on 31st March 2019 Non-current Liabilities Other long-term liabilities –Rs. 3247.53 lakh (Note No. 6) | There is no impact on final accounts of the company only classification head not correctly updated. The observation has been noted, and it will be taken care of during the next financial year |
| The above amount includes liabilities ofRs. 1732.46 Lakh in respect of RMD project, hence, should be classified as ‘Other Short-Term Liabilities’ under ‘Current Liabilities’ as per schedule III of the companies Act, 2013. Non-compliance of above provision of Schedule III to the Companies Act, 2013 has resulted in overstatement of ‘Other Long-Term Liabilities (Note No. 6) and understatement of ‘other Short term liabilities ‘(Note No. 10) to the extent of Rs. 1732.47 lakh. | |



NEPA LIMITED

**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 the72nd Annual general meeting/ Extraordinary general meeting of the company, to be held on theThursday12thDecember, 2019At 4 p.m. atNepaAuditorium, 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 31stMarch, 2019 and the Director’s Report, Auditor’s Report and Comments of the Comptroller and Auditor-General of India, thereon.
2. Re-appointment of Smt. Sukirti Likhi, who retires by rotation.
3. To consider and if though fit, to pass with or without modification(s), the following resolution as on Ordinary Resolution:
“RESOLVED THAT , consent of the Company, be and is hereby accorded, for payment of remuneration of Rs. 1,75,000/- (Rupees One Lac Seventy Five Thousand, plus Service Tax) to M/s Khandelwal Kakani & Company, Indore, Statutory Auditors, besides reimbursement of traveling and out of pocket expenses limited to 75000/-, subject to other terms and condition laid down by the Office of the Comptroller and Auditor General of India in their letter No. CA.V/COY/CENTRAL GOVERNMENT, NEPA (1)/658 DATED 16.08.2018 for Financial Year 2018-2019
4. To consider and if though fit, to pass with or without modification(s), the following resolution as on Ordinary Resolution:
“RESOLVED THAT , consent of the Company, be and is hereby accorded, for payment of remuneration of Rs. 1,75,000/- (Rupees One Lac Seventy Five Thousand, plus Service Tax) to M/s Fadnis & Gupte, Indore, Statutory Auditors, besides reimbursement of traveling and out of pocket expenses limited to 75000/-, subject to other terms and condition laid down by the Office of the Comptroller and Auditor General of India in their letter No. CA.V/COY/CENTRAL GOVERNMENT, NEPA (1)/586 DATED 08.08.2019 for Financial Year 2019-2020

Signed this..... day of2019



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.

HIGH LIGHTS OF NEPA REVIVAL & MILL DEVELOPMENT PLAN - SYSTEMS BEING MODERNIZED

| Sr. No. | Items/ Capacity / Supplier by | Remarks |
|---------|--|--|
| 1 | De-inking plant 300 TPD M/s Andritz, China | New state of art Deinking plant will enhance brightness of paper produced. |
| 2 | Captive Power Plant. 12.27 MW M/s Sitson India Pvt. Ltd | Existing Travelling grate boiler replaced with Atmospheric Fluidized Bed Combustion(AFBC) technology improving the overall efficiency by saving of coal 27360 Tons/year & reducing emission of 44181 ton/year of GHG(Co2). |
| 3 | Paper Machines (Refurbishment) 300 TPD M/s Papcel, Czech Republic | Production Capacity going up from 88000 TPA to 100000 TPA. Energy efficient features such as electrical AC drive, new Vacuum pump & Variable frequency Drive(VFD). |
| 4 | Distributed Control System (D CS) & Quality Control System (QCS) M/sValmet/M/s Honeywell | To achieve automatic control and monitoring the quality of moving sheet of paper produced by Paper machine. |
| 5 | Compressed Air System 3300 CFM M/s Atlas Copco | Reciprocating compressor replaced with energy efficient centrifugal air compressor. |
| 6 | Lighting for the Plant Philips/Bajaj | Conventional lighting replaced with the LED Lighting with saving of more than 70% of energy. |
| 7 | Reel wrapping machine 45 Rolls/hour Chaint Corp, China | Highly automated reel wrapping for finished paper rolls. |
| 8 | Chemical handling preparation plant (300 TPD) GAW/Austria | Heart of the De-Inking Plant used to produce High Brightness Paper with minimum chemical consumption. |
| 9 | Bale Breaker (450 TPD) | Vital equipment of De-Inking Plant to break bales for feeding of raw material. |
| 10 | Heat Ventilation & Air Conditioning system.(HVAC) Voltas | Energy efficient HVAC System. |
| 11 | Fire Protection & Fighting System | New Fire protection & fighting system for Mill premises. |

POST RMDP PRODUCTION CAPACITY – 100000 TONNES PER YEAR QUALITY PARAMETERS

| S No | Property | Unit | Writing Printing paper | News Print |
|------|-------------------------|---------------------|------------------------|------------|
| 1 | Basis Weight | g/m ² | 60 | 42 |
| 2 | Thickness | Micron | 85-90 | 60-65 |
| 3 | Burst factor | | 20-25 | 15-20 |
| 4 | Porosity | ml/min | 200-400 | 150-200 |
| 5 | Smoothness | ml/min | 90-160 | 90-150 |
| 6 | Opacity | % | 93-95 | 93-95 |
| 7 | Tear Index | | | |
| | -MD(Machine Direction) | mNm ² /g | 3.2-4.8 | * |
| | -CD(Cross Direction) | mNm ² /g | 3.8-7.0 | 6.4-7.8 |
| 8 | Brightness | % ISO | 73-75 | 53-57 |
| 9 | Tensile Index | | | |
| | - MD(Machine Direction) | Nm/g | 39-50 | 34.3-49 |
| | - CD(Cross Direction) | Nm/g | 15-25 | 18.6-24.5 |

*Not applicable for news print Paper

TOWARDS CLEAN & GREEN NEPA
ENVIRONMENT FRIENDLY FEATURES OF MODERNIZATION PROJECT

| Equipment /Capacity /Supplied by | Remarks |
|---|---|
| 1. SOLID WASTE MANAGEMENT | |
| a. Sludge Handling System (SHS) 125TPD M/s Arvind Envisol Limited (Ahmedabad) | To reduce sludge volume, to minimize the cost related to sludge disposal. Partially to be sold to Board manufacturer. |
| b. Drum Pulper Part of DIP M/s Andritz (China) | To produce pulp from recovered paper. Has lower energy requirement compared to conventional mechanical pulpers, needs less water and reduces fiber shortening. Out put contaminates are recycled. |
| c. Ash Pond 56000 TPA M/s. Neelkanth (Korba) | Being constructed to store and dispose off the ash generated from the combustion of coal in power plant. The ash will be supplied to cement & Brick manufactures. |
| 2. WATER / WASTE WATER MANAGEMENT | |
| a. Effluent Treatment Plant (ETP) 12,000 Cubic meters per day M/s Arvind Envisol Limited (Ahmedabad) | To bring down the overall freshwater consumption and treated effluent will be recycled back in process. This will also help in achieving Zero Liquid Discharge. |
| b. Disc Filter and Dissolved Air Floatation (DAF) Cell Part of DIP M/s Andritz (China) | To recover fiber from back water and the filter water will be reused in process and freshwater consumption will reduce to a greater extent. |
| c. Nano Catalytic converter Raw water Treatment Plant M/s Nano Instant water catalytic converter (Indore) | To improve the quality and to optimize the chemicals for raw water treatment. |
| 3. AIR QUALITY MANAGEMENT | |
| a. New RCC Chimney 80 mtrs M/s Slipco India Ltd (New Delhi) | To control the spread of the density of the suspended solids to maintain ambient air quality in the surrounding area. |
| b. b.New four field Electrostatic Precipitator Part of CPP M/s Sitson India Pvt. Ltd. (Mumbai) | To control the dust emissions and keep particulate matter under the norms |
| c. Real Time Monitoring System | Continuous monitoring of Stack emission, Ambient Air Quality and Quality of treated effluent as per CPCB norms. |

If undelivered, please return to :

NEPA LIMITED

NEPANAGAR, DISTT. , BURHANPUR (MP)- 450 221