

नेपा लिमिटेड

NEPA LIMITED



**NEPA LIMITED**

(A Govt. of India Undertaking)

**नेपा लिमिटेड**

(भारत सरकार का उपक्रम)

**76<sup>th</sup> Annual Report**  
**वाँ वार्षिक प्रतिवेदन**

**2022-2023**

Leadership at **NEPA LIMITED**

## BOARD OF DIRECTORS



**COMMODORE SAURAV DEB (Retd.)**

Chairman cum Managing Director

**कमोडोर सौरभ देब** (सेवा निवृत्त)  
(अध्यक्ष - सह - प्रबंध निदेशक)



**SMT. MUKTA SHEKHAR**

Joint Secretary MHI  
(Director)

**श्रीमती मुक्ता शेखर**  
संयुक्त सचिव, भारी उद्योग मंत्रालय  
(निदेशक)



**SHRI ATUL KUMAR MISHRA**

Secretary Forest  
(Director)

**श्री अतुल कुमार मिश्रा**  
सचिव वन  
(निदेशक)



**CA MILIND S. KANADE**

Independent  
Director

**सी.ए. मिलिंद एस. कनाडे**  
(स्वतंत्र निदेशक)



**SHRI PRADEEP KUMAR NAIK**

Director  
(Finance)

**श्री प्रदीप कुमार नाईक**  
निदेशक (वित्त)

# Leadership at **NEPA LIMITED**

## KEY MANAGERIAL PERSONNEL



**SMT. PURNIMA PARASHAR**

Company Secretary

**श्रीमती पूर्णिमा पाराशर**  
(कम्पनी सचिव)



**SHRI CHHABINATH VERMA**

Chief Financial Officer

**श्री छविनाथ वर्मा**  
(मुख्य वित्तीय अधिकारी)

## KEY EXECUTIVES



**SHRI VINIT KUMAR, I.R.S.**

Chief Vigilance Officer

**श्री विनीत कुमार, आई. आर. एस**  
(मुख्य सतर्कता अधिकारी)



**SHRI RAM ALAGESAN**

Chief General Manager (Technical)

**श्री राम अलागेशन**  
मुख्य महाप्रबंधक (तकनीकी)



**SHRI AJAY GOEL**

General Manager (Operation)

**श्री अजय गोयल**  
महाप्रबंधक (प्रचालन)



**SHRI SURENDRA KUMAR MEHTA**

Deputy General Manager (Work)

**श्री सुरेन्द्र कुमार मेहता**  
उप महाप्रबंधक (कार्य)



# FROM THE CHAIRMAN

I on my behalf and on behalf of Board of Directors, extend a hearty welcome to all of you to the 76<sup>th</sup> Annual General Meeting of the Company.

The Directors' Report on the working of the Company, Financial Statement for the year 2022-23, Statutory Auditor's Report and C&AG comments are already before you and with your permission, I presume these having been read.

This year has been a momentous & remarkable year for all of us here at Nepa Limited. We emerged more resilient and reinvigorated, and our confidence in our capabilities is reflected in the trust that our clients have placed in us. I am grateful to our clients, partners, team members, and other stakeholders for their relentless collaboration to make this happen. We have adopted the hybrid working model and have allowed new people engagement norms to emerge.

While the pandemic caused unprecedented disruptions, it also taught us some lifechanging lessons. Today, our business approach includes a holistic, sustainable strategy aimed at providing long-term value for our stakeholders.

## **Strengthening our performance and position**

Completion of Revival and Mill Development Plan Project and inauguration on 23 August, 2022 by Dr. Mahendra Nath Pandey, Hon'ble Minister Heavy Industries was a water shed moment for the company in particular and the state of Madhya Pradesh and the country in general.

Commencement of commercial production with effect from 05 October, 2022 was a major achievement wherein the company was able to produce high quality of newsprint comparable with best in the country.

## **The future is bright**

We are operating in a highly dynamic environment which is flush with opportunities, especially in India. and your Company envisions to produce 100000 MT PA, Writing & Printing Paper and Newsprint paper and this will help in minimizing the imports and increase in exports as your Company is going to be one of the major paper industries in the country. Revival and modernization of the mill would enable the mill to make a turn-around and create a positive financial bottom line. The company seeks to grow revenue and is striving to improve the demand scenario for paper in the market by ensuring economies of scale, efficient usage of resources and value chain management.

The investments that are proposed to be made in system, processes, products and market are expected to enhance operational performance and meet stakeholders' expectations. Nepa Ltd with the dynamic present management and project leadership, and decisive lead role with the help of the Government of India will pave the way for "Atmanirbhar Bharat".

Turnaround of a sick company renewed the spirit amongst the employees instilling self belief thereby coining adage of the company “Atma Vishwas se Atma Nirbharta”

## Corporate Governance

We are also mindful of the way our organisation is governed. With strict policies and frameworks in place, we ensure that good governance is practiced across the organisation and we are continuously striving to raise the bar. ‘Adhere to global business standards of corporate governance’ is thus the final aim under this pillar.

## 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.

The Company has orchestrated a diverse range of initiatives, including blood donation drives, yoga workshops, health awareness programs, and a multitude of cultural activities. These endeavors aim to foster local art and promote overall well-being.

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.

Cmde Saurav Deb

Chairman-cum-Managing Director

## 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.

Revival and Mill Development Plan (RMDP) of NEPA Ltd. was approved by the CCEA in Sept 2012 and sanctioned by BIFR in 2014. The RMDP project included complete modernization of the present plant with an enhanced capacity to 1,00,000 TPA and producing Writing and Printing Paper in addition to Newsprint.

RMDP was completed and the plant inaugurated on 23 Aug 2022 by Dr Mahendra Nath Pandey, Hon'ble Minister of Heavy Industries. The plant started commercial production of newsprint on 05 Oct 2022 on one machine. The company successfully started production of Writing and Printing Paper on 19 Sep 2023 for the first time .

### 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.

**Nepa Team is Striving for a Clean, Green, Beautiful & Prosperous Nepa.**

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

Cmde Saurav Deb, Chairman cum Managing Director  
 Smt. Mukta Shekhar, Joint Secretary, MHI  
 Shri Atul Kumar Mishra, Secretary Forest, GoMP  
 Shri Milind Sharadchandra Kanade, CA, Independent Director  
 Shri P.K. Naik, Director Finance, Nepa Limited

<b>Key. Executives</b>		<b>Offices</b>
<b>At Registered Office:</b>	<b>At Regional Office:</b>	<b><u>Registered Office:</u></b>
<p>Mrs. Purnima Parashar Company Secretary E-mail: secretary@nepamills.nic.in Ph : 07325-222167</p> <p>Shri R. Alagesan C.G.M. (Technical) E-mail: gmpw@nepamills.nic.in Ph: 07325-222273</p> <p>Shri Ajay Goel G.M. (Operation) E-mail: gm-commercial@nepamills.nic.in</p> <p>Shri Surendra Mehta D.G.M. (Works) E-mail: works@nepamills.nic.in</p> <p>Shri C.N Verma CFO/ Deputy Manager (F&amp;A) E-mail: mfin@nepamills.nic.in Ph:07325-222258</p>	<p><b><u>Delhi Office:</u></b></p> <p>Shri Mahendra Keshri Manager (P &amp; A) Email: nepadelhi@nepamills.nic.in Ph:011-24615894</p> <p><b><u>Hempur Office:</u></b></p> <p>Shri Mahendra Keshri Manager (P &amp; A) E.mail: nepahempur@nepamills.nic.in Ph: 05947-211460</p>	<p>Nepanagar, Dist. Burhanpur, Madhya Pradesh - 450221</p> <p><b><i>Regional Offices:</i></b></p> <p><b>Delhi Office:</b> D-165, Defence Colony, New Delhi-110024</p> <p><b>Hempur Office:</b> Captive Plantation, P.O RTC, Hempur, Dist. Udham Singh Nagar, Uttarakhand-244716</p>
	<b>Statutory Auditors</b>	<b>Bankers</b>
	M/s Fadnis & Gupte Chartered Accountants, Indore	State Bank of India
	<b>Secretarial Auditors</b>	Bank of India
	IG & Associates Company Secretaries, Indore	

To,  
The Members,  
Nepa Limited

NOTICE is hereby given that the 76<sup>th</sup> Annual General Meeting of the members of Nepa Limited will be held on Friday, 24<sup>th</sup> day of November, 2023 at 4.00 PM at the Registered Office of the Company Nepanagar, Dist: Burhanpur, Madhya Pradesh – 450221, by online mode to transact the following business:

**AS ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Financial Statement for the year ended 31<sup>st</sup> March, 2023, 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 Shri Atul Kumar Mishra, who retires by rotation and being eligible, offers himself 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 Service Tax) to M/s M/s A.I. Kothari & Associates, Jalgaon, Statutory Auditors, 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)/1465 dated 22.09.2023 for Financial Year 2023-2024.

**AS SPECIAL BUSINESS**

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending on 31st March, 2024 as set out in the statement annexed to the Notice convening this Meeting, be and is hereby ratified by the shareholders of the Company.”

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

By Order of the Board of Directors  
Purnima Parashar  
Company Secretary  
M. No. : A36079

Date: 16.10.2023  
Place: New Delhi

**IMPORTANT NOTES:**

1. Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ('the Act'), relating to the Special Business to be transacted at this Annual General Meeting ('AGM'), is annexed.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, General Circular no. 02/2021 dated 13.01.2021, General Circular No. 19/2021 dated 08.12.2021 and 21/2021 dated 14.12.2021 and File No.Policy-17/57/2021-CL-MCA Dated 05.05.2022 and General Circular No. 10/2022 dated 28.12.2022 and File No. policy-17/57/2021-CL-MCA Dated 25.09.2023 it has been decided to allow the companies whose AGMs are due in the Year 2023 or 2024, to conduct their AGMs on or before 30th September , 2024 in accordance with the requirements laid down in Para 3 and Para 4 of the General Circular No. 20/2020 dated 05.05.2020. Physical attendance of the Members to the EGM/AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing EGM/AGM through VC/OAVM.
3. The Register of members of the Company will remain closed from **18.11.2023 to 24.11.2023** (both days inclusive).
4. Since this AGM will be held through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), Members will not be able to appoint proxies for this meeting. Further, Attendance Slip and Route Map are not being annexed to this Notice.
5. Corporate Members are requested to send a scanned copy (in PDF / JPG format) of the Board Resolution authorizing their representatives to attend the AGM, pursuant to Section 113 of the Act, through e-mail at [secretary@nepamills.nic.in](mailto:secretary@nepamills.nic.in)
6. In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Resolutions for consideration at this AGM will be transacted through remote e-voting (facility to cast vote prior to the AGM) and also e-voting during the AGM, for which purpose the Board of Directors of the Company ('the Board') have engaged the services of NSDL. The Board has appointed Mrs. Isha Garg, (Practicing Company Secretary) form Indore, as the Scrutinizer for this purpose.
7. Remote e-voting will commence at 9.00 A.M. on 21<sup>st</sup> November, 2023 and will end at 5:00 P.M. on 23<sup>rd</sup> November, 2023, when remote e-voting will be blocked by NSDL.
8. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members on 17<sup>th</sup> November, 2023 (cut-off date). Only those Members whose names are recorded in the Register of Members of the Company maintained by the Company as on the cut-off date will be entitled to cast their votes by remote e-voting or e-voting during the AGM. A person who is not a Member on the cut-off date should accordingly treat this Notice as for information purposes only.
9. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April13, 2020, followed by Circular No. 20/2020 dated May 05, 2020, General Circular no. 02/2021 dated 13.01.2021,File No.Policy-17/57/2021-CL-MCA Dated 05.05.2022, General Circular No. 10/2022 dated 28.12.2022 and File No. policy-17/57/2021-CL-MCA Dated 25.09.2023 the Notice calling the AGM has been uploaded on the website of the Company at [www.nepamills.nic.in](http://www.nepamills.nic.in).The AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e.[www.evoting.nsdl.com](http://www.evoting.nsdl.com).
10. In conformity with the applicable regulatory requirements, the Notice of this AGM along with explanatory statement and the Report and Accounts for the F.Y. 2023 are being sent only through electronic mode to those Members who have registered their e-mail addresses with the Company or with the Registrar and transfer agent of company (RTA) PurvaSharegistry (India) Pvt Ltd.  
Members who have not registered their e-mail addresses with the Company or with the RTA and wish to receive the aforesaid documents are required to register their e-mail addresses may

send an e-mail to [secretary@nepamills.nic.in](mailto:secretary@nepamills.nic.in) or write to Registrar and transfer agent of company at their email address. [support@purvashare.com](mailto:support@purvashare.com)

11. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

### VOTING THROUGH ELECTRONIC MEANS

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to cast your vote electronically.

Your User ID details are given below : (Your EVEN Number is 127033)

Manner of holding shares For Members holding shares in Physical Form	Your User ID is: EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 127033 then user ID is 127033001***
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5. Your password details are given below:
  - (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - (c) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
  - (d) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - (e) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (f) Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (g) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - (h) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

- (i) Now, you will have to click on “Login” button.
- (j) After you click on the “Login” button, Home page of e-Voting will open.

7. Cast your vote electronically on NSDL e-Voting system
  1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
  2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
  3. Select “EVEN” of company for which you wish to cast your vote.
  4. Now you are ready for e-Voting as the Voting page opens.
  5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
  6. Upon confirmation, the message “Vote cast successfully” will be displayed.
  7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
  8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
3. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:
4. Please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to ([secretary@nepamills.nic.in](mailto:secretary@nepamills.nic.in)).

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.

Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name folio number, email id, mobile number at [secretary@nepamills.nic.in](mailto:secretary@nepamills.nic.in). The same will be replied by the company suitably.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
7. If you have any queries or issues regarding attending AGM through the link, you may contact Mr. Manish Shah on 9324659811 or write an email to [support@purvashare.com](mailto:support@purvashare.com).

### **Other Instruction**

8. 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.
9. The shareholders can opt for only one mode of voting i.e. remote e-voting or e-voting at the meeting. In case of voting by both the modes, vote cast through remote e-voting will be considered final
10. The voting rights of Members for e-voting and e-voting at the meeting shall be in proportion to their shares of the paid up equity share capital of the Company as on 17<sup>th</sup> November, 2023.
11. The result on resolutions shall be declared on or before the closing business hours on 26<sup>th</sup> November, 2023 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.
12. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the Registrar & Transfer Agent as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as e-voting at the AGM.
13. 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.
14. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.nepamills.nic.in](http://www.nepamills.nic.in) immediately after the declaration of result by the Chairman or a person authorized by him in writing.

**EXPLANATORY STATEMENT**

(Pursuant to section 102 (1) of the Companies Act, 2013 in respect of item no. 4, contained in the Notice of meeting)

**Item No. 4**

Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 requires remuneration of the cost auditors as approved by the Board to be ratified by shareholders subsequently.

Based on the recommendation of the Audit Committee, the Board of Directors on August 28<sup>th</sup>, 2023 has approved the names of Chatterjee Gazi & Associates, Kolkata Firms for appointment for a total remuneration of Rs. 37000/- inclusive of all taxes, duties & all other expenses.

Accordingly, Members are requested to ratify the remuneration payable to the Cost Auditors for the Financial Year ending on 31st March, 2024.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolutions.

The Board of Directors recommends the resolution for approval of the Shareholders.

**By Order of the Board of Directors**  
**Purnima Parashar**  
**Company Secretary**  
**M No.: A36079**

**Date: 16.10.2023**  
**Place: New Delhi**

FIVE YEAR DIGEST					(₹ In Lakhs)
	2022-23	2021-22	2020-21	2019-20	2018-2019
Production	6526	0	0	0	0
Revenue from Operation	2717.17	2069.90	1736.63	1243.32	1187.67
Profit before interest & Depreciation	(4547.69)	(1513.20)	(1604)	(4135.75)	(4625.16)
Interest	4867.48	4394.14	3703.08	2894.15	3131.49
Cash Surplus / Deficit	(9415.17)	(5907.34)	(5307.09)	(7031.9)	(7756.65)
Depreciation	1164.43	82.55	83.08	93.86	100.34
Net Profit / Loss before prior period items	(10135.97)	(5989.89)	(5390.17)	(7125.76)	(7856.99)
Equity Share Capital	61778.78	53937.78	53937.78	29537.78	52471.25
Loan (Excl. Interest)					
Long Term	9258.80	11923.00	10157	4169.6	687.2
Short Term	15421.20	12757.00	400.4	3427.54	2468.91
Net Fixed Assets (Excl. Capital Work-in-Progress)	38607.31	1426.88	1499.31	1575.41	1723.21
Current Assets	21253.78	29309.81	25206.43	26783.04	14714.34
Current Liabilities (Incl. unpaid interest on Loans)	47233.93	40555.23	36196.41	41029.11	34227.97
Working Capital	(25980.15)	(11245.42)	(10989.98)	(14246.07)	(19513.63)
Capital Employed	12627.16	(9818.54)	(9490.67)	(12670.66)	(17790.42)
Net Worth	(1608.08)**	11971.56	10120.5	(11889.28)	(9707.97)
Earnings (Net Profit) to Sale (%)	(3.89)	(2.89)	(3.10)	(5.73)	0
Number of Employees	536*	431*	300	338	370
*Includes Contractual employees					
** Net worth excluding share application money pending allotment					

EMPLOYEMENT COST SUMMARY					(₹ In Lakhs)	
Sr. No.	Particulars	2022-23	2021-22	2020-21	2019-20	2018-2019
A)	SALARY & WAGES TOTAL (A)	1941.66	1539.59	1557.19	1529.99	2784.71
B)	EMPLOYEES BENEFITS :					
	Provident Fund & Others	230.26	186.19	192.88	199.43	304.67
	Gratuity	461.64	79.80	707.98	614.16	591.19
	Township	88.02	100.69	96.34	114.76	178.2
	Education	0.00	0.00	0	0	0
	Medical	79.23	85.57	93.52	81.09	127.75
	Other Benefits incl. Leave Travel concession, cultural activities	296.90*	66.01	48.11	51.76	55.96
	TOTAL (B)	1156.05	518.25	1138.83	1061.2	1257.77
C)	Payment of Employees under VRS and previous year exp.					
	Not shown in earlier year :					
	Voluntary Retirement Schemes (VRS)	0.00	0.00	0	2658.31	896.31
	Gratuity	0.00	0.00	0	0.49	125.13
	Leave Encashment	0.00	0.00	0	115.04	466.05
	TOTAL ©	0.00	0.00	0	2773.84	1487.49
	TOTAL (A+B+C)	3097.71	2057.84	2696.02	5365.03	5529.97
	Number of Employees	536	431	300	338	370
	Average Salaries, Wages etc., per employees per Annum (Rs.)	362250	357213	519063	452660	752627
	Average Cost of employees benefit per employees per Annum (Rs.)	215681	120243	379610	313964	3399
	Average Employment Cost per employee per Annum (Rs.)	577931	477457	898673	766624	1495
	*Includes Leave encashment Exp of current year					

## DIRECTORS' REPORT TO THE SHAREHOLDERS

To  
The Shareholders,  
Nepa Limited

Ladies & Gentlemen,

Directors of your company have pleasure in presenting the 76<sup>th</sup> Annual Report of the company for the Financial Year ended 31st March 2023 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**

The highlights of financial performance of your Company during the Financial Year 2022-23 together with corresponding figures for the Previous Year are given below:

	(₹. in Lacs)	
PARTICULARS	2022-2023	2021-2022
<b>INCOME</b>		
Sales of Newsprint	803.31	-
Sales of Petrol/Diesel/Lubricant	1627.71	1234.14
Other Operating Income	286.15	835.76
<b>Total Income</b>	<b>2717.17</b>	<b>2069.90</b>
<b>EXPENDITURE</b>		
Raw Materials	2875.24	-
Manufacturing Expenses	2,446.58	630.37
Purchase of Petrol/Diesel/Lubricant	1607.73	1213.77
Change in inventories of Finished Goods / Stock	(2559.35)	5.53
Employee Remuneration & Benefits	3097.71	2230.55
Expenses on Administration, Township, Social Overheads and Selling & Distribution Expenses	704.88	518.29
<b>Total Expenditure</b>	<b>8172.79</b>	<b>4598.51</b>
<b>Operating Profit/(Loss)</b>	<b>(5,455.62)</b>	<b>(2528.61)</b>
Less: Interest Income / (Expenses) – Net	(4867.48)	(4394.14)
Less: Depreciation	(1164.43)	(82.55)
Add: Other Income	1351.55	1015.40
<b>Profit / (Loss) after Depreciation &amp; Interest</b>	<b>(10135.97)</b>	<b>(5989.89)</b>
Exceptional Items (Prior Period Adjustments)	443.63	-
<b>Net Profit / (Loss)</b>	<b>(10579.60)</b>	<b>(5989.89)</b>
<b>Accumulated Profit / (Loss)</b>	<b>(71041.25)</b>	<b>(60461.66)</b>

### **2. Production & Sale**

The production of newsprint during the year 2022-23 was 6,526 MT. After completion of Revival & Mill Development Plan (RMDP) and inauguration, commercial production is started in September 2022. All the plants are under trial start up stage & commissioning stage resulting in several stoppages of plant due to technical and commercial reasons viz. frequent change in parameter, breakdown during start up, manpower and raw material and chemical shortage etc. Total sales during the year 2022-23 were 1,611 MT and balance finished newsprint is 4897.363 MT.

### **3. Operation**

Nepa has successfully completed the RMDP and the plant has been inaugurated on 23rd August, 2022. The plant has been made operational with lot of technical issues, which were attended sequentially as arise. powerhouse, Both the Paper machines, and De-Inking plants were gradually stabilized, and production capacity enhanced every month of the year. In addition to this product quality also gradually

improved and good quality Newsprint paper was manufactured with pre-defined raw material and chemicals.

Initially Nepa was facing the scarcity of the trained and skilled manpower for operation of newly commissioned most modern Powerhouse, De-Inking Plant and both Paper machines equipped with DCS & QCS, and PLC based systems of the plant. The management had taken utmost care by offering employment to the local population besides outsourcing the skilled people from open market.

#### **4. Change in the Nature of The Business, If Any:**

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

#### **5. Transfer of 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 2023 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. The sanction had Rs.157 cr., equity infusion from Central govt. and Rs.128 cr. to be obtained as institutional loan.

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. Also, the financial institutions have backed out from the loan sanctioning.

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, 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 & Roofs (B&R), Kolkata has been constituted to regularly visit and monitor the project progress on site and report to the Govt.

The progress of the project got affected by the unexpected gap of about 18 months due to fund constraints May, 2017 to Sept., 2018. After Cabinet sanction, the project could be started only after facing the remobilization and escalation issues, etc. which consumed considerable time. Also, the spread of Covid-19 waves in 2021-22 have impacted the project progress due to lock down, migration of native workers, acute demand of Oxygen cylinders, contraction materials, etc.

M/s Papcel a.s., Czech, the contractor for Paper Machine renovation work has walked away from the work due to their insolvency and cash flow issue, lastly they have been re-instated in the project. The project work has been completed except for some minor works and the plant was inaugurated on 23.8.2022 by the Hon'ble Minister of Ministry of Heavy Industry, Govt. of India. 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.

The project will be an example for making India AtmaNirbhar Bharat by producing Newsprint and other grades locally replacing the imported substitutes. The company management is fully concerned about health, hygienic, water management and environmental issues and making sustainable development in every sphere of business and social responsibility. The company is targeting to achieve the 100% capacity utilization it may fetch us revenue to the tune of Rupees 5000 lacs. To meet the dynamic demands of the market, Nepa can roll either Newsprint, or Writing & printing & Kraft paper and the machines are already designed for the same. We have received a huge response from our regular clients as well as many new clients/agents are showing great interest in our product. The move was to spread awareness among the localities and involve more and more women living in the region. The majority of the raw material still will be sourced from the waste paper supply channels only.

### **9. Environment Management and Pollution Control**

In the recently completed Revival and Mill Development Plan (RMDP) work all the measures have been taken to safeguard Environment. Eco friendly technology has been considered to produce good quality newsprint and writing printing paper by using old newspaper and white material (used office stationary paper) as raw material. The process is cost effective elemental chlorine free also generates no pollution. For process optimization least minimum possible chemicals are being Utilized. Following steps were taken and implemented for pollution abatement under RMDP:

- Full-fledged solid waste handling system (Sludge handling system) to recover the fibre as well as the E.T. Plant (treatment capacity 12,000 cubic mtrs per day) for waste water treatment plant to meet zero Liquid discharge are operational. The installed capacity of Sludge Handling system is with 140 MT capacity (50 % moisture) and E.T. Plant (treatment capacity 12,000 cubic mtrs per day).
- In Powerhouse new four field Electro static precipitator (ESP) are operational to control gases (SO<sub>2</sub>, NO<sub>x</sub> CO, CO<sub>2</sub> etc) before discharge to atmosphere.
- New 80 Mtrs height chimney has been installed to discharge the flue gases high in the atmosphere to maintain the cleanliness of the surrounding atmospheric air.
- To control the dust emission Dust suppression system in coal handling plant and to trap fugitive emissions bag filters near Ash handling plant are operational.
- To curb the sulphur emission, lime feeding mechanism also available in power house boiler.

#### **In addition to the above:**

- a. E.T. Plant effluent parameter and Power House monitor air pollution parameters are being monitored & transmitted in real time on continuous basis to CPCB /MPPCB cloud based server with the help of Online Continuous Effluent monitoring system (OCEMS) and Online Continuous stack Emission Monitoring System (CSEMS).
- b. Hazardous waste, used oil has been disposed through 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.
- c. Extensive 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**

Our Quality control and Research & development Centre is renovated and equipped with most advanced digital testing equipment During RMDP. The Quality Control team plays a vital role in

testing of raw materials, chemicals and other incoming material with respect to the quality & specifications. After RMDP, mill had continued to produce good quality Newsprint paper of higher brightness with improved properties from recycled based fibre. For achieving the desired properties of produced newsprint, strict inspection of incoming raw material, pulp produced and manufactured papers are tested at various stages with respect to the standards specification. Finished product is monitored round the clock by well-trained staff of Quality and Technology department to ensure best quality product dispatched to our valued customers. Customer's complaints are attended on top priority.

The Effluent & Water testing is also carried out for powerhouse, process use as well as for domestic use at Nepa Mill Laboratory to ensure the quality of treated drinking water supplied to Nepanagar township, after treatment in Nawtha Treatment Plant. The samples are taken periodically for testing to decide the dosing of chemicals for water treatment.

Nepa R&D center is registered with Department of Science and Industrial Research, Ministry of Science and Technology, Government of India. Experiments and trials in R&D center have given Nepa Ltd. new ideas and scope for new opportunities.

R&D department perform experiments on various combination of raw material furnish, to produce desired grades and Quality of newsprint in laboratory and same is implemented in production plant to achieve desired results.

Samples of diverse types of other papers from different manufacturers are being collected, tested and thoroughly studied in Nepa R&D Centre to improve our Nepa product quality.

In addition to this in R&D center performs tests on sludge Flyash generated in the plants for its effective utilization in the plant.

Now the work on product diversification from Newsprint paper to produce good quality Writing & Printing paper is in progress, very soon Nepa will start manufacturing good quality **writing and printing paper**.

#### **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.

In order to strengthen preparedness and response to combat the outbreak of coronavirus disease, the Company has issued directions on COVID-19, in which all the precautions has been suggested as directed by Central Government and State Government from time to time to prepare our workforce to effectively tackle the threat of COVID-19.

The growth and advancement needs of the employees for the fulfilment 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.

Company's staff strength as on 31.03.2023 was 230 (comprising of 86 Executives, 91 Non-executives & 53 Temporary Employees).

#### **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 31,2023 is shown in Annexure-I attached.

**16. Position of women employees**

The particulars of women employees in the Company as on March 31,2023 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 14.09.2022 to 21.09.2022.

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.

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.

**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 provisions of Section 135 of the Companies Act, 2013 were not applicable on the Company for the year under review.

The company however has been providing drinking water facility to the Nagar Palika Parishad, Nepanagar for Nepa township and health care facilities to Nepanagar 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 Nepanagar 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 there under, the extract of the annual return for F.Y. 2022-23 in the prescribed Form No. MGT-9, is available on [www.nepamills.co.in](http://www.nepamills.co.in)

**22. Risk Management Policy:**

Nepa Limited has in place a Board approved Risk Management Policy to implement a structured and comprehensive enterprise risk management system. The policy is intended to establish a common understanding, Language and methodology for identifying, assessing, responding, monitoring and reporting risks and to provide assurance to the management that key risks are being properly identified and effectively managed in the company.

**23. Energy Conservation**

Plant has been started for production incorporating the new technologies for Energy Conservation & other benefits. Old travelling grate boiler replaced with AFBC Boiler for increasing the overall efficiency of boiler system of Captive Power Plant for saving of coal and reducing the emission level of CHG (Co2) to atmosphere. Energy intensive process equipments like vacuum pumps and process pumps have been replaced with new improved efficiency pumps for conservation of energy. DCS and QCS systems have been incorporated in plant operation to improve the process efficiency and control. Conventional type of lighting fixtures are being replaced with new LED lighting fixtures for better efficiency and energy conservation.

Information in accordance with provision 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 in 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 Members is under the control of Government of India, therefore, Such Particulars have not been included as part of Director's Report

**25. Vigilance**

The Vigilance department is presently headed by Chief Vigilance officer and assisted by Manager (Vigilance). The Vigilance Department lays considerable emphasis on preventive Vigilance. As per the instruction of the Central Vigilance Commission (CVC), Vigilance Awareness Week (VAW) was observed from 31st October 2022 to 6th November 2022 in the NEPA LTD on the theme of "Corruption free India for a Developed Nation". Various activities were organized during the week.

Vigilance department deals with complaints against the below Board Level Employees, acts as an interface with CVC, CBI and CVO of the MHI to streamline flow of information in respect of Vigilance matters. The Agreed list and ODI lists are Prepared, Vigilance Clearance are granted and Quarterly progress & Performance reports are submitted to Central Vigilance Commission (CVC).

**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) Draft 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.

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 2023 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 place at **Annexure – V**.

**30. Auditors:**

M/s. Fadnis& Gupte, Chartered Accountants, Indore were appointed as Statutory Auditors of the Company for the financial year 2022-23 vide CA.V/COY/CENTRAL GOVERNMENT,NEPA (1)/694 dated 01.09.2022 by the Comptroller and Auditor General of India, Govt. of India, under Section 139 of the Companies Act, 2013.

**31. Auditor Report**

There is qualifying remark in the Auditor's Report and the remark of auditor is self-explanatory in nature and hence does not require any further clarification in the Boards' Report

**32. Detail of Fraud as per Auditors Report:**

There is no fraud in the Company during the F.Y. ended 31<sup>st</sup> March,2023 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 31<sup>st</sup> March,2023.

**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 Company to establish a vigil mechanism for its directors & employees.

**35. Internal Auditor:**

M/s Milind Nyati & Company, Chartered Accountant was 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 **IG & Associates**, a Practicing Company Secretary to undertake the secretarial audit of the Company for the financial year 2022-23. 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**

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 31<sup>st</sup> March 2023 are along with management reply given in Annual Report.

**43. Board meetings**

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

S. No.	1	2	3	4
Date	27-06-2022	06-09-2022	21.11.2022	18.02.2023
No. of Directors Present	4	4	4	4

**44. Audit Committee**

The Audit Committee held Four meetings during the year.

S. No.	1	2	3	4
Date	27-06-2022	06-09-2022	21.11.2022	18.02.2023
No. of Members Present	3	3	3	3

No Stakeholder relationship committee meeting held during the year.

**45. Composition of Board of Directors & KMP**

Composition of Board is as follow

S.no	Name	Particular
1	Smt. Nidhi Chhibber	Part Time Official Director w.e.f. 15.06.2021
2.	Dr. Renuka Mishra	Part Time Official Director w.e.f. 29.06.2022
3.	Cmde Saurav Deb	Chairman Cum Managing Director W.e.f 01.01.2021
4.	Smt. Kamlawati Singh	Independent Director w.e.f 20.02.2020
5.	Shri P.K Naik	Director Finance w.e.f.02.05.2019
6.	Smt. Padmapriya Balakrishnan	Part Time Official Director w.e.f. 21.06.2021 confirmation from GoI received on 16.09.2022
7.	Shri Atul Kumar Mishra	Part Time Official Director w.e.f. 03.03.2023 confirmation from GoI received on 05.06.2023

During the year under review following changes were done in Board.

1. Tenure of Smt. Nidhi Chhibber as Part time Official Director at Nepa Ltd Completed on 29.06.2022.
2. Dr. Renuka Mishra appointed as Part time Official Director at Nepa Ltd w.e.f 29.06.2022.
3. Shri P.K. Naik appointed as Director Finance (Add. Charge) w.e.f.02.05.2019 with further extension of one year. from 02.05.2022.
4. Tenue of Smt. Kamlawati Singh as Independent Director at Nepa Limited completed on 19.02.2023.
5. Shri V.N. Barole superannuated as CFO w.e.f. 31.12.2022.
6. Tenure of Smt. Smt. Padmapriya Balakrishnan as Part time Official Director at Nepa Ltd Completed on 03.03.2023, confirmation from GoI received on 05.06.2023.
7. Shri Atul Kumar Mishra appointed as Part time Official Director at Nepa Ltd w.e.f 03.03.2023, confirmation from GoI received on 05.06.2023

**46. Status of marketability of Newsprint and WPP.**

Overview of Indian Paper Newsprint & Writing Printing Paper Industry and future Outlook for Nepa

**Indian Paper & Pulp Market:-** was valued at US\$ 11.48 Bn. in 2021, and is expected to reach US\$ 31.41 Bn by 2029, at a CAGR of 13.4% during forecast period. Since lock down was implemented differently in different regions and countries, impact of same is also different by regions and segments.

India is the 15th largest paper producer in the world. India has emerged as the fastest growing market when it comes to consumption, posting 10.6% growth in per capita consumption of paper in 2021-2027. The domestic market / consumption of paper is over 16 million tons per annum (TPA), with over 2 million TPA being imported. By 2025-26, under the baseline scenario, domestic consumption is

projected to rise to 23.50 million TPA. While the industry has made significant capital investments to ramp-up capacities, the gestation period is long and the economic viability of the investments are impacted significantly by availability and cost of raw materials and other inputs, and escalating imports.

**Newsprint Segment:** - Newsprint papers have witnessed the slowest growth in last few years compared to other paper segments except some unexpected growth in 2022. There has been slow growth in newspaper dailies due to the rise of digital applications and electronic media platforms. Consumer generally tracks national news through TV and the emerging trend of media reaching to the urban area, the increase in the literacy rate, has seen the spot in growth of Newsprint consumption in the rural part of India. Internally, the vernacular, startup edition are being found increased in the recent times. Regional- local news through newspapers. But with the per capita income increase, massive urbanization and with the GDP growth increase, there is all likelihood of newsprint demand to uptick further.

**Writing Paper Segment:** - WPP segment is expected to grow at the rate of 4% and expected to continue in momentum. Key segments which are heavy users of WPP are the service industry, publishing houses and education sector. This segment is expected to have heavy growth once the economy restores normal pace in the post Covid-19 scenario. This sector has direct correlation with the rise in the Writing and Printing paper. Increased focus and higher budgetary allocations by Central and respective State Govts. on school education, pharmaceutical sector, Health, and family welfare sector, rise in number of centers of higher education, double digit growth in FMCG sector during FY 2021-22 approx. 27.9%, and e-Commerce sector expected to grow at a CAGR 27% up to FY 2026

**Future Outlook for Nepa Ltd:-** Growth in the Indian paper industry is inextricably linked to structural economic factors like population growth rate, transition in demography, improvements in literacy rates, higher spending on education by Govts and phenomenal growth in print and media industry. Given free access to domestic market industry is exposed to the international competition.

Indian paper has also seen a paradigm shift in the demand pattern and consumer preferences. The increase in income level of middle-income group and phenomenal growth in higher education also professional tie ups with global universities has changed the mindset and behaviors of consumers with their preferences. Demand for quality and cost-effective paper is on the increase at a fast pace. Increasing health consciousness post Covid-19 and subsequent environmental concerns will propel the demand of specialty papers viz high-quality tissue with sanitization, face protection disposable but cheap masks and as a substitute of plastic in every walk of life, further for addressing hygienic concerns of masses.

Nepa Ltd stands at a cusp of its survival and turnaround in post Covid-19 upsurge will adversely impact the Indian economy. After the inauguration, the production has started, and a moderate production level has been achieved by Nepa despite of the shortage of skilled manpower and fluctuation in the prices of essential raw material and funds. Now with the flamboyant, present management and project leadership, and decisive lead role already undertaken by Administrative Ministry, the revived Nepa Ltd. will attend new heights by making the Balance Sheet positive.

The govt. has withdrawn the exemption of BCD and introduced 5% custom tariff on imported newsprint in 2020. Also, govt. has made it mandatory of the registration in the Paper Import Monitoring System (PIMS) for all the importers industry special economic zone/free trade and

warehousing zone. These measures will help local industry to survive and cross over this critical time of market recovery after the Pandemic. Company management has left no stone unturned in resolving any of the intricate issues w.r.t supplier, contractor, fabricator, workforce etc.

The company is expected to diversify into the Writing & Printing segment in the second half of the year 2023. Since the profitability of W&P paper is higher compared to the Newsprint market the company is expected to make offsets of the losses and gain a new market base. The tie up with the printing houses and textbook manufacturers has already been started.

On completion of RMDP the Company will produce 100000 MT PA, Writing & Printing Paper and Newsprint paper depending on market demand and profitability equation. Roadmap for sourcing of input raw materials, chemicals and wire-fabrics etc. is on cards. We are hopeful of its grand turnaround.

#### **47. Maintenance of Cost Records**

The specified accounts have been made and maintained.

#### **48. Evaluation of The Board's Performance:**

As per Notification No. GSR 463(E) dated 5<sup>th</sup> 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.

#### **49. Impact of Covid-19**

The outbreak of Corona Virus (Covid-19) as a pandemic caused significant disturbance and slow down in economic activities globally. The Company has considered such impact to the extent known and available in assessing the carrying amounts of Company's assets, investments, trade receivables and inventories. The impact of the global healthy pandemic may be different from that estimated as at the date of approval of these financial statements. Further the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration.

#### **50. Capital Structure**

The authorised and paid-up capital of the company is Rs. 800 crores and Rs. 694.32 crores respectively. During the year allotment of Equity Share Capital of Rs. 78.41 Crores has been done against the additional fund sanctioned by GoI for RMDP.

#### **51. Acknowledgement**

The Board acknowledge with deep sense of appreciation for co-operation and continuous support received from the Ministry of Heavy Industries, 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

**Commodore Saurav Deb (Retd.)**  
**Chairman-cum-Managing Director**  
**DIN: 09068496**

**Date: 16.10.2023**

**Place: New Delhi**

**ANNEXURE-I****Position regarding employment of Scheduled Castes/Scheduled Tribes, Ex-Servicemen/OBC etc. as on 31.03.2023****1.Representation of SCs/STs/OBCs**

Group	Total No. of employees	No. of SC	%	No. of ST	%	No. of OBC	%
A.	46	3	6.52	0	0.00	12	26.08
B.	126	9	7.14	4	3.17	19	15.07
C.	-	-	-	-	-	-	-
D.	5	5	100	-	-	-	-

**2.Representation of Ex-servicemen**

Group	Total No. of Employees	Disabled Ex-Servicemen	%	Dependent of Ex-Servicemen Killed In Action	%	Other Ex-Servicemen	%
A.	46	-	-	-	-	1	2.17
B.	126	-	-	-	-	-	-
C.	-	-	-	-	-	-	-
D.	5	-	-	-	-	-	-

**3. Representation of Persons with Disabilities (PwD)**

Group	Total No. Of Employees	No. Of Physically Challenged	Category Of Physically Challenged
A	46	0	-
B	126	0	-
C&D	5	0	-

**ANNEXURE-II****Representation of Female Employees as on 31.03.2023**

	PAY SCALE	NO. OF EMPLOYEES	NO. OF FEMALE EMPLOYEES	%
<b>A</b>	<b>EXECUTIVES</b>			
	22500–27300	1	0	0
	20500–25000	0	0	0
	18500–23900	2	0	0
	17500–22300	1	0	0
	16000–20800	3	0	0
	14500–18700	14	1	7.14
	13000–18250	12	0	0
	10750–16750	12	0	0
	8600–14600	1	0	0
	6550–11350	18	2	11.11
	<b>TOTAL A</b>	<b>64</b>	<b>3</b>	<b>4.68</b>
<b>B</b>	<b>NON-UNIONISED SUPERVISOR</b>			
	6000–9040	22	4	18.18
	<b>TOTAL B</b>	<b>22</b>	<b>4</b>	<b>18.18</b>
<b>C</b>	<b>WORKMEN</b>			
	5900–8845	15	0	0
	5800–8760	32	1	3.13
	5650–8680	44	2	4.55
	5350–8350	0	0	0
	5250–8060	0	0	0
	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
	<b>TOTAL C</b>	<b>91</b>	<b>3</b>	<b>3.30</b>
	<b>GRAND TOTAL (A+B+C)</b>	<b>177</b>	<b>10</b>	<b>5.65</b>

**ANNEXURE-III****FORM 'A'****(Form for disclosure of particulars with reference to conservation of energy)**

Particulars	Unit	2022-23	2021-22
<b>I. NEWSPRINT</b>			
<b>Power and Fuel Consumption</b>			
1. Electricity:			
a) Purchased Units ( <b>MPEB Grid</b> )	KWH	8657250	4862350
Total amount	Rs. Lacs	953.16	537.28
Cost / Unit	Rs.	11.01	11.05
b) Own Generation Units			
i) Power House	KWH	11765400	3600
ii) DG Set	KWH	350	1430
c) Total Unit (a+b)		20423000	4909330
2. Coal used in Powerhouse:			
Quantity	MT	19573.87	1204
Total Cost	Rs. lacs	58.78	58.78
Average Rate	Rs./MT	4882	4882
3. Fuel Oil: Diesel			
Quantity	KL	1.65	1.50
Total Cost	Rs. lacs	99750	99750
Average Rate	Rs./KL	95000	95000
5. Other/Internal Generation		NIL	NIL
<b>Consumption per unit of production</b>			
Newsprint Production	MT	6526	NIL
Electricity (Purchased)	KWH/T	1326.57	NIL
Electricity (own generated)	KWH/T	1802.85	NIL
Coal/T of Paper	Kg/T	3.126	NIL
Fuel Oil	Lit/T		NIL

**(Form for disclosure of particulars with respect to technology absorption)****A) RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES IN FUTURE**

Specific areas in which R&D to be carried out	a. To improve quality of end products with least min. chemicals & by utilizing modern lab equipment's procured during the year for manufacturing process improvements.
---	--

	Benefits derived as a result of	<p>a. Use of recycled based raw material to improve the cost efficiency, Environment friendly technology</p> <p>b. Elemental Chlorine free bleaching using Sodium Hydro sulphite and Hydrogen Peroxide.</p>
	Future Plan of Action	<p>a. 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 renovated Paper machine, to achieve desired properties of finished paper products (Writing &amp; Printing and Newsprint) to achieve best quality of product.</p> <p>b. Reduction of water consumption per ton of paper and to assist in meeting Zero liquid Discharge concept in ET Plant as per industry standard</p>
	Expenditure of R&D	<p>a) Capital 32.00 Lakh</p> <p>b) Recurring NIL Lakh</p> <p>c) Total 32.00 Lakh</p>

B)	Technology Absorption Adaptation and Innovation	The Plant started producing Newsprint paper of improved quality with desired brightness and other parameters. In coming days Nepa will start to produce, Writing & Printing grade paper as per market requirement.
C)	Foreign Exchange Earnings and Outgo	<p>Activities relating to exports Initiatives taken to increase Exports, development of new Export market for products &amp; Services, and export plans.</p> <p>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.</p> <p>In compliance to export obligation, finished paper will be exported after further quality enhancement to meet out export market demand in both Newsprint and writing &amp; Printing paper as well.</p>
D)	Total foreign exchange used & earned	<p>i) Earnings - NIL (Previous Year Rs. NIL)</p> <p>ii) Used (Procurement of OIN) - NIL</p>

DATE: 16.10.2023

For & on behalf of Board

PLACE: New Delhi COMMODORE SAURAV DEB(RETD.) PRADEEP KUMAR NAIK

Chairman Cum Managing Director  
DIN: 09068496

Director Finance  
(Add. Charge)  
DIN: 08676709

**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 endeavors 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 MHI.

In terms of Articles of the Company, the number of directors of the company shall not be less than 3.

**3. COMPOSITION OF THE BOARD**

As on 31<sup>st</sup> March 2023, The Board of Directors of Nepa Limited comprise of 4 Directors, out of which 2 are whole time Directors including Chairman cum Managing Director, one Whole Time Director – D (Finance), Two (2) Govt. nominees Directors (One being the Government of India nominee and the other being Government of M.P. nominee).

**BOARD MEETINGS:**

During the year 2022-23, 4 Board Meetings were held on, 27<sup>th</sup> June 2022, 6<sup>th</sup> September 2022, 21<sup>st</sup> November 2022, 18<sup>th</sup> February 2023.

The details of attendance of Directors for the year 2022-23 at the Board Meetings and in AGM are given below: -

Name of Director	Category	Board Meetings held	Board Meetings entitle to attend	Board Meetings Attended	Attendance in previous AGM
Cmde Saurav Deb	Chairman cum Managing Director	4	4	4	YES
*Smt. Nidhi Chhibber	Part-time Official Director	4	1	0	Not Applicable
* Dr. Renuka Mishra	Part-time Official Director	4	3	3	YES
*Smt. Padmapriya Balakrishnan	Part-time Official Director	4	4	1	NO
*Smt. Kamlawati Singh	Independent Director	4	4	4	YES
*Shri. P.K. Naik	Director (Finance)	4	4	4	YES
*Shri Atul Kumar Mishra	Part-time Official Director	0	0	0	Not Applicable

Details with particulars of their Directorships and Chairpersonship/Membership of Board Committees in other Public Companies, in which they are Directors showing the position as on 31st March 2023 are given below: -

Sr. No.	Name of Directors	Directorship in other Public Companies	Committee positions held	
1.	Cmde Saurav Deb	NIL	-	-
2.	*Smt. Nidhi Chhibber	1.Cement Corporation of India (CCI) 2.Rajasthan Electronics & Instrument Ltd. (REIL) 3. Engineering Projects (India) Ltd.	-	-
3.	*Dr. Renuka Mishra	1.Cement Corporation of India (CCI) 2.Rajasthan Electronics & Instrument Ltd. (REIL) 3. Engineering Projects (India) Ltd.	-	-
4.	*Smt. Padmapriya Balakrishnan	M.P. State Mining Corporation Limited	-	-
5.	*Shri Atul Kumar Mishra	M.P. State Mining Corporation Limited		
6.	*Smt. Kamlawati Singh	NIL	-	-
7.	*Shri. P.K. Naik	Currently designated as AGM (Finance) BHEL, Bhopal	-	-

\*Tenure of Smt. Nidhi Chhibber as Part-time Official Director Nepa Ltd Completed on 29.06.2022.

\*Dr. Renuka Mishra appointed as Part-time Official Director at Nepa Ltd w.e.f. 29.06.2022

\*Tenure of Smt. Padmapriya Balakrishnan as Part time Official Director Nepa Limited completed on 03.03.2023 and confirmation from GoI received on 05.06.2023

\*Shri Atul Kumar Mishra appointed as Part time Official Director Nepa Limited w.e.f. 03.03.2023 and confirmation from GoI received on 05.06.2023

\*Tenure of Smt. Kamlawati Singh as Independent Director Nepa Limited completed on 19.02.2023.

\*Shri P.K Naik appointed as Director Finance (Add. Charge) w.e.f. 02.05.2019 with further extension of one year from 02.05.2023

#### **4. 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. 18<sup>th</sup> 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.

#### **The composition of the Audit Committee and number of meetings attended by the Members are given below: -**

- |                                 |  |
|---------------------------------|--|
| 1. Smt. Kamlawati Singh         | Chairperson (From 23.03.2022)            |
| 2. Smt. Nidhi Chhibber          | Member (From 08.09.2021 till 29.06.2022) |
| 3. Dr. Renuka Mishra            | Member (From 06.09.2022)                 |
| 4. Smt. Padmapriya Balakrishnan | Member (From 08.09.2021 till 06.09.2022) |
| 5. Shri P.K. Naik               | Member (from 25.09.2020)                 |

During the F.Y. 2022-23, four meeting have been held on, 27<sup>th</sup> June 2022, 6<sup>th</sup> September 2022, 21<sup>st</sup> November 2022, 18<sup>th</sup> February 2023. Details of the member's attendance are as follows:

Name of Director	Category	No. of Meeting held	Meetings entitle to attend	No. of Meetings attended
Smt. Kamlawati Singh	Independent Director (Chairman)	4	4	4
Smt. Nidhi Chhibber	Nominee Director (Member)	4	1	0
Dr. Renuka Mishra	Nominee Director (Member)	4	3	3
Smt. Padmapriya Balakrishnan	Nominee Director (Member)	4	4	1
Shri P.K. Naik	Director Finance (Member)	4	4	4

**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.

**The composition of the Stakeholders Relationship Committee is as under:**

- |                                 |  |
|---------------------------------|--|
| 1. Smt. Kamlawati Singh         | Chairperson (From 23.03.2022)            |
| 2. Dr. Renuka Mishra            | Member (from 06.09.2022)                 |
| 3. Cmde Saurav Deb              | Member (from 08.09.2021)                 |
| 4. Smt. Padmapriya Balakrishnan | Member (From 08.09.2021 till 06.09.2022) |

During the F.Y. 2022-23, Nil meeting held

**NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration committee comprises non-executive Directors of the Company. The names of the members & chairperson of the committee are as under:

- |                                 |  |
|---------------------------------|--|
| 1. Smt. Kamlawati Singh         | Chairperson (From 23.03.2022)            |
| 2. Smt. Nidhi Chhibber          | Member (From 08.09.2021 till 29.06.2022) |
| 3. Dr. Renuka Mishra            | Member (From 06.09.2022)                 |
| 6. Smt. Padmapriya Balakrishnan | Member (From 08.09.2021 till 06.09.2022) |
| 4. Shri P.K. Naik               | Member (from 08.09.2021)                 |

During the F.Y. 2022-23 two meeting have been held on 21<sup>st</sup> November 2022, 18<sup>th</sup> February 2023. Details of the member's attendance are as follows:

Name of Director	Category	No. of Meeting held	Meetings entitle to attend	No. of Meetings attended
Smt. Kamlawati Singh	Independent Director (Member and Chairperson)	2	2	2
Smt. Nidhi Chhibber	Nominee Director (Member)	2	0	0
Dr. Renuka Mishra	Nominee Director (Member)	2	2	2
Smt. Padmapriya Balakrishnan	Nominee Director (Member)	2	2	0
Shri P.K. Naik	Director Finance (Member)	2	2	2

**1. General Body meetings:**

Financial year	Date	Time	Venue	Special Resolution passed
2019-20	30 <sup>th</sup> December 2020	4:00 PM	Nepa Ltd Registered Office, Napanagar – 450221 (M.P.)	Yes
2020-21	30 <sup>th</sup> December 2021 adjourn meeting held on 14 <sup>th</sup> March 2022	4:00 PM	Nepa Ltd Registered Office, Napanagar – 450221 (M.P.)	No
2021-22	21 <sup>st</sup> December 2022	4:00 PM	Nepa Ltd Registered Office, Napanagar – 450221 (M.P.)	Yes

**Details of Special Resolution passed at Annual General Meeting in last Three years**

Financial year	Date and time	Venue	Special Resolution passed
2019-20	30 <sup>th</sup> December 2020, 4: 00 P.M.	Nepa Ltd Registered Office, Nepanagar – 450221 (M.P.)	1.Deletion of clause 4 of the Articles of Association of the Company by substituting new clause 2. Deletion of clause V of the Memorandum of Association of the Company by substituting new clause
2020-21	30th December 2021, 4:00 P.M adjourn meeting held on 14th March 2022, 4:00 P.M	Nepa Ltd Registered Office, Nepanagar – 450221 (M.P.)	NA
2021-22	21 <sup>st</sup> December 2022, 4:00 P.M.	Nepa Ltd Registered Office, Nepanagar – 450221 (M.P.)	1. Adoption of new set of Articles of Association of the Company. 2. Issue and allotment of Equity Shares.

**Annual General Meeting for the financial year 2022-23 :-**

Date and Day	24.11.2023
Mode	Online
Time	4:00 P.M.
Venue	Nepanagar

**6. Disclosures:**

- (i) Details of remuneration paid to Functional Directors during the Financial Year 2022-23 are under:

(Amount in Rs.)

Sr.No.	Particulars	CMD Cmde Saurav Deb
a.	Salary & Allowances	32,02,033
b.	Contribution to PF	1,96,950
c.	Other Benefits	-
	<b>Total</b>	<b>33,98,983</b>

**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. 2022-23 are Rs. 24,000/-

- (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:

Attachment order has been received from EPFO on 26.10.2021 for recovery of Penalty & Interest against delayed Deposit of PF Challan.

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

7. **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**.

8. **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 6<sup>th</sup> August 2013. This code would be read in conjunction with the Conduct, Discipline & Appeal Rules for officers. The purpose of this Code is to enhance further ethical and transparent process in managing the affairs of the company. This Code of Conduct has been applicable to:

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

**DATE: 16.10.2023**

**For & on behalf of Board**

**PLACE: New Delhi**

**COMMODORE SAURAV DEB(RET.D.)**

**PRADEEP KUMAR NAIK**

**Chairman Cum Managing Director  
DIN: 09068496**

**Director Finance  
(Add. Charge)  
DIN: 08676709**

**Dinesh Kumar Gupta**

Practicing Company Secretary

**Dinesh Kumar Gupta**

B.Com, LL.B (Hons.), FCS



211, Second Floor, Shalimar Corporate C

8-B, South Tukoganj, Indore (M.P.) 45

Phone: 0731- 3587752 Cell: 0942505

email: csdineshgupta@gmail

**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 31<sup>st</sup> March, 2023, 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 14<sup>th</sup> 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) Gap between two Board Meetings is more than 3 months, i.e. between Board Meeting held on 23.03.2022 and 27.06.2023.
  - b) Composition of Board of Directors.
  - c) Composition of Audit Committee.
  - d) Quorum of Meetings of Audit Committee.
  - e) Composition of Nomination and Remuneration Committee.
  - f) 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: 30.10.2023



  
**Dinesh Kumar Gupta**  
Practicing Company Secretary  
M. No.: 5396 CP No. 4715  
UDIN: F005396E001526421

**IG & Associates**

Company Secretaries

Office: 608-A, THE ONE, 5, R.N.T. Marg, Indore-452001(M.P.)

E-mail: igassociatescs@gmail.com, Mob: 09009403008

**ISHA GARG**

FCS, MBA

**FORM NO. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2023****[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 (M P)****CIN: U21012MP1947GOI000636**

We have conducted the Secretarial Audit of the compliance applicable statutory provisions and the adherence to good corporate practices by NEPA Ltd (hereinafter called the Company) CIN: U21012MP1947GOI000636 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 my/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, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023:

- Complied with the statutory provisions listed hereunder and
- 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 31<sup>st</sup> March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under read with modifications, exemptions and clarifications thereto; **(Subject to the following non compliances and observations listed in Annexure-I)**
- (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 specific laws applicable to the company as per the Representation/Certificate made by the management of the Company and we rely on the same.
  - 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;

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 observations annex as (Annexure I):**

We further report that:

The Board of Directors of the Company has not 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 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 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.

**FOR I G & ASSOCIATES**  
**COMPANY SECRETARIES**  
**F.R. NO.: I2013MP1054000**  
**ISHA GARG**  
**(PROPRIETOR)**  
**M. NO: FCS 9955 CP: 12184**  
**PEER REVIEW NO.: 914/2020**  
**UIDN:F009955E001064351**

**Date : 22.09.2023**  
**Place: Indore (MP)**

Note: This report is to be read with our letter dated 22.09.2023 which is annex as (Annexure II) and forms and integral part of this report.

**Annexure-I**

In my opinion and to the best of my information and according to the explanations given to me, we observed that the company has complied the provisions of Companies Act, 2013 and 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 14<sup>th</sup> May, 2010 except the provision pertaining to followings:

**1. Composition of Board of Directors and Independent Audit Committee and Nomination and Remuneration Committee:**

The Board of Directors of the company does not have an optimum combination of Functional, Nominee and Independent Directors. The Company has constituted Independent Audit Committee and Nomination and Remuneration Committee but the composition of both the Committees are not optimum as per the Companies Act, 2013 and Rules made there under.

**2. Quorum of Independent Audit Committee:**

The Quorum for Independent Audit Committee meetings held during the year was not present as per the Companies Act, 2013 and Rules made there under.

**3. Appointment of Cost Auditor:**

The Cost Auditor shall be appointed within 180 days of the commencement of every Financial Year, which has been not complied by the company.

**4. Non-Filing of ROC e-Forms>Returns:**

The company has not complied the provisions of Companies Act, 2013 in respect of: Timely filing of ROC e-Forms>Returns with the Registrar of Companies.

**5. Non-payment of Stamp Duty on Issuance of Share Certificates:**

During Audit, we observed that the Company has not complied with the provisions of payment of Stamp duty on issuance of Share Certificates in respect of allotment made during the period 17-02-2016 to 30-08-2016 in accordance with provisions of Indian Stamp (Madhya Pradesh) Amendment Act, 2014 and as a result thereof has not paid the stamp duty amounting Rs. 47,68,514 at the time of issue of share certificates. Further, on verification of records it came to our notice that Company has applied for waiver of Stamp duty to the Competent Authority and final decision in the matter has not been made till completion of audit for Financial Year 2022-23.

**FOR I G & ASSOCIATES  
COMPANY SECRETARIES  
F.R. NO.: 12013MP1054000  
ISHA GARG  
(PROPRIETOR)  
M. NO: FCS 9955 CP: 12184  
PEER REVIEW NO.: 914/2020  
UIDN:F009955E001064351**

**Date : 22.09.2023  
Place: Indore (MP)**

**Annexure – II**

**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 Records 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 followed provide a reasonable basis for forming our opinion.
3. We have not verified the correctness and appropriateness of treatment of various tax liabilities and payment thereof, compliance of the applicable IND-AS, financial records and Books of Accounts of the company as the same is subject to the Statutory Audit being performed by the Independent Auditors.
4. Wherever required, we have obtained the Management Representation/Certificates/data Information about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, guidelines, standards etc., are 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 efficiency or effectiveness with which the management has conducted the affairs of the company.
7. We do not take any responsibility for any person if taking any commercial, financial or investment decision based on our Secretarial Audit Report as aforesaid and they needs to take independent advise or decision as per their own satisfaction.
8. We have relied on electronic and soft copies of documents as produced for verification of compliances of various laws.

**FOR I G & ASSOCIATES  
COMPANY SECRETARIES  
F.R. NO.: 12013MP1054000  
ISHA GARG  
(PROPRIETOR)  
M. NO: FCS 9955 CP: 12184  
PEER REVIEW NO.: 914/2020  
UIDN:F009955E001064351**

**Date : 22.09.2023  
Place: Indore**

**ANNEXURE V****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Introduction:**

Nepa has successfully completed the RMDP and the plant was inaugurated on 23<sup>rd</sup> August, 2022. The plant has been made operational after attending all the unfinished punch points. The machines runnability are found to be stable and gradually the machines can easily achieve the designed production targets after the stabilization period which is generally 6 to 12 months.

Nepa Continue to face the scarcity of the skilled manpower availability for smooth operation of the plant. The management is taking utmost care by offering employment to the local population besides outsourcing the skilled people from open market. The management is also trying to fix up the contractors, vendors and suppliers through GeM Portal as directed by the Govt to come out from the manpower issues.

**Industry Scenario:**

Broadly, the industry is classified into four main segments - Namely, Writing and Printing Paper, Industrial Packaging paper, speciality paper and newsprint. India holds 15<sup>th</sup> rank among paper producing countries in the world with a total installed capacity of 16 million tonnes. The demand is estimated at 17 million tonnes. The per capita consumption of the nation is around 13 kgs against the Asian average of 26 kgs and World average of 58 kgs. India is considered as the fastest growing market for paper in the world with an average annual growth of 6 %. The domestic consumption is expected to rise to 25 million tonnes by 2022-23. Indian Paper Industry is highly fragmented with over 750 paper mills of varying sizes spread across the Country. Only 50 mills are of a capacity of 50,000 TPA or more. The overall capacity utilization is estimated at 80-90 %.

However, the spread of Covid-19 Pandemic has affected the growth of paper market, the imported and indigenous paper demand has dropped down to 60%. The market is on a road of recovery slowly growing the momentum in recent times.

**Indian Paper Industry Outlook:**

Over the next five years, the domestic industry is projected to grow at 6-7 % CAGR to reach 20 million tonnes by 2025. The total production of newsprint in India is around 2.0 million tpa while the demand is around 2.7 million tonnes. The industry is growing at a rate of 5 % and is expected to reach 5.5 mtpa by 2025.

There was a huge demand supply imbalance created in the post pandemic arena. Fluctuations in the pricing of certain vital commodities for paper making sky rocketed in the recent times making the manufacturing cost very high. Off late, the demand and supply has reached to equilibrium, and the prices of essential raw material have attained some stability, Still the market for the paper is volatile and continues to thrive on the vibrant rural market.

Paper Industry has been a growing industry of great prominence and social relevance for decades. The mean annual growth rate however has fallen steeply to 1% or so in the last decade. Thus, India stands fare chance of substantial growth if not robust growth trajectory in coming decade though current trend of growth 6-7% yearly continues. Neighboring countries like Sri Lanka, Bangladesh and Myanmar have more per capita consumption than India. Indian paper industry ranks at fifth position globally after US, CHINA, JAPAN and Germany. By 2030 Indian paper and board's demand is projected to be around 30 Million tonnes.

The GDP nos in times ahead for Indian economy would reflect on indigenous paper industry as well. Though, Newsprint segment is expected to grow, not on expected lines vis-à-vis F.Y.2022-23. However, the positive sign of growth in India will continue and globally trends will be inversely proportion to India. To be in brief, India will continue to witness the growth in all segments of paper once the detrimental effect on Indian and Global recession for Covid-19 is ascertainable and restoration of economic activity through macro and micro regulatory.

The paper demand in Indian sub-continent is rising on Year-on-Year and major demand of paper i.e. approx. 60%, is met through domestic production. Packaging and specialty papers have witnessed a CAGR 9.14% and 11.64% respectively. Newsprint and Writing & Printing Paper capacity CAGR (2017-2020) have witnessed 2.6% and 5.89%. There has been a shift in the consumption pattern of paper in India. It is projected that the contribution of WPP and Newsprint will reduce to 40% from 45% in 2017. Reasons for this decrease in paper consumption are rise in digitization and greater penetration of online news applications and news feeds. Newsprint and WPP consumption ranges 2-2.9 and 5.5 Million tons respectively.

The paper industry is facing a tougher time and a constant and innovative approach will result in a sustained growth. Since the demand for the paper in India is still growing high & high there will be a better future for paper industry. The unstable conditions of the global newsprint market have not affected market demand except for the price increase in the raw material. The withdrawal of export from China, has created some space in the market which is expected to result in flourishing of local market.

**Newsprint Segment:** - Newsprint papers have witnessed the slowest growth in last few years compared to other paper segments except some unexpected growth in 2022. There has been slow growth in newspaper dailies due to the rise of digital applications and electronic media platforms. Consumer generally tracks national news through TV and the emerging trend of media reaching to the urban area, the increase in the literacy rate, has seen the spot in growth of Newsprint consumption in the rural part of India. Internally, the vernacular, startup edition are being found increased in the recent times. Regional- local news through newspapers. But with the per capita income increase, massive urbanization and with the GDP growth increase, there is all likelihood of newsprint demand to uptick further.

**Writing Paper Segment:** -WPP segment is expected to grow at the rate of 4% and expected to continue in momentum. Key segments which are heavy users of WPP are the service industry, publishing houses and education sector. This segment is expected to have heavy growth once the economy restores normal pace in the post Covid-19 scenario. This sector has direct co-relation with the rise in the Writing and Printing paper. Increased focus and higher budgetary allocations by Central and respective State Govts. on school education, pharmaceutical sector, Health, and family welfare sector, rise in number of centers of higher education, double digit growth in FMCG sector during FY 2021-22 approx. 27.9%, and e-Commerce sector expected to grow at a CAGR 27% up to FY 2026.

**Future Outlook for Nepa Ltd:** - Growth in the Indian paper industry is inextricably linked to structural economic factors like population growth rate, transition in demography, improvements in literacy rates, higher spending on education by Govts and phenomenal growth in print and media industry. Given free access to domestic market industry is exposed to the international competition.

Indian paper has also seen a paradigm shift in the demand pattern and consumer preferences. The increase in income level of middle-income group and phenomenal growth in higher education also professional tie ups with global universities has changed the mindset and behaviors of consumers with their preferences. Demand for quality and cost-effective paper is

on the increase at a fast pace. Increasing health consciousness post Covid-19 and subsequent environmental concerns will propel the demand of specialty papers viz high-quality tissue with sanitization, face protection disposable but cheap masks and as a substitute of plastic in every walk of life, further for addressing hygienic concerns of masses.

Nepa Ltd stands at a cusp of its survival and turnaround in post Covid-19 upsurge will adversely impact the Indian economy. After the inauguration, the production has started, and a moderate production level has been achieved by Nepa despite of the shortage of skilled manpower and fluctuation in the prices of essential raw material and funds. Now with the flamboyant, present management and project leadership, and decisive lead role already undertaken by Administrative Ministry, the revived Nepa Ltd. will attend new heights by making the Balance Sheet positive.

The govt. has withdrawn the exemption of BCD and introduced 5% custom tariff on imported newsprint in 2020. Also, govt. has made it mandatory of the registration in the Paper Import Monitoring System (PIMS) for all the importers industry special economic zone/free trade and warehousing zone. These measures will help local industry to survive and cross over this critical time of market recovery after the Pandemic. Company management has left no stone unturned in resolving any of the intricate issues w.r.t supplier, contractor, fabricator, workforce etc.

The company is expected to diversify into the Writing & Printing segment in the second half of the year 2023. Since the profitability of W&P paper is higher compared to the Newsprint market the company is expected to make offsets of the losses and gain a new market base. The tie up with the printing houses and textbook manufacturers has already been started.

On completion of RMDP the Company will produce 100000 MT PA, Writing & Printing Paper and Newsprint paper depending on market demand and profitability equation. Roadmap for sourcing of input raw materials, chemicals and wire-fabrics etc. is on cards. We are hopeful of its grand turnaround.

**DATE: 16.10.2023**

**For & on behalf of Board**

**PLACE: New Delhi**

**COMMODORE SAURAV DEB(RETD.)**

**PRADEEP KUMAR NAIK**

**Chairman Cum Managing Director  
DIN: 09068496**

**Director Finance  
(Add. Charge)  
DIN: 08676709**

## Annexure to the Report of Board of Director

### Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

**As on the financial year ended on 31<sup>st</sup> March, 2023**

*[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 Shareregistry (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	% total turnover Of the company
1	Newsprint	4801	29.56%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the End of the year				%Change During the year
	D e-m at	Physical	Total	%o f Tot al Sha re	D e-m at	Physical	Total	%o f Tot al Sha re	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt.	-	1047477 344	1047477 344	97.11	-	1204297 344	1204297 344	97.47	0.36
c) State Govt.	-	3053729 0	3053729 0	2.83	-	3053729 0	3053729 0	2.47	-0.36
d) Bodies Corp.	-				-				-
e) Banks/FI	-				-				-
f) Any Other ...	-				-				-
Sub-total (A)(1):-	-	1078014 634	1078014 634	99.94	-	1234834 634	1234834 634	99.94	-
(2) Foreign	-				-				-
a) NRIs-Individuals	-				-				-
b) Other- Individuals	-				-				-
c) Bodies Corp.	-				-				-
d) Banks/FI	-				-				-
e) Any Other ...	-				-				-
Sub-total (A)(2):-	-				-				-
Total Shareholding of Promoters(A)=(A)(1) +(A)(2)	-	1078014 634	1078014 634	99.94	-	1234834 634	1234834 634	99.94	-
B. (1) Public Shareholding	-				-				-
a) Mutual Funds/Banks/FI	-				-				-
b) Central Govt.	-				-				-
c) State Govt.(s)	-				-				-
d) Venture Capital Funds	-				-				-
e) Insurance Companies	-				-				-
f) FIIs	-				-				-
g) Foreign Venture Capital Funds	-				-				-
h) Others(Specify)	-				-				-
Sub-Total(B)(1):-	-				-				-
(2) Non-Institutions	-				-				-

a) Bodies Corp.	-				-				-
(i) Indian	-				-				-
(ii) Overseas	-				-				-
b) Individuals	-				-				-
Individual shareholders Holding Nominal Share Capital upto Rs. 1 Lakh	-	654930	654930	0.06	-	654930	654930	0.05	-0.01
(i) Category-wise Share Holding: i) Individual shareholders Holding Nominal Share Capital in excess of Rs. 1 Lakh	-				-				-
( C ) Others, Hindu Undivided Family	-				-				-
(d) NRI's	-				-				-
Sub Total(B)(2):-	-	654930	654930	0.06	-	654930	654930	0.05	-
Total Public Shareholding(B)=(B)(1)+(B)(2)	-	654930	654930	0.06	-	654930	654930	0.05	-
C. Share held by Custodian for GDRs & ADRs	-				-				-
Grand Total (A+B+C)	-	1078669564	1078669564	100	-	1235489564	1235489564	100	-

**(ii) Shareholding of Promoters:**

S. 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	1047477344	97.11	-	1204297344	97.47	-	0.36
2	Governor of MP	30537290	2.83	-	30537290	2.47	-	-0.36
	Total	1078014634	99.94	-	1234834634	99.94	-	-

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

S. No.		Shareholding at the Beginning/end of the year		Change During The year	Reason	Cumulative Shareholding during the year	
	Name of Shareholder	No. of shares	% of total shares of the company	Increase/ Decrease		No. of shares	% of total shares of The
1.	President of India	1047477344	97.11%	Increased by allotment of 156820000 Equity Share of Rs. 5 each.	Allotment	1204297344	97.47%
2.	Governor of MP	30537290	2.83%	No change During the Year		30537290	2.47%

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

Sl.No.		Shareholding at the beginning of the year		Change During The year			Cumulative Shareholding during the year	
	Top ten Shareholders Name	No. of shares	% of total shares of the company	Date	Increase/ Decrease	Reason	No. of shares	% of total shares of The
1	KAUSHIK S. BHATT	11000	0.00		-		11000	0.00
2	AMMAR AYAZ	5000	0.00		-		5000	0.00
3	RAJU BHANDARI	5000	0.00		-		5000	0.00
4	MAHARAJA PRAVINCHANDRA	4000	0.00		-		4000	0.00
5	NARINDRA KAUR SACHDEVA	2500	0.00		-		2500	0.00
6	GOVIND PRASAD K. PODDAR	2200	0.00		-		2200	0.00
7	HIGHNESS M.K. MODINI DEVI	2000	0.00		-		2000	0.00
8	AMEET R. SUCHDE	2000	0.00		-		2000	0.00
9	YASHPAL KHANNA	1850	0.00		-		1850	0.00
10	CHUNILAL GAGALDAS SHAH	1580	0.00		-		1580	0.00

**(v) Shareholding of Directors and Key Managerial Personnel: NIL**

Sl. No.		Shareholding at the beginning of the year			Changes During The year			Cumulative Shareholding during the	
	Name of Directors and KMP (S/shri)	Date	No. of shares	% of total shares of the company	Date	Increase/ Decrease	Reason	No. of shares	% of total shares of the company
NIL									

**V. INDEBTEDNESS;****Indebtedness of the Company including interest outstanding/accrued but not due for payment:****(₹. in lakhs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits *	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	24680.00	-	24680.00
ii) Interest due but not	-	19865.95	-	19865.95
iii) Interest accrued but	-	1560.54	-	1560.54
<b>Total(i+ii+iii)</b>		46106.49	-	46106.49
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-		-
Reduction	-	-		-
<b>Net Change</b>				
<b>At the end of the financial year</b>				
Principal Amount	-	24680.00		24680.00
Interest due but not paid		24,631.15		24,631.15
Interest accrued but not		1,654.14		1,654.14
<b>Total (i+ii+iii)</b>	-	50,965.29		50,965.29

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: (In ₹.)****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:****(₹. in lakhs)**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager (S/shri)	Total Amount
		Cmde Saurav Deb	-
1	Gross Salary		
	(a) Salary as per provisions contained under section 17(1) of the Income-tax Act, 1961	33.98	-
	(b) Value of perquisites u/s 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 (Sitting Fee)	-	-
	<b>Total(A)</b>	33.98	33.98
	<b>Ceiling as per the Act</b>	N.A.	

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

Si. No.	Particulars of Remuneration	Name of Directors (S/shri)	Total Amount
1.	Independent Directors	Smt. Kamlawati Singh	-
	Fee for attending board/committee meetings	24000	24000
	Commission	-	0
	Others, please specify	-	0
	Total(1)	-	0
2	Other Non-Executive Directors	Smt. Padmapriya Balakrishnan	
	Fee for attending board/	-	-
	Commission	-	-
	Others, please specify	-	-
	Total(2)	-	-
	Total(B)=(1+2)	-	-
	Total Managerial Remuneration	NA	
	Overall Ceiling as per the Act	Sitting fee paid to independent directors is within overall ceiling as per Companies Act,2013.	

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CEO	Company Secretary & CFO	
			Mrs. Purnima Parashar Shri V.N Barole (till 31.12.2022)	
1	Gross salary		9.98 10.15	20.13
	(a)Salary as per provisions contained under section17(1) of the Income-taxAct,1961		- -	-
	(b)Value of perquisites u/s17(2) of Income-taxAct,1961		- -	-
	(c)Profits in lieu of salary under section 17(3) of Income-taxAct,1961		- -	-
2	Stock Option		- -	-
3	Sweat Equity		- -	-
4	Commission -as % of profit -others, specify...		- -	-
5	Others, please specify	NIL	- 9.98	- 20.13
	Total(C)		9.98 10.15	20.13

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

Type	Section of The Companies Act	Brief Descripti on	Details of Penalty / Punishment  / Compounding fees imposed	Authority [RD / NCLT  / COURT]	Appeal made, if any (give Details)
A.COMPAN Y					
Penalty					
Punishment					
Compounding					
B.DIRECTO RS					
Penalty					
Punishment			NIL		
Compounding					
C.OTHEROF FICERSINDE FAULT					
Penalty					
Punishment					
Compounding					



# FADNIS & GUPTE LLP

CHARTERED ACCOUNTANTS

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## Independent Auditors' Report

To,  
The Members of  
NEPA Limited  
Nepanagar (MP)

### Report on the Audit of the Standalone Financial Statements

#### Qualified Opinion

We have audited the standalone financial statements of NEPA Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit & Loss and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of 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, except for the effects of the matter described in the basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act 2013 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 March 31st, 2023 and its loss, and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

1. The Company has not made allotment of share application money pending allotment amounting to Rs.10,841 Lakhs within the prescribed time limit as per the provisions of Section 42 of the Companies Act, 2013. Out of the said amount a sum of Rs. 7,841 Lakhs has been allotted during the year, for which the statutory formalities with the Registrar of Companies are still pending.
2. The Company upon implementing Revival Mill Development Plan (RMDP) as approved by BIFR had dismantled various assets for setting up new plant and machineries. As per para 15 of Accounting Standard (AS)10- Property, Plant and Equipment, the Company needs to derecognise the carrying amount of assets on replacement in accordance with the de-recognition provisions. The Management has not identified and separated the same upon commissioning of new plant and completion of RMDP.
3. Discarded assets having net block of Rs. 96.21 Lakhs are appearing in the Balance Sheet under the head Property, Plant & Equipment for which no details are available with the

Company. No depreciation has been charged on such assets. We are unable to ascertain its existence and useful life. The Property, Plant & Equipment are overstated and accumulated losses are understated to that extent.

4. Trade receivables amounting to Rs.781.66 Lakhs (previous year Rs. 691.04 Lakhs) have been classified as unsecured and doubtful including the water supply charges recoverable from NEPA Nagar Palika. A provision of Rs. 287.51 Lakhs (previous year 287.51 Lakhs) for bad and doubtful debts has been made against such book debts. No provision has been made for the balance amount of Rs. 494.15 Lakhs which is doubtful for recovery. The trade receivables are overstated and the accumulated losses are understated to that extent.
5. The balance confirmation letters were issued to creditors for RMDP project amounting to Rs. 2,286.20 Lakhs and Trade Payables amounting to Rs. 1,738 Lakhs. Some of the parties have confirmed the balances, however such balances do not match with the balances appearing the books of accounts of the company. In absence of any proper reconciliation, it is not possible for us to ascertain the correctness of the creditors.
6. Deposits amounting to Rs. 50.54 Lakhs (previous year 50.38 Lakhs) are long recoverable. In absence of any latest confirmation to substantiate the recoverability of these deposits the recognition of the assets cannot be commented upon. No provision has been made in this regard.
7. The company does not have any process of obtaining any balance confirmations for trade payables and security deposits for capital goods (RMDP Project). No details are available with the Company regarding the schedule for payment to creditors and security deposits and therefore the classification of trade payable under current and non-current is not possible.
8. The Company has not identified sale of petrol/ diesel as a separate reportable business segment for the reasons mentioned in Note No 35 which is contrary to AS-17 Segment Reporting.
9. The GST records of the Company are not reconciled with the balances appearing in the books of accounts amounting to Rs. 3,550.40 Lakhs (previous year Rs. 3398.11 Lakhs). In absence of proper details, we are unable to comment on the correctness of GST receivable.
10. The outstanding recovery of Township Rent amounts to Rs. 328.55 Lakhs as against the provision for doubtful recovery of Township Rent amounting to Rs. 20.92 Lakhs. The same is inadequate considering the period of non-recovery of such rent. Its impact on the Statement of profit & loss cannot be ascertained in absence of any adequate details.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of

Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Emphasis of Matter**

1. We draw attention to Note No 32.2 that no provision for impairment has been made by the Management. We have relied on the information and explanation provided to us on the same.
2. We draw attention to Note No 33 that present value of obligation of gratuity amounting to Rs 1,844.47 Lakhs is recognised without reducing fair value of plan assets on the same. The net obligation after adjusting fair value of plan assets is Rs 500.36 Lakhs as against the total provision of Rs. 1,844.47 Lakhs in the Balance Sheet. However, the net liability as per the certificate of actuary obtained by the company is Rs. 238.25 Lakhs and as per the certificate provided by Life Insurance Corporation of India (LIC) is Rs. 171.75 Lakhs. No details are available with the company for such variation and the actual liability. The Management has decided not to reverse the provision already created in books on a conservative basis.
3. We draw attention to Note No 17.1 Claim Receivable included Rs. 726.73 Lakhs due from Employee Provident Fund Organisation (EPFO) 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. The said amount is not debited to the statement of profit & loss.

Our opinion in these matters is not modified.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note No. 40 to the financial statements which indicate that the net worth of the Company has been completely eroded and it has accumulated losses of Rs. 71,040.86 Lakhs. The net current liability exceeds its current assets by Rs. 25,980.15 Lakhs and there are no positive working capital funds.

The financial statements of the Company have been prepared on going concern basis as the Company has already commenced commercial production after implementation of revival plan known as RMDP as per the scheme approved by BIFR. The going concern is solely & entirely dependent on successful operations and settlement/ waiver of dues to Government.

Our opinion is not modified in respect of this matter.

### **Information Other than the Financial Statements and Auditor's Report Thereupon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Company's Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Company's Annual Report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

### **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 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the

Companies Act, 2013, we give in the Annexure A, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by the directions issued by the Comptroller and Audit General of India in terms of sub regulation (5) of section 143 of the Companies Act, 2013 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 *except for matters described in the basis of Qualified Opinion Paragraph above* have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Except for the possible effects of the matters described *in the Basis for Qualified Opinion Paragraph above*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, except as stated in the Basis for Qualified Opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021.
  - e) The matter described in the Basis for Qualified Opinion paragraph above and the going concern matter described in Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) The provisions of Section 164(2) of the Act are not applicable to directors of the Company being a government company.
  - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above and in our separate Report in “**Annexure C**” below.
  - h) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company, refer to our separate Report in “**Annexure C**”. Our report expresses a modified opinion on internal financial controls with reference to standalone financial statements.
  - i) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, the provisions of Section 197 of the Companies Act, 2013 are not applicable to a Government Company as per Notification No. GSR 463(E) dated 05.06.2015.

- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note. **39** to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note No. 46(n) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the Note No. 46(n) to the accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. No dividend has been declared or paid during the year by the company. Therefore, the provisions of section 123 of the Companies Act 2013 are not applicable.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using software which has a feature of audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rule, 2014 is not applicable for the financial year ended March 31, 2023.

**Place: New Delhi Camp**

**Date: 28.08.2023**

**UDIN: 23074814BGSAHY3047**

**For Fadnis & Gupte LLP**

**Chartered Accountants**

**FRN 006600C/C400324**

**(CA Vikram Gupte)**

**Partner**

**M.No.: 074814**

**Annexure –‘A’ to the Independent Auditors’ Report****As referred to in our Independent Auditor’s Report of even date to the members of NEPA Limited for the year ended March 31, 2023**

- (i) (a) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The company is maintaining records on yearly basis for additions/ deletions made during that year showing full particulars of intangible assets.
- (b) The management, during the year, has physically verified the Property, Plant and Equipment of the company except assets transferred from Capital Work In Progress to Property Plant and Equipment and block of discarded assets during the year and no material discrepancies were noticed on such physical verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) As informed and explained to us, the management has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (previously known as Benami Transactions (Prohibition) Act, 1988) and rules made thereunder.
- ii. (a) As informed and explained to us the inventory has been physically verified during the year on yearly basis by the management. In our opinion, the frequency of verification needs to be strengthened in view of the nature & size of the business. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed during such physical verification by the management.
- (b) As informed and explained to us by the management, the company has not been sanctioned any working capital limits from banks or financial institutions and therefore clause (ii)(b) is not applicable.
- iii. The company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties and hence reporting under clause (iii) of the Order is not applicable.

- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and investments covered within the provisions of section 185 and 186 of the Act.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits under section 73 to 76 or any other relevant provisions of Companies Act, 2013 and rules framed thereunder. Hence, reporting under clause (v) of the Order is not applicable.
- vi. The prescribed accounts and records have been made and maintained in accordance with the said rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act. However, the same are not made available to us for review by the Company.
- vii. (a) According to the books of accounts and records examined by us as per the generally accepted auditing practices in India, in our opinion, the company has been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employee's state insurance, Income-Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2023 for a period of more than six months from the date they became payable.
- (b) There are no disputed dues on account of statutory dues referred to in sub-clause (a) that have not been deposited on account of any dispute except the followings:

Particulars	Period	Amount (in Lakhs)	Forum where dispute is pending
Entry Tax	2008-09	4.49	M.P. Commercial Tax Appellate Board, Indore
VAT Tax	2009-10	75.65	M.P. Commercial Tax Appellate Board
Entry Tax	2009-10	7.16	M.P. Commercial Tax Appellate Board
VAT Tax	2010-11	10.42	M.P. Commercial Tax Appellate Board
Property Tax and Interest thereon	1993-94 to 2022-23	202.01	M.P. High Court, Jabalpur Bench
Mandi Tax	1998	35.95	M P High Court, Jabalpur

- viii. According to the explanations and information given to us by the management and as verified by us, there are no transactions which were not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) The Company has defaulted in repayment of loans or borrowings to Government as at balance sheet date, the details of which are mentioned below

(Amount in ₹.)

Nature of borrowing, including debt securities	Name of lender	Amount not paid on due date	Whether principal or interest	No. of days delay or unpaid	Remarks, if any
NO.7(10)/2011 PE VII-I) DT 02-07-2012	Government of India	33,45,55,487/-	Both principal and interest	July 6, 2017	
NO.7(10)/2011 PE VII-II) DT 02-07-2012		9,24,54,661/-		July 6, 2017	
NO.7(10)/2011 PE VII-I) DT 18-03-2013		32,74,08,960/-		March 23, 2018	
NO.7(10)/2011 PE VII-II) DT 18-03-2013		3,75,62,330/-		March 23, 2018	
7(9)/2013/PE-VII (I) DT 19-09-2013		48,34,26,220/-		July 20, 2018	
7(9)/2013/PE-VII (II) DT 16-09-2013		9,04,40,540/-		July 20, 2018	
7(9)/2013/PE-VII (I) DT 12-03-2014		29,70,77,893/-		March 15, 2019	
7(9)/2013/PE-VII (I) DT 12-03-2014		3,22,91,075/-		March 15, 2019	
7(13)/2013/PE-VII DT 07-03-2014		46,51,43,088/-		March 12, 2022	
7(12)/2014/PE-VII DT 08-10-2014		39,02,75,824/-		October 10, 2019	
7(12)/2014/PE-VII DT 08-10-2014		46,66,12,794/-		October 10, 2019	
7(12)/2014/PE-VII DT 20-01-2020		27,13,94,907/-		January 21, 2023	
7(12)/2014/PE-VII DT 27-01-2022		6,20,36,772/-		February 02, 2023	
7(12)/2014/PE-VII/CPSE-III DT 21-03-2022		4,84,37,596/-		March 31, 2023	

- (b) According to the information provided to us by the management, the company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.
- (c) No term loans have been sanctioned and disbursed during the year. Hence, clause (ix)(c) of the order is not applicable to the Company.
- (d) According to the information and explanation given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that funds raised on short term basis have been used for long term purposes by the company to cover the losses .
- (e) The company does not have any subsidiary, associate or joint venture and therefore clause (ix)(e) is not applicable.
- (f) The company does not have any subsidiary, associate or joint venture and therefore clause (ix)(f) is not applicable.
- x. (a) The Company did not raise any money by way of initial public offer/ further public offer (including debt instruments) during the year.
- (b) The company has made preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year for which the statutory formalities with the Registrar of Companies are still pending.
- xi. (a) According to the information and explanations given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) As per our information and according to the explanations given to us, no whistle blower complaints were received by the company during the year.
- xii. In our opinion, the company is not a Nidhi Company and therefore, the provisions of clause (xii)(a), (xii)(b) and (xii)(c) of para 3 of the said order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company does not have Internal Audit system commensurate with the nature and size of business with reference to the scope of the audit and the remedial measures taken by the Management.
- (b) The reports of the Internal Auditors for Quarter ended 31<sup>st</sup> March 2023 have not been made available to us till the date of this report. We have considered the reports of the Internal Auditors till the period ended 31<sup>st</sup> December 2022.

- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- xvi. (a) According to the information and explanations given to us by the management, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.  
 (b) According to the information and explanations given to us by the management, the company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.  
 (c) According to the information and explanations given to us by the management, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.  
 (d) According to the information and explanations given to us by the management, the Group does not have any CIC as part of the Group, hence clause (xvi)(d) of paragraph 3 of the said order is not applicable to the company.
- xvii. The company has incurred cash losses amounting to Rs. 9,415.17 Lakhs in the current financial year and Rs. 5,907.34 Lakhs in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, in our knowledge of the Board of Directors and management plans, we are of the opinion that material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. According to the information and explanations given to us by the management, and on the basis of our examination of the records of the company, the company is not required to spend any amount as per the requirement of section 135 of the Companies Act, 2013, and therefore sub-clauses (a) and (b) of clause (xx) of para 3 are not applicable.
- xxi. Since this report is being issued in respect of standalone financial statements of the company, hence clause (xxi) of paragraph 3 of the said Order is not applicable.

**Place: New Delhi Camp**  
**Date: 28.08.2023**  
**UDIN: 23074814BGS AHY3047**

**For Fadnis & Gupte LLP**  
**Chartered Accountants**  
**FRN 006600C/C400324**  
**(CA Vikram Gupte)**  
**Partner**  
**M.No.: 074814**

**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.

S.No	CAG Directions	Auditor's Observations
1	Whether the company has a 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 uses Fox Pro for recording the accounting transactions. All the accounting transactions are processed through such IT system. During the course of our audit, we have not come across any financial transaction processed outside IT System.  We are unable to ascertain the integrity of the accounts along with it's financial implications, if any.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of Lender Company).	There are no such cases.
3	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and condition? List the cases of deviation.	Funds (grants/subsidy etc.) have been received for specific purposes from Central/State government and the funds are properly accounted for/ utilized as per its terms and conditions.

**Place: New Delhi Camp**  
**Date: 28.08.2023**  
**UDIN: 23074814BGS AHY3047**

**For Fadnis & Gupte LLP**  
**Chartered Accountants**  
**FRN 006600C/C400324**  
**(CA Vikram Gupte)**  
**Partner**  
**M.No.: 074814**

## Annexure 'C'

**Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to Standalone Financial Statements of **NEPA Limited**, ("the Company"), as of 31<sup>st</sup> March 2023 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 with reference to financial statements 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 with reference to standalone financial statements 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 with reference to standalone financial statements 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 control system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements 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 with reference to standalone financial statements 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 the 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 with reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Qualified opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2023:

- a) The control with respect to making accounting entries in the books of accounts is not adequate and does not commensurate with the size and nature of the business.
- b) The Company's internal financial controls over control of inventory comprising of raw materials, loose tools, spare parts and finished goods appearing in the financial statements needs improvement in terms of regular monitoring of non/slow moving, obsolete inventory items.
- c) The process of balance confirmations from the trade receivables, trade payables and advances given by the company needs to be developed; the Company still needs to assess the correct position of the receivables in terms of their recoverability.
- d) The accounting system of the Company is not able to provide ageing of trade payable, trade receivables, capital work-in-progress and recovery of house rent classified under Accrued Income Receivable.
- e) The Company is required to undertake the process of reconciliation of account balances with the vendors of the RMDP project as due to the long tenure of the project and substantial expenditure by the Company.
- f) The process of recording bank transactions is inadequate. Bank Reconciliation Statements not prepared on regular basis. Entries are not updated on real time basis. There

is substantial delay in accounting the bank entries. Regular entries are not made in accounting software, all the entries are consolidated and passed on 31.03.2023 due to which regular bank Reconciliation process will not be completed.

- g) The cheque book register is not maintained by the Department as all the entries are directly fed in computer system. There is no control if the cheques are issued and not entered in the system.
- h) There are long outstanding opening balances appearing in the books for which no details are available with the company. The same needs to be written off/back from the books.
- i) Various financial information is available with different sections and the company lacks the coordination required for preparation of financial statements needs to be strengthened. The control for year-end financial close and reporting process does not commensurate with the size and nature of the business.
- j) All the entries related to Purchase of newsprint are recorded in the on a single day in the accounting system used by the Company, due to which there exists the risk of incorrect and incomplete recording of transactions and related expenses and income there on.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Except as cases listed above the Company has, in all material respects, maintained adequate internal financial controls with reference to financial statements as of March 31, 2023. The internal control with reference to financial statements 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, and except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2023.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2023 of financial statements of the Company, and these material weaknesses do not affect our qualified opinion on the standalone financial statements of the Company.

**Place: New Delhi Camp**  
**Date: 28.08.2023**  
**UDIN: 23074814BGS AHY3047**

**For Fadnis & Gupte LLP**  
**Chartered Accountants**  
**FRN 006600C/C400324**  
**(CA Vikram Gupte)**  
**Partner**  
**M.No.: 074814**

NEPA LIMITED

NEPA LIMITED NEPANAGAR (M.P.) CIN:U21012MP1947GOI000636 BALANCE SHEET AS ON 31 <sup>ST</sup> MARCH, 2023			
	NOTE	AS ON 31.03.2023	(₹. In Lakhs) AS ON 31.03.2022
<b>I EQUITY AND LIABILITIES</b>			
<b>1) SHAREHOLDER'S FUNDS</b>			
(a) SHARE CAPITAL	2	69,432.78	61,591.78
(b) RESERVES & SURPLUS	3	(71,040.86)	(60,461.22)
<b>2) SHARE APPLICATION MONEY PENDING FOR ALLOTMENT</b>	4	3,000.00	10,841.00
<b>3) NON-CURRENT LIABILITIES</b>			
(a) LONG-TERM BORROWINGS	5	9,258.80	11,923.00
(b) LONG TERM PROVISIONS	6	2,532.72	2,337.62
<b>4) CURRENT LIABILITIES</b>			
(a) SHORT-TERM BORROWINGS	7	15,421.20	12,757.00
(b) TRADE PAYABLES	8		
(I) TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES	8a	654.01	11.02
(II) TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO ENTERPRISES AND SMALL ENTERPRISES	8b	1,083.99	1,022.73
(c) OTHER CURRENT LIABILITIES	9	29,910.30	26,421.24
(d) SHORT TERM PROVISIONS	10	164.43	343.24
<b>GRAND TOTAL</b>		<b>60,417.37</b>	<b>66,787.41</b>
<b>II ASSETS</b>			
<b>1) NON-CURRENT ASSETS</b>			
(a) PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS	11		
(i) PROPERTY, PLANT & EQUIPMENT	11a	38,607.31	1,426.88
(ii) CAPITAL WORK IN PROGRESS	11b	475.26	35,971.64
(iii) INTANGIBLE ASSET UNDER DEVELOPMENT (ERP)	11c	4.70	-
(b) LONG TERM LOANS & ADVANCES	12	25.77	28.70
(c) OTHER NON CURRENT ASSETS	13	50.54	50.38
<b>2) CURRENT ASSETS</b>			
(a) INVENTORIES	14	3,949.31	445.08
(b) TRADE RECEIVABLES	15	498.45	411.68
(c) CASH & BANK BALANCES	16	10,073.10	23,230.23
(d) SHORT- TERM LOANS & ADVANCES	17	6,120.27	4,804.82
(e) OTHER CURRENT ASSETS	18	612.66	418.01
<b>GRAND TOTAL</b>		<b>60,417.37</b>	<b>66,787.41</b>
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	02 TO 48		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR FADNIS & GUPTA LLP

CHARTERED ACCOUNTANTS  
FRN: 006600C/ C400324  
CA VIKRAM GUPTA  
PARTNER  
M.NO. 074814

FOR AND ON BEHALF OF THE OF THE BOARD OF DIRECTORS

PRADEEP KUMAR NAIK  
DIRECTOR FINANCE  
(ADD. CHARGE)  
DIN: 08676709

CMDE SAURAV DEB  
CHAIRMAN CUM MANAGING DIRECTOR  
DIN: 09068496

PLACE : NEW DELHI  
DATE: 28.08.2023

PURNIMA PARASHAR  
COMPANY SECRETARY  
M.No. A36079

CHHABINATH VERMA  
CHIEF FINANCIAL OFFICER

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

(₹. In LAKHS)

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2023**

<b>PARTICULARS</b>	<b>NOTE</b>	<b>Period ended on 31st March 2023</b>	<b>Period ended on 31st March 2022</b>
<b>I REVENUE FROM OPERATIONS</b>	19	2,717.17	2,069.90
<b>II OTHER INCOME</b>	20	1,351.55	1,015.40
<b>III TOTAL REVENUE</b>		<b>4,068.72</b>	<b>3,085.30</b>
<b>IV. EXPENSES</b>			
(a) COST OF MATERIALS CONSUMED	21	2,875.24	-
(b) PURCHASE OF STOCK-IN-TRADE	22	1,607.73	1,213.77
(c) CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE	23	(2,559.35)	(53.52)
(d) EMPLOYEE BENEFIT EXPENSES	24	3,097.71	2,230.55
(e) FINANCE COST	25	4,867.48	4,394.14
(f) DEPRECIATION & AMORTIZATION	11	1,164.43	82.55
(g) OTHER EXPENSES	26	3,151.46	1,207.69
<b>TOTAL EXPENSES</b>		<b>14,204.69</b>	<b>9,075.18</b>
<b>V PROFIT/(LOSS) BEFORE EXCEPTIONAL &amp; EXTRA- ORDINARY ITEMS</b>		<b>(10,135.97)</b>	<b>(5,989.89)</b>
<b>VI EXCEPTIONAL ITEMS(INCLUDES PRIOR PERIOD ITEM OF ₹. 475.36 LAKHS (REFER NOTE 45)</b>		443.63	-
<b>VII PROFIT/(LOSS) BEFORE EXTRA ORDINARY ITEMS AND TAX</b>		<b>(10,579.60)</b>	<b>(5,989.89)</b>
<b>VIII EXTRAORDINARY ITEMS</b>		-	-
<b>IX PROFIT/(LOSS) BEFORE TAX</b>			
<b>X TAX EXPENSE</b>			
CURRENT TAX		-	-
DEFERRED TAX		-	-
<b>XI PROFIT/(LOSS) FOR THE PERIODS FOR CONTINUING OPERATIONS</b>		<b>(10,579.60)</b>	<b>(5,989.89)</b>
<b>XII PROFIT/(LOSS) FOR THE PERIODS FROM DISCONTINUING OPERATIONS</b>		-	-
<b>XIII TAX EXPENSE OF DISCONTINUING OPERATIONS</b>		-	-
<b>XIV PROFIT/(LOSS) FOR THE PERIODS FROM DISCONTINUING OPERATIONS(AFTER TAX)</b>			
<b>XV PROFIT/(LOSS) AFTER TAX</b>		<b>(10,579.60)</b>	<b>(5,989.89)</b>
<b>EARNING PER EQUITY SHARE</b>			
BASIC		(0.96)	(0.56)
DILUTED		(0.96)	(0.56)
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES TO ACCOUNTS</b>	02 TO 48		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR FADNIS &amp; GUPTA LLP

FOR AND ON BEHALF OF THE OF THE BOARD OF DIRECTORS

CHARTERED ACCOUNTANTS  
FRN: 006600C/ C400324  
CA VIKRAM GUPTA  
PARTNER  
M.NO. 074814

PRADEEP KUMAR NAIK  
DIRECTOR FINANCE  
(ADD. CHARGE)  
DIN: 08676709

CMDE SAURAV DEB  
CHAIRMAN CUM MANAGING DIRECTOR  
DIN: 09068496

PLACE : NEW DELHI  
DATE: 28.08.2023

PURNIMA PARASHAR  
COMPANY SECRETARY  
M.No. A36079

CHHABINATH VERMA  
CHIEF FINANCIAL OFFICER

<b>NEPA LIMITED</b> <b>NEPANAGAR (M.P.)</b> <b>CIN : U21012MP1947GOI000636</b> <b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023</b>		
<b>Particulars</b>	<b>Year ended 31st March 2023</b>	<b>(₹. In Lakh) Year ended 31st March 2022</b>
<b><u>A. Cash Flow from Operating Activities</u></b>		
Net Profit/(Loss) before Extra Ordinary Items and Tax	(10,579.60)	(5,989.89)
<b><u>Adjustment for:</u></b>		
Interest Earned	(786.05)	(611.10)
Depreciation	1,164.43	82.55
Provisions & Liabilities Written Back	(31.74)	(19.43)
(Profit)/ Loss on sale of Fixed Assets	-	1.26
Interest & Finance Charges	4,867.48	4,394.14
	<b>(5,365.48)</b>	<b>(2,142.47)</b>
<b>Operating Profit (before working Capital changes)</b>		
(Increase) / Decrease Inventories	(3,472.55)	87.77
(Increase) / Decrease Trade and other Receivables	(86.77)	(94.02)
(Increase) / Decrease Other Bank Balances	7,400.65	3,012.51
(Increase) / Decrease Short Term Loan & Advances	(1,856.00)	(1,049.57)
(Increase) / Decrease in Other Current Assets	(30.21)	(118.88)
Increase / (Decrease) Trade payables	704.25	74.51
Increase / (Decrease) in Provisions	16.25	1.40
Increase / (Decrease) in Other Current Liabilities	(1,369.73)	3,359.76
	<b>1,305.90</b>	<b>5,273.47</b>
Income Tax Paid	-	-
<b>CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>	<b>(4,059.58)</b>	<b>3,131.00</b>
<b><u>B. Cash flow from Investing activities</u></b>		
(Purchase)/ Sale of Property, Plant & Equipments	(77.00)	(11.38)
Investment in RMDP Project (CWIP)	(2,230.93)	(4,279.89)
(Purchase)/Sale of Intangible Assets under development	(4.70)	-
(Increase)/Decrease in Long Term Loans & Advances	2.93	279.86
(Increase)/Decrease in Fixed Deposit	1,969.07	(2,205.96)
Interest Earned	621.61	611.10
<b>CASH GENERATED FROM INVESTING ACTIVITIES (B)</b>	<b>280.98</b>	<b>(5,606.26)</b>
<b><u>C. Cash flow from Finance Activities</u></b>		
Bank Overdraft	-	(400.41)
Transfer from Subsidy Reserve during the year	0.05	0.05
Proceeds of GOI Loan	0.00	3,163.99
Interest and Financial charges paid	(8.70)	(4,394.14)
Proceeds from Share Application Money	-	7,841.00
<b>CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>(8.65)</b>	<b>6,210.49</b>
<b>Net inflow/outflow in cash &amp; cash equivalents (A-B-C)</b>	<b>(3,787.25)</b>	<b>3,735.23</b>
 Add:- Opening Cash and Cash equivalents	 4,169.84	 434.61
 Closing Cash & Cash equivalents	 <b>382.59</b>	 <b>4,169.84</b>

Note :

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

The Cash & Bank Balances as per Balance Sheet ₹.10073.10 Lakhs include Cash & Cash Equivalents ₹. 382.59 Lakhs (Previous Year ₹.4169.84 Lakhs) and Other Bank Balances ₹. 9690.50 Lakhs (Previous Year ₹.19060.39 Lakhs).  
Previous year's figures have been regrouped/reclassified wherever necessary.

SIGNIFICANT ACCOUNTING POLICIES NOTES ON FINANCIAL STATEMENTS  
AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR FADNIS & GUPTA LLP

CHARTERED ACCOUNTANTS  
FRN: 006600C/ C400324  
CA VIKRAM GUPTA  
PARTNER  
M.NO. 074814

FOR AND ON BEHALF OF THE OF THE BOARD OF DIRECTORS

PRADEEP KUMAR NAIK  
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PLACE : NEW DELHI  
DATE: 28.08.2023

PURNIMA PARASHAR  
COMPANY SECRETARY  
M.No. A36079

CHHABINATH VERMA  
CHIEF FINANCIAL OFFICER

## Notes on Financial Statements for the year ended on 31<sup>st</sup> March, 2023

### Note 1

#### Corporate Information

Nepa Limited (“the Company”) is a Newsprint manufacturing company of India, which is located at Nepanagar, Dist. Burhanpur (M.P.) with an initial installed capacity of 30,000 TPA. The then Prime Minister Late Shri Pandit Jawaharlal Nehru dedicated the mill to the nation on 26<sup>th</sup> 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 were 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 due to which the company continuously ran into losses.

The Company has successfully implemented GOI approved Revival and Mill Development Plan (RMDP) sanctioned by BIFR in March 2014 on 22<sup>nd</sup> August 2022. Under RMDP, a new 300 TPD De-inking plant is installed and Paper Machine & Captive Power Plant are renovated to revive the company and reduce the financial distress.

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of Preparation and Presentation

The financial statements are prepared and presented on the basis of going concern under historical cost basis on accrual basis of accounting in accordance with the accounting principles generally accepted in India (‘Indian GAAP’) and comply with the Accounting Standards specified u/s 133 of Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2021.

The accounting policy has been consistently applied by the Company and is consistent with those used in the previous years. 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

##### 2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### 3. Property, Plant and Equipment (PPE)

###### (i) Recognition and Measurement

PPE is measured on initial recognition at cost net of taxes/duties, credits availed, if any, and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of PPE includes borrowing costs directly attributable to acquisition, construction or production of qualifying assets. Qualifying assets are assets which necessarily take a substantial period of time to get ready for its intended use.

Machinery spares that meet the definition of PPE are capitalized and depreciated over the useful life of the principal item of the asset.

Spare parts procured along with the Plant & Machinery or subsequently which meet the recognition criteria, are capitalised and added in the carrying amount of the asset of such item. The carrying amount of those spare parts that are replaced is derecognised when no

future economic benefit are expected from their use or upon disposal. Other machinery spares are treated as stores & spares forming part of inventories.

Loose Tools are charged to consumption in the year of issue, irrespective of their life.

**(ii) Subsequent expenditure**

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

**(iii) De-recognition**

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the item. Any gain or loss arising on disposal or retirement of item of PPE is determined as the difference between the sale proceeds and the carrying amount of the item and is recognized in the statement of profit and loss in the period in which the PPE is derecognized.

**(iv) Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment on 95% of the acquisition cost as per Companies Act using the straight-line method. Remaining 5% of the value is retained in the books.

However, in case of the following assets, whose useful life is determined based on technical assessment by the management has been taken as under:

<b>Class of Asset</b>	<b>Period for Depreciation</b>
Plant and Machinery and water works	18 years
Railway Siding	18 years
Diesel Generator Set	10 years
Tractor & Oil Engines	10 years
Fire Extinguisher Equipment	10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **4. Intangible Assets**

**Acquired intangible**

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognised in statement of profit and loss as and when incurred.

**Amortisation**

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method and is included in depreciation and amortisation in Statement of Profit and Loss.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

**Derecognition**

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**5. Capital Work-in-Progress**

- (i) Expenditure incurred on assets under construction (including RMDP project) is carried at cost under Capital Work-in Progress. Such costs comprise purchase price of asset including import duties and non-refundable taxes after deducting trade discounts and rebates and costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (ii) Cost directly attributable to projects under construction include costs of employee benefits, expenditure in relation to survey and investigation activities of the projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, professional fees, expenditure on upgradation, among others of common public facilities, depreciation on assets used in construction of project, interest during construction and other costs if attributable to construction of projects. Such costs are accumulated under 'Capital Work-in-Progress' and subsequently allocated on systematic basis over major assets, other than land and infrastructure facilities, on commissioning of projects.
- (iii) Capital Expenditure incurred for creation of facilities, over which the Company does not have control but the creation of which is essential principally for construction of the projects is capitalised and carried under 'Capital work –in- Progress' and subsequently allocated on systematic basis over major assets, other than land and infrastructure facilities, on commissioning of projects, keeping in view the 'attributability' and the 'Unit of Measure' concepts in AS 16- 'Property, Plant & Equipment'. Expenditure of such nature incurred after completion of the project, is charged to Statement of Profit & Loss.

**6. Inventories**

- (i) Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprise of cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.
- (ii) The cost formulas used is Weighted Average Cost in case of raw material, stores and spares, packing materials and other products.
- (iii) Raw material in transit, stores in transit and under inspection, stock in process, inventory is valued on the formula of direct attributed cost.
- (iv) The closing stock of Petrol, Diesel, Lubricant oil and Extra Premium Petrol is valued at cost based on First in First Out.
- (v) The closing stock of coal is valued on the Weighted Average Cost
- (vi) The closing stock of scrap is valued as Net Realisable Value ( Sales price less any expenses on sale)
- (vii) Stock of coal cinder and coal 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 takes place in the last quarter the average rate of previous quarter is considered for valuation.
- (viii) No adjustment is made for self-consumption of newsprint and re-pulping of rejected and old stock of newsprint.
- (ix) Shortage/excess found during physical verification of inventories is adjusted to consumption.
- (x) 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.

**7. Foreign Currency Transactions**

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are translated at the closing exchange rate and the resultant exchange differences are recognized in the Profit & Loss Account.

**8. Revenue Recognition**

Revenue is recognized net of Goods and Service Tax, rebates and discounts and VAT to the extent it is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**9. 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.

**10. Subsidies and Grants**

Subsidies and Grants of revenue nature are recognized where there is reasonable assurance that the enterprise will comply with the conditions attached to them and where such benefits have been earned by the enterprise and it is reasonably certain that the ultimate collection will be made. Subsidies received from M.P. Housing Board have been shown net off amount transferred to the Statement of Profit & Loss. Grant received from MP Govt. against the salary of school staff has been net off from the school expenses shown under other expenses in Statement of Profit & Loss during the year.

**11. 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.

**12. 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.

**13. 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.

**14. Employee Benefit Expenses****Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognized in the statement of Profit and Loss as an expense at the undiscounted amount on an accrual basis.

**Defined Benefit Plans**

- (i) 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.

- (ii) The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the unit credit method.
- (iii) 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.
- (iv) Actuarial gain and losses are recognized immediately in the Statement of Profit & Loss made at the end of the year.
- (v) The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

#### **Defined Contribution Plans**

The Contributory Provident Fund administered by Provident Fund Commissioner are defined contribution plans. The Company's contribution paid/payable under the schemes is recognized as expense in the Statement of Profit & Loss during the period in which the employee renders the related service. Further the company pays Employees Di-link Insurance for employees as a voluntary contribution.

#### **15. 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.

#### **16. Taxation**

- (i) 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 is to be recognised in the books for the all the timing differences. This is based on the principle that the financial statements for a period should recognise the tax effect, whether current or deferred, of all the transactions occurring in that period. However deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Thus the company has not provided for Deferred Tax resulting from timing differences between taxable income and accounting income due to carried forward business loss and unabsorbed depreciation as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### **17. Provisions, contingent liabilities and contingent assets**

- (i) 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) 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 are neither recognized nor disclosed in the financial statements

#### **18. Earning Per Equity Shares**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the

Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

**19. Leases**

The Company as a lessee classifies leases, where the lessor effectively retains substantially all the rights and benefits of ownership over the lease term. Operating lease rentals are recognized as an expense over the lease period.

**20. Operating Cycle**

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification based on its operating cycle. The Company has identified twelve months as its operating cycle.

**A. An asset is treated as current when it is:**

- a. Expected to be realised or intended to be sold or consumed in normal operating cycle;
- b. Held primarily for the purpose of trading;
- c. Expected to be realised within twelve months after the reporting period, or
- d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**B. A liability is current when:**

- a. It is expected to be settled in normal operating cycle;
- b. It is held primarily for the purpose of trading;
- c. It is due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**21. Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

The preparation of financial statements requires management to make estimates assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expenditure for the periods presented. Actual results may differ from the estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on ongoing basis. Impact on account of revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

**(i) Recoverability of Trade receivables**

The impairment provision of Trade receivables are based on assumptions about risk of default and period outstanding. The Company uses judgments in making assumptions based on the Companies past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(ii) Provisions**

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

NEPA LIMITED NEPANAGAR (M.P.)		
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023		
NOTE NO. 02 =====		
SHARE CAPITAL		(₹. In Lakhs)
PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022
<b>I. AUTHORISED SHARE CAPITAL</b>		
a) 1,29,83,40,000 Equity Share of ₹.5/- each (Previous year 108,00,00,000 Equity Share of ₹.5/- each)	64,917.00	54000.00
b) 15,08,300, 7% Non- Cumulative Preference Share of ₹. 1000 each. (Previous Year 15,08,300, 7% Non- Cumulative Preference Share of ₹. 1000/- each)	15,083.00	15,083.00
(REFER NOTE NO. 29 OF NOTES TO ACCOUNTS)	80,000.00	69,083.00
<b>II. ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
a) 1,23,54,89,564 Equity Shares of ₹. 5/- each Fully Paid up (Previous Year 107,86,69,564 Equity Shares of ₹. 5/- each Fully Paid up )	61,774.48	53,933.48
<u>Add:</u> Forfeited Equity Shares 97,780 (97,780) Equity Share of ₹.10/-each Fully Paid up	4.30	4.30
	61,778.78	53,937.78
b) 7% Non Cumulative Preference Share 7,65,400 of ₹. 1,000/- each  (Previous Year 7,65,400 preference share of ₹. 1,000/- each)	7,654.00	7,654.00
<b>Total (a+b)</b>	69,432.78	61,591.78
<b>III. Par Value per Share</b> 1,23,54,89,564 Equity Shares 7% 7,65,400 Non Cumulative Preference Share	₹. 5/Share ₹. 1000/Share	₹. 5/Share ₹. 1000/Share
<b>IV. RECONCILIATION OF NUMBER OF SHARE OUTSTANDING AT THE BEGINNING AND THE END OF THE REPORTING PERIOD</b>		
<b>PARTICULARS</b>	<b>AS ON 31.03.2023</b>	<b>AS ON 31.03.2022</b>
(I) EQUITY SHARE OF ₹.5/- EACH FULLY PAID UP OPENING BALANCE	1,07,86,69,564	1,07,86,69,564
<u>ADD:</u> SHARES ALLOTTED DURING THE YEAR	15,68,20,000	-
<b>CLOSING BALANCE</b>	1,23,54,89,564	1,07,86,69,564
(II) 7% NON-CUMULATIVE PREFERENCE SHARES OF ₹.1000/- EACH FULLY PAID UP OPENING BALANCE	7,65,400	7,65,400
<u>ADD:</u> ISSUED DURING THE YEAR	-	-
<u>LESS:</u> REDUCED DURING THE YEAR	-	-
<b>CLOSING BALANCE</b>	7,65,400	7,65,400
<b>TOTAL</b>	1,23,62,54,964	1,07,94,34,964

NOTE: 1.COMPANY HAS FORFEITED 97,780 NO. OF EQUITY SHARES (PAR VALUE WAS ₹. 10/SHARE) IN EARLIER YEARS DUE TO NON-PAYMENT.				
<b>E. THE COMPANY HAS TWO CLASS OF SHARES. DETAILS OF WHICH ARE AS FOLLOWS:</b>				
EQUITY SHARES @ ₹.5/SHARE- EACH HOLDER OF EQUITY SHARE IS ENTITLED TO ONE VOTE PER SHARE. IN THE EVENT OF LIQUIDATION OF THE COMPANY, THE HOLDERS OF EQUITY SHARES WILL BE ENTITLED TO RECEIVE ANY OF THE REMAINING ASSETS OF THE COMPANY, AFTER DISTRIBUTION OF ALL PREFERENTIAL AMOUNTS.				
NON CUMULATIVE PREFERENCE SHARES @ ₹. 1,000/SHARE- PREFERENCE SHAREHOLDER DO NOT HAVE RIGHT TO VOTE BUT THEY HAVE PREFERENCE IN PAYMENT OF DIVIDEND AND ENTITLED TO RECEIVE ANY OF THE REMAINING ASSETS OF THE COMPANY, BEFORE DISTRIBUTION TO EQUITY SHAREHOLDERS. ALSO HAVE RIGHT TO RECEIVE DIVIDEND (MISSED IN PAST DUE TO LOSSES OF COMPANY) AT THE TIME WHEN PROFIT ARISES.				
<b>F. SHAREHOLDING OF MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY</b>				
<b>PARTICULARS</b>	<b>NO. OF SHARES</b>	<b>% OF SHARE HOLDING</b>	<b>NO. OF SHARES</b>	<b>% OF SHARE HOLDING</b>
	<b>31.03.2023</b>		<b>31.03.2022</b>	
<b>EQUITY SHARES OF ₹.5/- EACH</b>				
(I) CENTRAL GOVERNMENT	1,20,42,97,344	97.48%	1,04,74,77,344	97.11%
<b>7% NON-CUMULATIVE PREFERENCE SHARES</b>				
(II) CENTRAL GOVT. PREFERENCE SHARES	7,65,400	100.00%	7,65,400	100.00%
<b>G Shareholding of Promoters</b>				
<b>Shares held by promoters at the end of the year (Equity Share)</b>				
<b>S. No</b>	<b>Promoter name</b>	<b>No. of Shares</b>	<b>%of total shares</b>	<b>% Change during the year</b>
1	President of India	1,20,42,97,344	97.48%	0.38%
2	Governor of Madhya Pradesh	3,05,37,290	2.47%	No Change
<b>Total</b>		<b>1,23,48,34,634</b>	<b>99.95%</b>	
<b>Shares held by promoters at the end of the year (Preference Share)</b>				
<b>S. No</b>	<b>Promoter name</b>	<b>No. of Shares</b>	<b>%of total shares</b>	<b>% Change during the year</b>
1	President of India	7,65,400	100%	No Change
<b>Total</b>		<b>7,65,400</b>	<b>100%</b>	
<b>NOTE NO. 03</b>				
<b>RESERVES AND SURPLUS</b>				
<b>S.NO.</b>	<b>PARTICULARS</b>	<b>AMOUNT AS ON 31.03.2023</b>	<b>AMOUNT AS ON 31.03.2022</b>	
<b>A.</b>	<b>SUBSIDY RESERVE</b>			
	OPENING BALANCE	0.44	0.49	
	ADD: ADDITION/(TRANSFER) DURING THE YEAR	(0.05)	(0.05)	
	CLOSING BALANCE	<b>0.39</b>	<b>0.44</b>	
<b>B.</b>	<b>NET DEFICIT IN STATEMENT PROFIT &amp; LOSS</b>			
	NET DEFICIT AT THE BEGINNING OF THE YEAR	(60,461.65)	(54,471.77)	
	ADD: PROFIT/ (LOSS) INCURRED DURING THE YEAR	(10,579.60)	(5,989.89)	
	<b>NET DEFICIT AT THE END OF THE YEAR</b>	<b>(71,041.25)</b>	<b>(60,461.66)</b>	
	<b>TOTAL</b>	<b>(71,040.86)</b>	<b>(60,461.22)</b>	
<b>NOTE 03.01:</b>				
TRANFER OF ₹. 0.05 LAKHS (PREVIOUS YEAR ₹. 0.05 LAKH) 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.				
<b>NOTE NO. 04</b>				
<b>SHARE APPLICATION MONEY PENDING FOR ALLOTMENT</b>				
<b>PARTICULARS</b>	<b>AMOUNT AS ON 31.03.2023</b>	<b>AMOUNT AS ON 31.03.2022</b>		
a) EQUITY SHARE APPLICATION PENDING FOR ALLOTMENT	-	7,841.00		
b) 7% NON CUMULATIVE PREFERENCE SHARE PENDING FOR ALLOTMENT	3,000.00	3,000.00		
( REFER NOTE. 26.11 OF NOTES TO ACCOUNTS)	<b>TOTAL</b>	<b>3,000.00</b>	<b>10,841.00</b>	
<b>A) TERMS AND CONDITION:- THE FUNDS RECEIVED FROM GOVERNMENT TO BE UTILISED TOWARDS IMPLEMENTATION OF REVIVAL MILL DEVELOPMENT PLAN</b>				
<b>B) NO. OF SHARES PROPOSED TO BE ISSUED 3,00,000 7% NON COMMULATIVE PREFERENCE SHARE OF ₹. 1000 EACH</b>				
<b>C) PERIOD BEFORE WHICH SHARE ARE TO BE ALLOTTED : ALLOTMENT TO BE DONE AFTER APPROVAL FROM SHAREHOLDERS OF THE COMPANY, NO TIME PERIOD DEFINED</b>				

# NEPA LIMITED

## NOTE NO. 05

### LONG-TERM BORROWINGS

(₹. In Lakhs)

PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022
<b>UNSECURED LOANS</b>		
GOVERNMENT OF INDIA (PLAN & NON PLAN LOAN)	9,258.80	11,923.00
<b>TOTAL</b>	<b>9,258.80</b>	<b>11,923.00</b>

#### Terms of Repayment of Long Term Borrowings

Particulars	Total tenure of Loan	Frequency of Installment	Amount Outstanding	Rate of Interest
7(12)/2014/PE-VII DT 20-01-2020	5 Years	Yearly	22,95,60,583.80	13.50%
7(12)/2014/PE-VII DT 23-04-2020	5 Years	Yearly	5,76,00,000.00	13.50%
7(12)/2014/PE-VII DT 17-07-2020	5 Years	Yearly	9,79,20,000.00	13.50%
7(12)/2014/PE-VII DT 26-08-2020	5 Years	Yearly	6,47,20,000.00	13.50%
7(12)/2014/PE-VII DT 27-10-2020	5 Years	Yearly	12,95,20,000.00	13.50%
7(12)/2014/PE-VII DT 26-11-2020	5 Years	Yearly	8,00,00,000.00	13.50%
7(12)/2014/PE-VII DT 03-03-2021	5 Years	Yearly	7,67,20,000.00	13.50%
7(12)/2014/PE-VII DT 27-01-2022	5 Years	Yearly	10,32,00,000.00	13.50%
7(12)/2014/PE-VII CPSE-III DT 21-03-2022	5 Years	Yearly	8,66,39,400.00	13.50%

## NOTE NO. 06

### LONG TERM PROVISIONS

PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022
1 PROVISION FOR GRATUITY	1,910.97	1,896.68
2 PROVISION FOR LEAVE ENCASHMENT	621.75	440.94
<b>TOTAL</b>	<b>2,532.72</b>	<b>2,337.62</b>

## NOTE NO. 07

(₹. In Lakhs)

### SHORT TERM BORROWINGS

PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022
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#### UNSECURED LOAN

1 CURRENT MATURITIES OF LONG TERM DEBT	15,421.20	12,757.00
<b>TOTAL</b>	<b>15,421.20</b>	<b>12,757.00</b>

#### Default in repayment of Government of India Loan

(Amount in ₹)

PARTICULARS	TOTAL AMOUNT	PRINCIPAL AMOUNT	INTEREST INCLUDING PENAL INTEREST	NO. OF INSTALLMENT OVERDUE	LAST DEFAULT SINCE
NO 7(10)/2011 PE VII (I) DT 02-07-2012	33,45,55,487	11,29,00,000	22,16,55,487	5.00	6th JULY, 2017
NO 7(10)/2011 PE VII (I) DT 02-07-2012	9,24,54,661	3,12,00,000	6,12,54,661	5.00	6th JULY, 2017
NO 7(10)/2011 PE VII (I) DT 18-03-2013	32,74,08,960	11,68,00,000	21,06,08,960	5.00	23rd MARCH, 2018
NO 7(10)/2011 PE VII (I) DT 18-03-2013	3,75,62,339	1,34,00,000	2,41,62,339	5.00	23rd MARCH, 2018
7(9)/2013/PE-VII (I) DT 19-09-2013	48,34,26,229	17,96,00,000	30,38,26,229	5.00	26th JULY, 2018
7(9)/2013/PE-VII (II) DT 16-09-2013	9,04,40,540	3,36,00,000	5,68,40,540	5.00	26th JULY, 2018
7(9)/2013/PE-VII (I) DT 12-03-2014	29,70,77,893	11,50,00,000	18,20,77,893	5.00	15th MARCH, 2019
7(9)/2013/PE-VII (I) DT 12-03-2014	3,22,91,075	1,23,00,000	1,97,91,075	5.00	15th MARCH, 2019
7(13)/2013/PE-VII DT 07-03-2014	46,51,43,088	17,18,00,000	29,33,43,088	5.00	12th MARCH, 2020
7(12)/2014/PE-VII DT 08-10-2014	39,02,75,824	15,90,00,000	23,12,75,824	5.00	16th OCTOBER, 2019
7(12)/2014/PE-VII DT 08-10-2014	46,66,12,794	19,01,00,000	27,65,12,794	5.00	16th OCTOBER, 2019
7(12)/2014/PE-VII DT 20-01-2020	27,13,94,907	7,65,20,195	19,48,74,712	1.00	21st JANUARY 2023
7(12)/2014/PE-VII DT 27-01-2022	6,20,36,772	3,44,00,000	2,76,36,772	1.00	2nd FEBRUARY 2023
7(12)/2014/PE-VII CPSE-III DT 21-03-2022	4,84,37,596	2,88,79,800	1,95,57,796	1.00	31st MARCH 2023
<b>TOTAL</b>	<b>3,39,91,18,147</b>	<b>1,27,56,99,995</b>	<b>2,12,34,18,152</b>		

#### Current Maturities Of Long Term Debt

PARTICULARS	TOTAL AMOUNT	PRINCIPAL AMOUNT
7(12)/2014/PE-VII DT 20-01-2020	7,65,20,195	7,65,20,195
7(12)/2014/PE-VII DT 23-04-2020	1,44,00,000	1,44,00,000
7(12)/2014/PE-VII DT 17-07-2020	2,44,80,000	2,44,80,000
7(12)/2014/PE-VII DT 26-08-2020	1,61,80,000	1,61,80,000
7(12)/2014/PE-VII DT 27-10-2020	3,23,80,000	3,23,80,000
7(12)/2014/PE-VII DT 26-11-2020	2,00,00,000	2,00,00,000
7(12)/2014/PE-VII DT 03-03-2021	1,91,80,000	1,91,80,000
7(12)/2014/PE-VII DT 27-01-2022	3,44,00,000	3,44,00,000
7(12)/2014/PE-VII CPSE-III DT 21-03-2022	2,88,79,800	2,88,79,800
<b>TOTAL</b>	<b>26,64,19,995</b>	<b>26,64,19,995</b>
<b>GRAND TOTAL</b>	<b>3,66,55,38,141</b>	<b>1,54,21,19,989</b>

**NOTE NO. 07.01**

Interest accrued and due and interest accrued but not due on current maturities of long term debt has been classified under "other current liabilities".

**NOTE NO. 08**
**TRADE PAYABLES**

PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022
8(a) TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES	654.01	11.02
8(b) TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO ENTERPRISES AND SMALL ENTERPRISES	1,083.99	1,022.73
<b>TOTAL</b>	<b>1,738.00</b>	<b>1,033.75</b>

**NOTE : 8.01**

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

i)	Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act.			
	Principal	654.01		11.02
	Interest	-		-
ii)	The amount of interest credit by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-		-
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-		-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-		-
v)	The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006	-		-

**Trade Payable ageing**
**FY. 2022-23**

Particulars	(Amount in ₹ Lakhs)					
	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
@MSME	649.68	4.33				654.01
(a) Others	104.08	161.42	4.42	5.68	808.39	1,083.99
(ii) Disputed dues - MSME						
(r) Disputed dues - Others						

**FY. 2021-22**

Particulars	(Amount in ₹ Lakhs)					
	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
@MSME	-	11.02	-	-	-	11.02
(a) Others	93.43	59.67	3.03	23.90	842.69	1,022.72
(ii) Disputed dues - MSME						
(r) Disputed dues - Others						

<b>NOTE NO. 9</b>			
<b>OTHER CURRENT LIABILITIES</b>			
(₹ in lakhs)			
PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022	
1 INTEREST ACCRUED & DUE (ON GOI LOAN)			
- INTEREST	8,952.23	7,183.89	
- INTEREST INCLUDING PENAL INTEREST ON OVERDUE INSTALMENTS	15,648.92	12,682.06	
2 INTEREST ACCRUED AND NOT DUE (ON GOI LOAN)			
- INTEREST	517.83	545.12	
- INTEREST INCLUDING PENAL INTEREST ON OVERDUE INSTALMENTS	1,136.31	1,015.42	
3 DEPOSIT FROM CONTRACTOR / AGENT / CUSTOMERS & OTHERS	756.68	460.01	
4 ADVANCE FROM CUSTOMERS	40.71*	20.39	
5 CREDITORS FOR RMDP PROJECT	2,286.20	4,066.22	
6 SECURITY DEPOSIT FOR RMDP PROJECT	238.77	232.06	
7 OTHER PAYABLES	272.66	215.46	
<b>TOTAL</b>	<b>29,910.30</b>	<b>26,421.24</b>	
<b>OTHER PAYABLES PERTAIN TO:</b>			
STATUTORY LIABILITIES	207.60	167.63	
OTHER CREDITORS	65.06	47.83	
<b>TOTAL</b>	<b>272.66</b>	<b>215.46</b>	
<b>NOTE NO. 10</b>			
<b>SHORT TERM PROVISIONS</b>			
PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022	
PROVISION FOR LEAVE ENCASHMENT	164.43	343.24	
<b>TOTAL</b>	<b>164.43</b>	<b>343.24</b>	
<b>NOTE NO. 12</b>			
<b>LONG TERM LOANS AND ADVANCES</b>			
PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022	
1 CAPITAL ADVANCES FOR RMDP PROJECT	25.77	28.70	
<b>TOTAL</b>	<b>25.77</b>	<b>28.70</b>	
(12)A			
Secured Considered Good		-	
Unsecured Considered Good	25.77	28.70	
Doubtful	-	-	
<b>Total</b>	<b>25.77</b>	<b>28.70</b>	
<b>NOTE NO. 13</b>			
<b>OTHER NON CURRENT ASSETS</b>			
(₹ in lakhs)			
1 SECURITY DEPOSIT FOR SERVICE CONNECTION	1.40	1.24	
2 DEPOSIT WITH OTHER AUTHORITIES	19.41	19.41	
3 SALES TAX PAID UNDER PROTEST	15.68	15.68	
4 SALES TAX RECOVERABLE	14.06	14.06	
<b>TOTAL</b>	<b>50.54</b>	<b>50.38</b>	
<b>NOTE NO. 14</b>			
<b>INVENTORIES</b>			
(₹ in lakhs)			
PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022	
<b>RAW MATERIALS</b>	787.53	140.78	
LESS: PROVISION FOR REDUCTION IN VALUE	-	(7.42)	133.36
STOCK OF FINISHED GOODS (AT YEAR END)	2,478.94		
<b>STOCK- IN-TRADE</b>			
a) PETROL	15.77	11.15	
b) DIESEL	11.70	11.49	
c) LUBRICANT OIL	2.65	0.79	
d) PETROL XP	16.68	11.78	
<b>STORES AND SPARES</b>			
a) MOVING STORES & SPARES	174.27	80.83	
b) NON MOVING ITEMS FOR 5 YEARS OR MORE	502.46	526.72	
LESS: PROVISION FOR NON MOVING ITEMS	(502.46)	(526.72)	-
<b>LOOSE TOOLS</b>	4.10	4.07	
<b>OTHERS</b>			
a) COAL CINDER	191.30	179.40	
b) COAL	209.46	12.21	
c) SCRAP MATERIAL	56.93	-	
<b>TOTAL</b>	<b>3,949.31</b>	<b>445.08</b>	

**Note No. 11**

(₹ In Lakhs)

Details of ageing of Capital Work in Progress and Intangible Assets under Development are mentioned in note 46(d) and (e).

**NOTE NO. 15****TRADE RECEIVABLE**

(₹ in lakhs.)

PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022
15.1 UNSECURED AND CONSIDERED GOOD	4.30	8.15
15.2 UNSECURED, CONSIDERED DOUBTFUL	781.66	691.04
LESS: PROVISION FOR DOUBTFUL DEBTS	(287.51)	(287.51)
<b>TOTAL</b>	<b>498.45</b>	<b>411.68</b>

Trade Receivable ageing  
F.Y. 2022-23

Particulars	(₹ in lakhs.)						
	Outstanding for following periods from due date of payment#						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good		4.3	0	0			4.30
(ii) Undisputed Trade Receivables – considered doubtful		43.48	47.14	106.95	89.39	494.70	781.66
(iii) Disputed Trade Receivables considered good							
(iv) Disputed Trade Receivables considered doubtful							

F.Y. 2021-22

Particulars	(₹ in lakhs.)						
	Outstanding for following periods from due date of payment#						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good		5.38	2.78	-	-		8.15
(ii) Undisputed Trade Receivables – considered doubtful		66.80	40.16	89.40	112.41	382.28	691.04
(iii) Disputed Trade Receivables considered good							
(iv) Disputed Trade Receivables considered doubtful							

**NOTE NO. 16****CASH & BANK BALANCES**

(₹ in lakhs.)

PARTICULARS	AMOUNT AS ON 31.03.2023	AMOUNT AS ON 31.03.2022
<b>CASH &amp; CASHEQUIVALENT</b>		
A) CASH IN HAND		
1 CASH BOOK (ADMIN OFFICE)	2.50	2.01
2 CASH IN HAND WITH OTHER DEPARTMENTS OF THE MILL	4.97	7.42
B) BALANCE WITH SCHEDULE BANKS- CURRENT ACCOUNT	375.12	4,160.41
	<b>382.59</b>	<b>4,169.84</b>
<b>OTHER BANK BALANCES</b>		
C) FIXED DEPOSITS WITH SCHEDULE BANKS	4,867.44	6,836.67
D) BALANCE IN ESCROW ACCOUNTS	4,823.07	12,223.72
	<b>9,690.50</b>	<b>19,060.39</b>
<b>TOTAL</b>	<b>10,073.10</b>	<b>23,230.23</b>

NOTE:- 16.1:-

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

- a) BANK OVERDRAFT ₹. Nil  
b) BANK GUARANTEES ₹. 472.60 LAKHS

NOTE NO. 17				
=====				
SHORT TERM LOANS AND ADVANCES				
(₹ in lakhs)				
PARTICULARS	AMOUNT AS ON 31.03.2023		AMOUNT AS ON 31.03.2022	
<b><u>OTHERS</u></b>				
<b><u>UNSECURED</u></b>				
1 ADVANCE AGAINST INDIGENOUS PURCHASE AND OTHERS -CONSIDERED GOOD	1.91	-	-	-
-DOUBTFUL	0.71	0.71	0.71	0
LESS:-PROVISION FOR BAD AND DOUBTFUL DEBTS	(0.71)	1.91	(0.71)	0
2 FESTIVAL ADVANCE	22.09			19.75
3 DEPOSIT WITH CENTRAL EXCISE FOR CESS ON PAPER	0.05			0.05
4 INCOME TAX COLLECTED AT SOURCE	281.35			232.37
5 TCS COLLECTED BY SELLER	5.17			3.17
6 PREPAID EXPENSES	41.56			50.60
7 7(a) SECURITY DEPOSIT WITH MPPKVCL	168.30		105.07	
7(b) DEPOSIT WITH CUSTOMS AND OTHER AUTHORITIES	3.75		3.75	
LESS: PROVISION FOR BAD & DOUBTFUL DEPOSITS	(4.45)	167.60	(4.45)	104.37
8 CLAIM RECEIVABLE	850.45		850.45	
9 LESS: PROVISION FOR BAD & DOUBTFUL CLAIM	(13.18)	837.27	(13.18)	837.27
10 GST RECEIVABLE		3,550.40		3,398.11
11 OTHER ADVANCES				
a) CONSIDERED GOOD		1,212.56		158.81
b) DOUBTFUL	128.38		128.38	
LESS: PROVISION FOR DOUBTFUL LOANS & ADVANCES	(128.06)	0.32	(128.06)	0.32
TOTAL		6,120.27		4,804.82
<b><u>NOTE NO. 17.1</u></b>				
CLAIM RECEIVABLE INCLUDED ₹. 726.73 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.				
<b><u>NOTE NO. 18</u></b>				
=====				
OTHER CURRENT ASSETS				
(₹ in lakhs)				
PARTICULARS	AMOUNT AS ON 31.03.2023		AMOUNT AS ON 31.03.2022	
1 INTEREST ACCRUED ON BANK DEPOSIT	305.02			140.58
2 ACCURED INCOME (O/S RECOVERY OF TOWNSHIP RENT)	328.55		298.34	
LESS:PROVISION AGAINST DOUBTFUL RECOVERY	(20.92)	307.64	(20.92)	277.43
TOTAL		612.66		418.01

NEPA LIMITED  
NEPANAGAR (M.P.)  
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

**NOTE NO.19**

(₹ in lakhs)

**REVENUE FROM OPERATION**

S.NO	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
<b>A</b>	<b><u>REVENUE FROM SALE OF PRODUCTS</u></b>		-
	SALE OF NEWSPRINT	803.31	
	SALE OF PETROL, DIESEL & LUBRICANTS, EXTRA PREMIUM PETROL	1,627.71	1,234.14
	<b>TOTAL (A)</b>	<b>2,431.02</b>	<b>1,234.14</b>
<b>B</b>	<b><u>OTHER OPERATING REVENUES</u></b>		
	SALE OF COAL CINDER	77.45	243.37
	SALE OF SCRAP	190.86	592.39
	SALE OF PRODUCTION & WATSE SLUDGE	17.83	-
	<b>TOTAL (B)</b>	<b>286.15</b>	<b>835.76</b>
	<b>TOTAL (A+B)</b>	<b>2,717.17</b>	<b>2,069.90</b>

**NOTE NO. 20****OTHER INCOME**

(₹ in lakhs)

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
1	INCOME OF WATER SUPPLY	90.62	106.96
2	INTEREST EARNED	786.05	611.10
3	INCOME FROM TOWNSHIP	224.86	211.76
4	RECEIPTS FROM MEDICAL DEPARTMENT	15.60	12.76
6	PROVISIONS FOR LIABILITIES WRITTEN BACK	-	19.43
7	PENALTY COMPENSATION	152.84	23.58
8	OTHER NON OPERATING INCOME	81.57	29.80
		<b>1,351.55</b>	<b>1,015.40</b>

**NOTE NO. 21****COST OF MATERIALS CONSUMED**

(₹ in lakhs)

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
	COST OF MATERIALS CONSUMED	2,875.24	-
	<b>TOTAL</b>	<b>2,875.24</b>	<b>-</b>

**NOTE NO. 22****PURCHASE OF STOCK-IN-TRADE****(₹ in lakhs)**

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
	PURCHASE OF PETROL, DIESEL & LUBRICANTS	1,607.73	1,213.77
	<b>TOTAL</b>	<b>1,607.73</b>	<b>1,213.77</b>

**NOTE NO. 23****CHANGES IN THE INVENTORIES OF FINISHED GOODS AND STOCK IN TRADE****(₹ in lakhs)**

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
<b>A</b>	<b>INVENTORIES AT THE END OF THE YEAR</b>		
<b>a</b>	<b>MANUFACTURING GOODS</b>		
1	COAL CINDER	191.30	179.40
2	FINISHED GOODS	2,478.94	
3	PRODUCTION WASTE & SCRAP	56.93	
<b>b</b>	<b>TRADING GOODS</b>		
1	EXTRA PREMIUM PETROL(XP)	16.68	11.78
2	PETROL	15.77	11.15
3	DIESEL	11.70	11.49
4	LUBRICANTS	2.65	0.79
	<b>TOTAL (A)</b>	<b>2,773.96</b>	<b>214.61</b>
<b>B</b>	<b>INVENTORIES AT THE BEGINNING OF THE YEAR</b>		
<b>a</b>	<b>MANUFACTURING GOODS</b>		
1	COAL CINDER	179.40	134.07
2	FINISHED GOODS	-	
<b>b</b>	<b>TRADING GOODS</b>		
1	EXTRA PREMIUM PETROL(XP)	11.78	7.70
2	PETROL	11.15	9.40
3	DIESEL	11.49	8.30
4	LUBRICANTS	0.79	1.63
	<b>TOTAL (B)</b>	<b>214.61</b>	<b>161.09</b>
	<b>NET (INCREASE)/ DECREASE (B-A)</b>	<b>(2,559.35)</b>	<b>(53.52)</b>

**NOTE NO. 24****EMPLOYEES BENEFIT EXPENSES**

(₹ in lakhs)

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
1	SALARIES, WAGES AND ALLOWANCES	2,029.68	1,640.28
2	CONTRIBUTION TO PROVIDENT FUND & OTHER FUNDS	230.26	186.19
3	GRATUITY	461.64	79.80
4	LEAVE ENCASHMENT	238.37	172.71
5	STAFF WELFARE EXPENSES	58.53	66.01
6	REIMBURSEMENT OF MEDICAL EXPENSES	79.23	85.57
7	DEFICIT AMOUNT TO NEPF TRUST	-	-
	<b>TOTAL</b>	<b>3,097.71</b>	<b>2,230.55</b>

**NOTE 24.1****REIMBURSEMENT OF MEDICAL EXP**

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
1	REIMBURSEMENT OF MEDICAL EXPENSES TO EMPLOYEES	27.02	35.15
2	REIMBURSEMENT OF OUTSIDE MEDICAL CLAIM	38.44	39.40
3	REIMBURSEMENT OF MEDICAL EXPENSES TO CASUAL/ BADLI	9.06	10.52
4	REIMBURSEMENT OF LOCAL BILL TO CONTRACTUAL	4.71	0.50
	<b>TOTAL</b>	<b>79.23</b>	<b>85.57</b>

**NOTE NO. 25****FINANCE COST**

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
1	INTEREST ON GOVERNMENT LOAN	4,858.78	4,228.59
2	INTEREST ON BANK LOAN	0.00	156.23
3	BANK CHARGES	8.68	8.70
4	DAMAGES PAID ON PENSION	0.02	0.62
		<b>4,867.48</b>	<b>4,394.14</b>

**NOTE NO. 25.1**

INTEREST ON GOV 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.26****OTHER EXPENSES**

(₹ in lakhs)

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
1	STORES & SPARES CONSUMED	67.47	71.77
2	CHEMICALS CONSUMED	169.64	15.13
3	POWER & FUEL	2,209.47	602.52
4	INSURANCE	42.99	42.30
5	SECURITY STAFF EXP	79.49	51.16
6	LEGAL AND PROFESSIONAL CHARGES	96.81	28.59
7	PAYMENT TO AUDITORS	3.38	2.84
8	RATES & TAXES	8.04	6.36
9	REPAIR & MAINTENANCE	104.52	76.31
10	HIRE CHARGES OF VEHICLES	38.88	28.95
11	RESEARCH AND DEVELOPMENT EXP.	6.77	61.75
12	ELECTRICITY CHARGES	11.57	9.67
13	FACTORY OFFICE GEN EXPENSES	71.01	31.37
14	LIGHTNING AND SANITATION	3.44	3.78
15	LOSS ON SALE OF ASSETS	-	1.26
16	COMMISSION ON SALES	4.29	13.33
17	FREIGHT AND LOADING CHARGES	-	12.16
18	CONFERENCE EXPENSES	0.67	2.13
19	SOCIAL & CULTURAL EXP	38.00	7.23
20	MISCELLANEOUS EXPENSES (BELOW 1% OF TURNOVER)	195.01	139.08
	<b>TOTAL</b>	<b>3,151.46</b>	<b>1,207.71</b>

**NOTE 26.1****PAYMENT TO STATUTORY AUDITOR****(₹ in lakhs)**

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
1	STATUTORY AUDIT FEES	1.75	1.75
2	REIMBURSEMENT OF EXPENSES	1.06	0.84
3	TAX AUDIT FEES	0.25	0.25
4	COST AUDITOR FEES	0.32	
	<b>TOTAL</b>	<b>3.38</b>	<b>2.84</b>

**NOTE 26.2****REPAIR & MAINTANANCE**

S.NO.	PARTICULARS	Period ended on 31st March 2023	Period ended on 31st March 2022
1	PLANT & MACHINERY	42.60	40.04
2	BUILDINGS	54.25	26.20
3	OTHER ASSETS	7.68	10.08
	<b>TOTAL</b>	<b>104.52</b>	<b>76.31</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2023****27. Board for Industrial and Financial Reconstruction (BIFR) Implementation Status**

- 27.1. Company was registered with BIFR in 1998 vide case no. 502/1998. BIFR had directed the Operating Agency (OA) i.e., State Bank of India (SBI) to formulate a Detailed Rehabilitation Scheme (DRS) for NEPA Limited.
- 27.2. The Union Cabinet gave its approval of a total package of 1,02,596 Lakhs on 6th September 2012 vide Department of Heavy Industries (DHI) Letter no. 7(8)/2009-PE-VII dated 25th September 2012 for revival of NEPA Limited. The Revival Scheme was sanctioned by the BIFR, and final Summary Record of Proceedings were issued on 04.03.2014.
- 27.3. Clause 18.7 of the final Summary Record of Proceedings read as "The Company's request to convert Government of India loan of Rs. 23,101 Lakhs and Rs. 2,884 Lakhs dues of Government of Madhya Pradesh & its corporations as agreed by them into equity and infusion of fresh equity of Rs. 15,700 Lakhs to meet part finance of total capital expenditure of Rs. 28,500 Lakhs for Revival & Mill Development Plan (RMDP) and thereafter to de-rate the equity workout after taking consideration Government of Madhya Pradesh dues also."
- 27.4. Further, vide letter number F/5/2002/10-3 dated 25/02/2012, Government of Madhya Pradesh had also given in principle approval for conversion of Government of Madhya Pradesh dues of Rs. 2,884 Lakhs consisting of Electricity Charges payable to M/s MPPKVVCL, Electricity Duty dues and Commercial Tax & Entry Tax dues into equity. Final approval of Government of Madhya Pradesh for conversion of the said dues of Rs. 2,884 Lakhs into equity capital of the Nepa Ltd at the face value Rs. 10/- each in the name of the Governor of MP was received vide Order dated 7th April 2015. Further, DHI vide letter No. 7(13)/2013-PE-VII dated 8th August 2016 also gave approval for conversion of Government of Madhya Pradesh dues of Rs. 2,884 Lakhs into Equity Share of Nepa Limited.
- 27.5. As per the Draft Rehabilitation Scheme (DRS) for revival of the company Government of India has released fresh equity infusion of Rs. 15,700 Lakhs in four installments i.e. Rs. 810 Lakhs on 27.03.2014, Rs. 5,000 Lakhs on 26.12.2014, Rs. 5,099 Lakhs on 23.10.2015 and Rs. 4,791 Lakhs on 31.03.2016.
- 27.6. The cutoff for the scheme was 31.03.2012 for various reliefs, but some of the reliefs are still under consideration for approval by respective authorities and will be accounted for as & when approved.
- 27.7. A revised RMDP package amounting to Rs. 46,941 Lakhs has been sanctioned by Government of India (GOI)/ Cabinet Committee on Economic Affairs (CCEA) on 3 October, 2018.
- 27.8. As per budgetary support to NEPA Ltd for Revival Mill Development Plan the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, vide their letter No. 7(12)/2014-PE-VII dated 12<sup>th</sup> October 2018 have directed for infusion of additional equity of Rs. 27,700 Lakhs for revised cost estimates of Revival Mill Development Plan to be issued as Equity shares to Government of India and 9,083 Lakhs for VRS (Voluntary Retirement Scheme) to be issued as 7% non-cumulative preference shares to Government of India.
- 27.9. BIFR vide its order dated 04.03.2014 had approved the reduction in the paid-up share capital, from 10/- per share to 5/- per share, as a part of the Rehabilitation Scheme. In

391st Board 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 from Rs. 52,466.95 Lakhs to Rs. 26,233.48 Lakhs.

- 27.10. During financial year 2021-22 the Government of India vide letter no. 7(12)/2014-PE-7/CPSE-III Dated 13.10.2021 has released a sum of Rs. 7,841 Lakhs for implementation of RMDP and Rs. 3163 lakh for payment of Salary, wages and other statutory dues RMDP Fund is released in the following tranches

- a. Rs. 3,000 Lakhs dated 29<sup>th</sup> October 2021
- b. Rs. 2,347 Lakhs dated 29<sup>th</sup> December 2021
- c. Rs. 635 Lakhs dated 21<sup>st</sup> March 2022
- d. Rs. 1,859 Lakhs dated 21<sup>st</sup> March 2022

28. **Status of reliefs & concessions:**

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

29. ***Ministry of Heavy Industries, Government of India***

- 29.1.1. Sanction of conversion of Government of India (GOI) loan of Rs. 23,101 Lakhs was received and accordingly shares have been allotted to GOI in earlier years.
- 29.1.2. Waiver of Statutory dues to Central Government Authorities amounting to Rs. 1,338 Lakhs.
- 29.1.3. Waiver of penal interest on GOI loan of Rs. 24,183 Lakhs with freezing from 01.04.2012.
- 29.1.4. Waiver of interest accrued but not due on GOI loan of Rs. 2,094 Lakhs with freezing from 01.04.2012.
- 29.1.5. Waiver of normal interest on GOI loan of Rs. 9,243 Lakhs with freezing from 01.04.2012.
- 29.1.6. The Company has issued 7% Non-Cumulative Preference Shares to Government of India as under: -
  - I. 6,00,000 7% Non-Cumulative Preference Shares amounting to Rs. 6,000 Lakhs upto 31.03.2019.
  - II. 1,65,400 7% Non-Cumulative Preference Shares amounting to Rs. 1,654 Lakhs allotted in the F.Y. 2019-20.
  - III. Further 3,00,000 7% Non-Cumulative Preference Shares are pending for allotment as on 31.03.2023.

The above sum of Rs. 7,654 Lakhs has been used to discharge the liability on account of Voluntary Retirement Scheme.

- 29.1.7. Amount of Rs. 9,083 Lakhs has been sanctioned towards VRS for approximately 400 employees out of which amount of Rs. 4,654 Lakhs has been received. Against this Rs. 1,654 Lakhs has been allotted as 7% Non-Cumulative Preference Shares in F.Y. 2019-20 and Rs. 3,000 Lakhs is pending for allotment.

29.2. ***Ministry of Environment & Forest, Government of India***

Lease premium of Rs. 2,200 Lakhs towards lease deed of 849.90 acres land at Nepanagar has been waived off by Hon'ble Supreme Court in the earlier years vide its order dated 13.03.2014. Land Measuring 1517.08 acre was on lease from Government of MP, out of which 667.18-acre

land has been returned to Government of MP on 05.02.2016. Execution of lease deed for balance 849.90-acre. land has been completed on 13<sup>th</sup> Oct 2018 which is valid upto 23<sup>rd</sup> July 2032.

Total land measuring 1199.32 acres is available with Nepa Ltd in Neapanagar out of which 849.90 Acre is leased Land and remaining 349.42 Acre is revenue land.

Nepa Ltd Residential Colony consisting of 2088 no. of Quarters out of which 303 were occupied by the employees, 716 by Ex-employees, and 927 by the outsiders and rest were in either damaged condition or vacant further total 1070196 sq. ft. of area has been under encroachment.

**29.3. The Registrar of Companies, Gwalior**

ROC has provided the waiver in fees and penalty for enhancement of authorized share capital. However, stamp duty of Rs. 20 Lakhs levied by Government of M.P. on the same has been paid by the company in earlier years. Stamp Duty for increase in authorized share capital is also paid by the company Payment of Stamp Duty on allotment of share is under consideration for waiver.

**29.4. The Customs and Excise Department**

The company was granted waiver of Excise and Custom duty under the Detailed Rehabilitation Scheme (DRS) by BIFR as per clause 18.4 of the scheme

**29.5. Government of M.P.**

29.5.1. Approval of conversion of miscellaneous dues of Rs. 2,884 Lakhs has been received from Government of Madhya Pradesh; accordingly, shares have been allotted to Government of Madhya Pradesh worth Rs. 2,884 Lakhs in the earlier years.

**29.5.2. The Sales Tax Department**

As per clause 18.5 of the BIFR sanctioned scheme 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 equivalent exemptions are yet to be applied. Presently GST is levied, collected and paid as per applicable provisions.

**30. RECONCILIATION OF RELIEFS & CONCESSIONS AS PER RMDP**

The company had received various reliefs/concessions from Central Government/State Government/State Government agencies and other statutory authorities under RMDP. The same was accounted for in the books in the earlier years. The details are as under: -

	(Rs. in Lakhs)			
	Government of India interest and penal interest	Government of Madhya Pradesh Misc dues	Government of Madhya Pradesh Conversion tax dues to equity	GOI Conversion of loan to equity
Amount as per Projection approved by BIFR	347	3,535	2,884	23,101
Less: Estimation error in revival scheme	-	-	49	-
Less: Amount disclosed in contingent liability	-	1,914	-	-
Amount as per books (Liability)	-	1,621	2,835	-
Amount as per books (Converted to Equity)	-	-	-	23,101
Amount accounted as waiver of Interest and Penal Interest	347	-	-	-

31. Authorized Share capital of the company has been increased during the year to accommodate allotment of funds sanctioned by GOI. Capital Structure of the company are as follows: -

The Authorized capital of the company is: -

- i. Rs. 6,49,17 Lakhs divided into 1,29,83,40,000 Equity Shares of Rs.5/- Each and
- ii. Rs. 15,083 Lakhs divided into 15,08,300 7% Non-Cumulative Preference Shares of Rs.1,000/- each.

32. **Property, Plant and Equipment under Renovation and Impairment**

- 32.1. The company is in the process of identifying/ assessing the items of Property, Plant and Equipment which are to be retired from active use. Pending the completion of such identification/assessment, none of the items of Property, Plant and Equipment have been considered as retired from active use and held for disposal. Accordingly, all items of Property, Plant and Equipment continue to be measured at their carrying amount. Upon identification of items of Property, Plant and Equipment which are to be retired from active use, they shall then be stated at lower of carrying amount and net realizable value.
- 32.2. The Revival Mill Development Plan (RMDP) as approved by Board for Industrial and Financial Reconstruction was Implemented. The company had received necessary approvals from the Government of India and Government of Madhya Pradesh. As against the carrying cost of Property, Plant & Equipment of Rs.38,607.31 Lakhs (Previous year Rs. 1,426.88 Lakhs) the Capital Work in Progress on account of the RMDP is Rs. 475.26 Lakhs (Previous Rs. 35,971.64 Lakhs). The management is of the opinion that post the implementation of said plan, the company as a whole taken as a “Cash Generating Unit”, the value in use will be higher than the carrying cost of the Property, Plant & Equipment. Hence, the management believes that no impairment provision is necessary.
- 32.3. The RMDP plan stands completed on 22.08.2022.
33. 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 as on Actuarial valuation on 31.03.2023 is 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.

<b><u>I. Table showing changes in present value of obligations (₹. in Lakhs)</u></b>		
	<b>2022-23</b>	<b>2021-22</b>
Present Value of obligations as at beginning of year	1571.82	1,867.28
Interest Cost	110.03	130.71
Current Service Cost	53.67	62.45
Benefits Paid	(279.38)	(436.68)
Actuarial (Gain)/Loss on obligations	59.73	(51.95)
Present value of obligations as at end of the year	1515.86	1,571.82

<b>II. Table showing changes in the fair value of plan assets (₹. Lakhs)</b>		
	<b>2022-23</b>	<b>2021-22</b>
Fair value of plan assets at beginning of year	1085.98	1,431.79
Expected return on plan assets	100.55	90.87
Contributions	436.96	NIL
Benefits Paid	(279.38)	(436.68)
Actuarial (Gain)/Loss on Plan assets	Nil	NIL
Fair value of plan assets at the end of year	1344.11	1,085.98

<b>III. Table showing fair value of plan assets (₹. Lakhs)</b>		
	<b>2022-23</b>	<b>2021-22</b>
Fair value of plan assets at beginning of year	1085.98	1431.79
Actual return on plan assets	100.55	90.87
Contributions	436.96	NIL
Benefits paid	(279.38)	(436.68)
Fair value of plan assets at the end of the year	1344.11	1085.98
Funded Status	(171.75)	(485.84)
Excess of Actual over estimated return on plan assets	Nil	NIL

<b>IV. Principal Actuarial Assumption</b>		
	<b>2022-23</b>	<b>2021-22</b>
Discount Rate	7.40%	7.00%
Annual increase in salary costs	7.00%	7.00%

<b>V. Actuarial Gain/ (Loss) recognized Amount (₹. in Lakhs)</b>		
	<b>2022-23</b>	<b>2021-22</b>
Actuarial (gain)/ loss on obligations	(59.72)	51.95
Actuarial (gain)/ loss for the year – plan assets	NIL	NIL
Actuarial (gain)/ loss on obligations	59.72	(51.95)
Actuarial (gain)/ loss recognized in the year	59.72	(51.95)

<b>VI. Amounts to be recognized in the Balance Sheet and Statement of Profit &amp; Loss (₹ in Lakhs)</b>		
	<b>2022-23</b>	<b>2021-22</b>
Present value of obligations as at the end of year	1515.86	1,571.82
Fair value of plan assets as at the end of the year	1344.10	1,085.98
Funded Status	(171.75)	(485.84)
Net liability/(asset) recognized in balance sheet	(171.75)	NIL

<b>VII. Expenses Recognised in Statement of Profit &amp; Loss (₹ in Lakhs)</b>		
	<b>2022-23</b>	<b>2021-22</b>
Current Service cost	53.67	62.45
Interest Cost	110.02	130.71
Expected return on plan assets	(100.55)	(90.87)
Net Actuarial (gain) / loss recognized in the year	59.72	(51.95)
Expenses recognized in Statement of Profit and Loss	122.87	50.34

As per books of accounts the present value of obligation of gratuity amounting to Rs. 1844.47 Lakhs (Previous year Rs 1910.97 lakhs) is recognised without reducing fair value of plan assets on the same. The net obligation after adjusting fair value of plan assets is Rs. 238.25 Lakhs (Previous year Rs 171.75 Lakhs) as per the actuarial report obtained by the company as against the total provision of Rs.1844.47 Lakhs (Previous year Rs 1910.97 Lakhs) in the Balance Sheet. The Management has decided not to reverse the provision already created in books on a conservative basis.

34. **Employee related payments**

- (a) An amount of Rs 10,158 Lakhs has been sanctioned vide CCEA decision dated 03.10.2018 towards salary/wages and statutory dues related to employees out of which Rs. 3,825 Lakhs has been received in Financial Year 2019-20 (including 394 Lakhs for payment of Electricity Bill) and Rs.6,331 Lakhs has been received during the year 2020-21. Company has paid premium to LIC 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. In year 2021-22 an amount of Rs. 3,163 Lakhs has been received from GOI against salary/wages and statutory dues.
- (b) Company has made a provision of Rs. 786.18 Lakhs during the current year (previous year Rs. 784.18 Lakhs) for leave encashment liability towards employees. The liability as per the certificate of actuary obtained by the company is Rs. 786.18 Lakhs and as per the certificate provided by Life Insurance Corporation of India (LIC) is Rs. 675.90 Lakhs.

35. **SEGMENT REPORTING**

The company is engaged mainly in the business of manufacturing newsprint and going to diversify into manufacturing of writing and printing paper. The management has identified the newsprint as the single business segment as during the year only newsprint production was done post RMDP.

To cater to the needs of the Company, its staff and general public, the Company has started a petrol pump within the city limits of NEPA Nagar. This is an incidental activity. No information is reported to the Board of Directors and to the Chief Executive Officer for the purpose of evaluating the unit's performance and for making decisions about future allocation of resources. Accordingly, this business activity is neither considered as business not geographical segment for external reporting purposes, although revenue from operations as per Note No. 19 of Rs. 1627.71 Lakhs is from the said business activity.

36. **Disclosure of Key Management Personnel and Related Parties with whom transactions entered**

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:**

**Key management personal (KMP) & Other Related parties**

S. No	Name of the Related Party	Relationship
1	Cmde Saurav Deb	Chairman Cum Managing Director (w.e.f 01.01.2021)
2.	Sh. Pradeep Kr. Naik	Director (Finance)/ / (Addl. Charge) (w.e.f. 02.05.2019)
3.	Mrs. Purnima Parashar	Company Secretary

4.	Sh. V. N Barole	Chief Financial Officer w.e.f 09/12/2021 superannuated on 31.12.2022
5.	Sh. C. N. Verma	Chief Financial Officer w.e.f 28.06.2023

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

(₹. in Lakhs)

S.No.	Nature of Transaction	2022-23	2021-22
1	<b>Remuneration</b> 1.Cmde. A. N. Sonsale* 2.Cmde Saurav Deb 2.Mrs. Purnima Parashar 3.Sh. V. N Barole	- 33.98 9.98 10.15	57.74 (Arrears) 37.32 8.89 12.41
2	<b>Travelling Exp.</b> 1. Cmde Saurav Deb 2. Sh. P.K. Naik 3. Mrs. Purnima Parashar 4. Sh. V. N Barole	3.68 0.23 1.15 0.14	1.42 0.48 0.26 0.03
3	Other Directors' Travelling Expenses	0.40	0.00

\* Cmde A.N. Sonsale ceased from Directorship of the company w.e.f. 24.12.2019 but salary arrears were paid during the FY 2021-22

Being a state-controlled enterprise, the related party relationship with other state-controlled enterprises and transactions with such enterprises are not required to be disclosed as per AS-18 "Related Party Disclosures."

### 37. Earning Per Equity Share (EPS) computed in accordance with AS 20

(₹. In Lakhs)

	Particulars	2022-23	2021-22
i.	Net Profit / (Loss) for calculating basic / diluted EPS in (₹. Lakhs)	(10,579.60)	(5989.89)
ii.	Weighted Average number of Equity shares for calculation of Basic EPS. (This does not include 97,780 Equity shares forfeited at ₹. 4.30 Lakhs).	10967.15	10786.70
iii.	Nominal Value of Share (₹.)	5	5
iv.	Basic EPS (₹.)	(0.96)	(0.56)
v.	Weighted Average Number of equity Shares for Diluted EPS.	NIL	NIL
vi.	Diluted EPS (₹.)	(0.96)	(0.56)

As per Para 41 of Accounting Standard-20 "Earning Per Share", in case of Potential Equity shares which are anti-dilutive and their conversion to equity shares would either increase earnings per share from continuing ordinary activities or decrease loss per share from continuing ordinary activities. The effects of such anti-dilutive potential equity shares are ignored in calculating diluted earnings per share in the previous year. Hence, Share Application Money Pending for allotment are not considered being anti-dilutive in nature in calculation of dilutive earnings per share for FY 2021-22.

### 38. TAXES

No provision for current tax has been made during the year on account of losses incurred during the year. Deferred Tax Assets on account of carried forward losses and unabsorbed depreciation

have not been recognized in the books of account in the absence of virtual certainty of future profits.

### 39. **Contingent Assets/ Liabilities and Capital Commitments**

39.1. Contingent assets are neither recognized nor disclosed in the financial statements.

#### 39.2. **CONTINGENT LIABILITIES**

Based on Management's evaluation, it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations in the following cases:

##### **A) Claims against the Company/disputed liabilities not acknowledged as debts**

- (a) Claims against the company not acknowledged as debt - Rs. 50.67 Lakhs on account of Land license fees for construction of railway (Previous year Rs. 50.67 Lakhs).
- (b) The National Green Tribunal, Principal Bench, New Delhi on 10.12.2015 disposed-off all the cases filed against the company for getting free coal cinder (ash/fly ash containing high carbon content/un-burnt coal) in terms of Notifications of 1999 & 2009, with a direction that applicant industry will upgrade the plant and technology within six months.

The company approached for extension as upgradation was not possible within six months. 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, which will be utilized for environment, ecology & water supply of the area surrounding the applicant industry.

On the application of the company, NGT allowed extension of time upto 30<sup>th</sup> June 2017 by which appropriate steps must be taken. Applicants 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 proponents would be liable to pay more environment compensation.

In view of closure of the plant for up gradation company is making best efforts for early up gradation of the plant. The management is of the view that compensation will not be imposed by NGT in view of the facts & circumstances of the case.

The Company is in the process of filing the application for further extension of time. MP Pollution Control Board had to file complete details related to steps taken in relation to Chapter-5 of its earlier affidavit to Tribunal which is pending.

##### **c). Disputed claims/Levies in respect of:**

- I. The Workers' Union has filed a case against NEPA Ltd on behalf of Badli Workers. Based on the decision by District Court in favor of Workers Union, the Company has filed an appeal against the said case. The matter is still pending with the Hon'ble High Court, Jabalpur. Contingent liability upto 31.03.2023 is Rs. 5319.69 Lakhs (Previous year Rs. 4,970.66 Lakhs).

Apart from the above cases, three individuals have filed cases against the company related to service matters and the total claim amount is Rs. 0.56 Lakhs.

- II. Case filed by of piece rated workers of Sales Godown is pending in the Hon'ble High Court, Indore, Bench. Representative Union also filed an application before the Hon'ble High Court to make all the piece rated & Badli workers as interveners. The High Court, Indore passed a proceeding order to make them interveners. The case is still pending before the Hon'ble High Court, Indore. Claim against the company not acknowledged as debt

(excluding Badli workers as per “I” above) as on 31.03.2023 is Rs.3287.02 Lakhs approximately (Previous year Rs. 3070.31 Lakhs).

- III. Estimated liability of Rs.44.32 Lakhs (Previous year Rs. 44.32 Lakhs) against various service matter cases filed against the company are pending before various forums.
- IV. Property Tax of Rs. 168 Lakhs pertaining to period upto 2010 has been under Consideration for waiver by the Government 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, Government of Madhya Pradesh to transfer all the civic amenities to Nagar Parishad with effect from 01 April 2017. 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 at Jabalpur High Court. Measurement survey of three hundred acres land is also in progress before handing over 300 acres of forest land. Estimated amount including Interest is Rs. 202.01 Lakhs on this account.
- V. Contingent liability of Rs. 348.22 Lakhs (previous year Rs. 348.22 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 earlier, the 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. There is no further correspondence on the matter. Hence, the amount has not been provided in the books.
- VI. Ex-employees after 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. There are 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, a reliable estimate of the obligation, if any, cannot be made.
- VII. Company has availed EPCG Scheme for import of capital plant & machinery. As on 31.03.2023, custom duty of Rs. 2,620 (Previous Year Rs. 2620.00 Lakhs) have been saved, against which there is Export Commitment of Rs. 15,721 Lakhs. (Previous Year 15721 Lakhs). Company has requested DGFT to consider waiver through its administrative ministry.

#### **B) Guarantees**

Bank Guarantee issued by Banks are outstanding by Rs 472.60 Lakh (Previous year Rs. 472.60 Lakhs).

#### **C) Others**

- I. Appeal for which no provision is considered required as the company is hopeful of successful outcome in the appeals. There are uncertainties about the amount or timing of those outflows as it depends on completion of the appellate process. There is no assumption made and the amount is based on demand raised by the Departments.

Name of the Statute	Period to which Dispute Relates	Amount Disputed (₹. In Lakhs)	Forum where the dispute is pending
Entry Tax	2008-09	4.49	M.P. Commercial Tax Appellate Board, Indore
VAT Tax	2009-10	75.65	M.P. Commercial Tax Appellate Board

Entry Tax	2009-10	7.16	M.P. Commercial Tax Appellate Board
VAT Tax	2010-11	10.42	M.P. Commercial Tax Appellate Board
Mandi Tax	1998	35.95	M P High Court, Jabalpur
Property Tax and Interest thereon	1993-94 to 2022-23	202.01	M.P. High Court, Jabalpur Bench

## II. TDS Defaults of Rs. 0.53 Lakhs

TDS liability for all assessment years is either on account of short payment of TDS, short deduction of TDS or on account of interest on such short payment or late payment. The company is in the process of rectifying the demand.

III. The following outstanding demand of Rs. 90.04 Lakhs Previous year (Rs. 343.5 Lakhs) under Income Tax is not accepted by the Company and the Company is in the process of filing necessary rectification before the Income Tax Authorities in this regard:

S.no	Assessment Year	Demand under Section 156 (in lakhs)	Related to
1	2017-18	46.76	Outstanding Interest
2	2017-18	40.06	Outstanding Demand
3	2016-17	0.10	Outstanding Demand
4	2009-10	2.92	Section 271(1)(C)
5	2016-17	0.20	Outstanding Interest
	<b>TOTAL</b>	<b>90.04</b>	

## 39.3. CAPITAL COMMITMENT (NET OF ADVANCE)

- Estimated amount of contracts remaining to be executed on capital account is Rs.356.94 Lakhs (Previous year Rs. 13,267 Lakhs).
- Company has finalized contracts for supply of indigenous & imported plant & machinery of De-inking Plant and for refurbishing/renovating both the paper machines and captive power plant and others works to the tune of approx Rs. 50884.05 lakhs (Previous year Rs. 41311.63 Lakhs). The Company has paid amount for supplies/advances/services to the tune of Rs. 45748.69 Lakhs (Previous year Rs. 35809.40 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. 43,400 Lakhs (Net of EPCG benefits of Rs. 2,400 Lakhs) Bankers are insisting on Government Guarantee for sanctioning of project loan. Since the current policy of GOI is not to provide guarantee, the Government of India was requested to fund the revised cost estimates on account of cost escalation (Rs. 14,900 Lakhs) as well as the component of Rs. 12,800 Lakhs that was initially to be funded through bank loan. A revised support package has been sanctioned by the Government of India/CCEA on 03 October 2018 and Further Additional fund of Rs. 11004 Lakh was sanctioned in 13.10.2021 as follows:

(₹ in Lakhs)		
S.no	Particulars	Amount
1.	Infusion of additional equity towards financing the Revised Cost estimate - of RMDP including Rs 12,800 Lakhs as equity funding in lieu of bank loan.	Rs. 27,700

2.	Sanction of loan towards funds required for payment of Salary and wages and statutory dues of employees	Rs.10,158
3.	Sanction of fund in the form of 7% non-cumulative preference shares towards funding of voluntary Retirement Scheme	Rs.9,083
4.	Additional infusion of Equity towards financing revised cost estimate of RMDP	Rs. 7841
5.	Additional Sanction of loan towards funds required for payment of Salary and wages and statutory dues of employees	Rs. 3163
	<b>Total</b>	<b>Rs.57945</b>
	Out of this following installments have been received. For RMDP project:- (i) Rs. 3,300 Lakhs (2018-19) (ii) Rs. 15,105 Lakhs (2019-20) (iii) Rs. 9,295 Lakhs (2020-21) (iv) Rs. 7841 Lakh (2021-22)	Rs. 35541
	For Payment of Salary & Wages	Rs. 13321
	For Payment of VRS	Rs. 4,654

40. The accounts have been prepared on going concern basis despite losses for the year ended 31<sup>st</sup> March 2023 of Rs. 10579.60 Lakhs (Previous year Rs. 5989.89 Lakhs). The net worth of the Company has been completely eroded. 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. The 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. The going concern of the company is entirely dependent on successful implementation, operations of the RMDP plan and settlement of loans provided by Government of India.

41. **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 challenged by the respondent before the Division Bench of Hon'ble High Court, Allahabad, and 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 progress.

42. **Foreign Exchange Transactions:**

- a) Expenditure in Foreign currency (₹ in Lakhs)

S. No.	Particulars	2022-23	2021-22
1	For RMDP (Incl. advance)	0	205.25
	<b>Total</b>	<b>0</b>	205.25

- b) Income in foreign currency Rs 0.00 Lakhs (Previous year- Rs. Nil).  
c) CIF value of Imports.

(₹ in Lakhs)			
S. No	PARTICULARS	2022-23	2021-22
1	Raw Materials	NIL	NIL

2	Capital Goods under RMDP	NIL	NIL
	<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>

43. **Supplementary Information**

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

(₹ in Lakhs)

SL. NO.	PARTICULARS	Raw Materials		Stores & Spares	
		2022-23	2021-22	2022-23	2021-22
1	Imported	NIL	NIL	NIL	NIL
2	Indigenous	2942.71	NIL	NIL	NIL

44. **Status of Secretarial Compliances**

44.1. Directors on the Board of Company are appointed by Government of India (GOI). Tenure of Smt. Kalpana Shrivastava was completed in Feb 2022 and tenure of Smt. Kamlawati Singh was completed in Feb 2023 after vacancy of Independent Directors on the Board. Mr. Milind Sharadchandra Kanade was appointed as Independent Director on 05.06.2023 by GOI. Further appointment of 1 more Independent Director on the Board of NEPA Ltd is Pending from GOI.

44.2. Company had issued shares to President of India and Governor of Madhya Pradesh during the period 17-02-2016 to 30-08-2016 and in 2019-20 and 2020-21 Company has applied for waiver of Stamp Duty from the Competent Authority in 2019, 2021, 2022 and 2023. The final decision in the matter has not been made till completion of audit for Financial Year 2022-23.

44.3. Charge Satisfaction Form was already filled for borrowings by the company in earlier years but charges were not removed from ROC Charge Index Register and filed copies of forms are not available with the Company as physical forms were submitted at that time instead of online filling.

44.4. The cost records have been maintained by the Company. Cost Auditors were appointed for FY 22-23 by the Company.

45. The Company has paid claim compensation/penalty raised by South Eastern Coal Fields Limited (SECL) for short lifting of coal under the Fuel Supply Agreement of the period 2014-15 to 2018-19, the claim was raised by SECL in February 2022. On the basis of the observations raised by C&AG the penalty amounting to Rs. 475.36 Lakhs has been accounted as a prior period item reported as an Exceptional item.

46. **Additional Regulatory Information**

- a. The title deeds of free hold land are in the name of the Company
- b. The Company has not revalued its Property, Plant and Equipment during the year.
- c. The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMP's and related parties as defined in the Companies Act, 2013, either severally or jointly with any other person that are: -
  - I. Repayable on demand or,
  - II. Without specifying the any terms or period of repayment.

- d. The Company has Revival Mill Development Plan appearing as Capital work in Progress the details are as follows: -

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	475.26	-	-	-	475.26

- e. The Company have Intangible Assets under Development.

Intangible Asset Under Development	Amount in Intangible asset under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
ERP Software	4.70	-	-	-	4.70

- f. No proceedings have been initiated or pending against Company for holding any Benami Property under Prohibitions of Benami Transactions Act,1988 (Earlier titled as Benami Transactions (Prohibitions) Act,1988.
- g. The Company does not have any borrowings from Banks or Financial Institutions on the basis of Security of Current Assets.
- h. The Company has not been declared as willful defaulter.
- i. The Company has no transaction with Companies which are stuck off under section 248 of the Companies Act,2013.
- j. Charges pending for satisfaction with ROC

Description	Location of ROC	Reason for Delay
Charge ID 90204427 Creation Date: 21/03/1964 Amount: Rs.0.96 Lakh Party Name: THE CHAIRMAN MADHYA PRADESH HOUSING BOARD	ROC Gwalior	As the charge is very old as per Charge registered charge satisfaction form is filled via hard copy but during migration of MCA Portal In 2006 it was not updated and still showing as open Charge
Charge ID 90204446 Creation Date: 21/03/1964 Amount: Rs.125.00 Lakh Party name: M. P. ELECTRICITY BOARD 18/09/1978	ROC Gwalior	As the charge is very old as per Charge registered charge satisfaction form is filled via hard copy but during migration of MCA Portal In 2006 it was not updated and still showing as open Charge
Charge ID 90207971 Creation Date: 17/03/1997 Amount: Rs.3580.00 Lakh Sanction by: SBI	ROC Gwalior	Charge satisfaction form already filled but incorrect SRN vide Charge ID 90207971 showing in MCA Master Data information already given to ROC but till date rectification not done

- k. The Company does not have layers as prescribed under clause (87) of section 2 of The Companies Act, 2013 read with the Companies (Restriction on Number of Layers) Rules, 2017. The company does not have any Subsidiary, Associate or Joint Venture.
- l. Financial Ratios

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for Variance
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Current Ratio	Current Asset	Current Liabilities	0.45	0.72	-37.74%	Due to increase in current maturity of long term debt
Debt-Equity Ratio	Total Debt (long Term + Short Term)	Shareholders' Equity	-31.69	40.78	-177.71%	Due to increase in borrowings, interest and losses in the current financial year
Debt Service Coverage Ratio	Earnings available for debt services	Interest & Lease Payments + Principal Repayments	-0.08	-0.12	-30.22%	Due to increase in borrowings, interest and losses in the current financial year
Return on Equity Ratio	Net Profit after taxes - Preference dividend	Average Shareholder's Equity	-0.83	-1.45	-42.40%	Due to losses.
Inventory turnover ratio	Sales	Average Inventory	1.24	4.23	-70.79%	Due to increase in closing stock of inventory.
Trade Receivables turnover ratio	Net Sales	Average Accounts Receivable	8.94	8.46	5.68%	Due to increase in closing value of Trade Receivables.
Trade payables turnover ratio	Net Credit Purchases	Average Accounts Payables	2.54	0.77	229.18%	Due to increase in closing value of Trade Payables.
Net capital turnover ratio	Net Sales	Working Capital	-0.15	-0.36	-57.46%	Due to increase in losses.
Net profit ratio	Net Profit after tax	Net Sales	-2.60	-2.89	-10.03%	Due to increase in losses.
Return on Capital employed	Earnings before interest	Capital Employed	-0.21	-1.41	-84.46%	Due to losses.

	and taxes (EBIT)					
Return on investment	{MV(T1) – MV(T0) – Sum [C(t)]}	{MV(T0) + Sum [W(t) * C(t)]}		NA		

- m. During the year no Scheme of Arrangement has been formulated by the Company/pending with competent authority.
- n. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding (whether recorded in writing or otherwise) that the intermediary shall,
- (1) directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (Ultimate Beneficiaries) or
- (2) provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries.
- B). The Company has not received any fund from any persons or entities including foreign entities (Funding Party) with the understanding that the Company shall.
- (1) directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (Ultimate Beneficiaries) or
- (2) provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries.
- o. The Company does not have transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the Tax Assessments under the Income Tax Act, 1961
- p. The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year
- q. The Company is not required to incur any expenditure towards Corporate Social Responsibility.
47. Amounts reported in the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement are in Indian rupees rounded off to the nearest Rupees in Lakhs.
48. 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.

FOR FADNIS &amp; GUPTA LLP

CHARTERED ACCOUNTANTS  
FRN: 006600C/ C400324  
(CA VIKRAM GUPTA)  
PARTNER  
M.NO. 074814

PLACE: NEW DELHI  
DATE: 28.08.2023

FOR AND ON BEHALF OF THE OF THE BOARD OF DIRECTORS

(P.K. NAIK)  
DIRECTOR FINANCE  
(ADDL. CHARGE)  
DIN: 08676709

(Mrs. PURNIMA PARASHAR)  
COMPANY SECRETARY  
M.No. A36079

(CMDE. SAURAV DEB)  
CHAIRMAN CUM MANAGING DIRECTOR  
DIN: 09068496

(C N VERMA)  
CHIEF FINANCIAL OFFICER

**COMMENTS OF THE COMPTROLLER & 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 2023**

The preparation of financial statements of NEPA Limited 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 28 August 2023.

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 2023 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 auditors and is limited primarily to inquiries of the Statutory Auditors 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**

**Current Assets**

**Short-Term Loans and Advances (Note No. 17): ₹6,120.27 lakh**

**Claim Receivable: ₹837.27 lakh**

The above includes ₹7.27 crore on account of penalty paid (₹3.41 crore) by NEPA for the period June 2004 to March 2011 and the penalty recovered (₹3.86 crore) by Employees Provident Fund Organisation (EPFO) for the period December 2014 to October 2017 by attachment of bank accounts of NEPA, due to delay in remittance of Provident Fund contribution by NEPA. This amount has been shown as recoverable from EPFO on the plea that relief thereof would be given by the Board for Industrial and Financial Reconstruction (BIFR).

Audit observed that NEPA appealed (June 2014) to EPFO for waiver of the penalty for the period June 2004 to March 2011 in view of poor financial position of the Company. EPFO rejected (August 2014) the request of the Company as the conditions for waiver of penalty were not met. Further, in subsequent correspondence (November 2021) with EPFO on the matter, the Ministry of Heavy Industries as well as the Company did not insist for refund of the penalty pertaining to the above period. Also, while challenging the attachment of bank accounts (by EPFO for recovery of penalty for the period December 2014 to October 2017) in the Appellate Tribunal constituted under the Employees Provident Fund and Miscellaneous Provisions Act, 1952, NEPA did not claim the amount of penalty pertaining to the period June 2004 to March 2011.

In view of the above, the possibility of recovery of penalty amounting to ₹3.41 crore pertaining to the period June 2004 to March 2011 is remote and therefore provision for ₹3.41 crore should have been made. Non-provision against the claim receivable has resulted in understatement of Provision for bad & doubtful claims by ₹3.41 crore and Loss for the year to the same extent.

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

(Sanjay K. Jha)  
Director General of Audit  
(Industry & Corporate Affairs)  
New Delhi

Place: New Delhi

Date: 01 NOV 2023

**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<sup>ST</sup> MARCH 2023 AND MANAGEMENT REPLY THERE TO**

Comments of CAG	Management Reply
<p>Balance Sheet Current Assets Short-Term Loans and Advances (Note No.17): ₹6,120.27 lakh Claim Receivable: ₹837.27 lakh The above includes 7.27 crore on account of penalty paid (₹ 3.41 crore) by NEPA for the period June 2004 to March 2011 and the penalty recovered (₹3.86 crore) by Employees Provident Fund Organisation (EPFO) for the period December 2014 to October 2017 by attachment of bank accounts of NEPA, due to delay in remittance of Provident Fund contribution by NEPA. This amount has been shown as recoverable from EPFO on the plea that relief thereof would be given by the Board for Industrial and Financial Reconstruction (BIFR).</p> <p>Audit observed that NEPA appealed (June 2014) to EPFO for waiver of the penalty for the period June 2004 to March 2011 in view of poor financial position of the Company. EPFO rejected (August 2014) the request of the Company as the conditions for waiver of penalty were not met. Further, in subsequent correspondence (November 2021) with EPFO on the matter, the Ministry of Heavy Industries as well as the Company did not insist for refund of the penalty pertaining to the above period. Also, while challenging the attachment of bank accounts (by EPFO for recovery of penalty for the period December 2014 to October 2017) in the Appellate Tribunal constituted under the Employees Provident Fund and Miscellaneous Provisions Act, 1952, NEPA did not claim the amount of penalty pertaining to the period June 2004 to March 2011.</p> <p>In view of the above, the possibility of recovery of penalty amounting to ₹ 3.41 crore pertaining to the period June 2004 to March 2011 is remote and therefore provision for ₹3.41 crore should have been made. Non-provision against the claim receivable has resulted in understatement of Provision for bad &amp; doubtful claims by ₹ 3.41 crore and Loss for the year to the same extent.</p>	<p>EPFO has imposed the penalty for the period company is under BIFR. BIFR in its hearing held on 27.05.2016 considered the matter and issued following order “Employee Provident fund authority not to take any coercive action against the Company on the notice of demand dated 02.01.2015 and 02.03.2015 respectively and to consider to waive the damages imposed u/s 14 (B) of the Employee Provident Fund Misc. Act, and refund of Interest u/s 7Q of the said Act as per extant policy.</p> <p>Accordingly request was made by the Company to CPFC, EPFO to consider the case sympathetically and order waiver of damages and refund of interest imposed on Company. Company is following up the matter with CPFC, EPFO on continuous basis. Further EPFO recovered the damages from company escrow account which is dedicatedly for the funds sanctioned by GOI for RMDP and appropriation of RMDP fund is strictly prohibited by GOI and the matter is Sub Judicial with Indore &amp; Jabalpur Court. Considering the same Company is positive towards recovery of penalty amount of ₹ 3.41 Crore pertaining to the period June 2004 to March 2011 hence provision not created for the said sum.</p>



**INAUGURATION PROGRAMME**  
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