



HARDOLL PAPER MILLS LIMITED

**22nd ANNUAL REPORT
2015 - 2016**

HARDOLL PAPER MILLS LIMITED

Financial Highlights

(Amount in lacs)

	2015-16	2014-15	2013-14	2012-13	2011-12
Turnover	6,208.55	4,823.08	5226.15	4875.36	5181.61
Total Income	6,208.55	4,823.08	5230.18	4879.30	5186.77
Earning Before Depreciation, Interest and Tax(EBDIT)	186.56	232.83	155.83	141.08	275.31
Depreciation	158.60	100.42	55.12	52.74	51.78
Profit After Tax	(119.55)	58.64	16.37	18.59	119.39
Equity Dividend %	Nil	Nil	Nil	Nil	Nil
Dividend Payout	Nil	Nil	Nil	Nil	Nil
Equity Share Capital	269.23	234.11	234.11	234.11	234.11
Reserves And Surplus	613.87	646.77	588.13	571.76	553.17
Net Worth	883.10	880.88	822.24	805.87	787.28
Gross Fixed Assets	2,402.43	2,323.39	1290.59	1256.98	1188.98
Net Fixed Assets	1,774.64	1,850.38	905.80	927.31	910.16
Total Assets	3,210.23	2,708.80	2112.2	1831.06	1694.02
Key Indicators					
	2015-16	2014-15	2013-14	2012-13	2011-12
Earnings Per Share	-4.59	2.50	0.70	0.79	5.10
Turnover Per Share	230.61	206.02	223.41	208.42	221.55
Book Value Per Share	3.05	37.63	35.12	34.42	33.63
Debt:Equity Ratio	0.92:1	0.85:1	0.75:1	0.63:1	0.51:1
EBDIT/Turnover %	3.00	4.83	2.98	2.89	5.31
Net Profit Margin %	-1.93	1.22	0.31	0.38	2.30
RONW %	-13.54	6.66	1.99	2.31	15.17



BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

BANKERS

State Bank of India,
Nagpur

WORKS

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

AUDITORS:

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

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of **HARDOLI PAPER MILLS LIMITED** will be held at the Registered Office of the Company at: Krishna Kunj, First Floor, Bhavsar Chowk, Central Avenue, Nagpur - 440002 on 12th August, 2016, Friday at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended 31st March, 2016 of the Company together with the Reports of Directors and Auditors thereon.
2. To ratify the appointment of auditors of the Company, and to fix their remuneration and to pass the following resolution as an ordinary resolution thereof :

Resolved that, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on 25th September, 2014, the appointment of M/S. WALTER & ASSOCIATES, CHARTERED ACCOUNTANTS (FIRM'S REGISTRATION NO.112624W) as the auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2019 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017 as may be determined by the Board in consultation with the auditors.

3. To appoint director in place of those retiring by rotation.

By Order of the Board

Regd. Office:
Krishna Kunj, First Floor,
Bhavsar Chowk, Central Avenue,
Nagpur 440002
Date: 21.06.2016

KAILASH CHAND AGARWAL
MANAGING DIRECTOR

ANILKUMAR M. LAKHOTIYA
JOINT MANAGING DIRECTOR

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. Instrument appointing proxies in order to be effective, must be lodged with the company at its registered office not less than 48 hours before the meeting.



DIRECTORS' REPORT

**TO
THE MEMBERS
HARDOLI PAPER MILLS LIMITED**

Your Directors have pleasure in submitting the Twenty Second Annual Report together with Audited financial statements of the Company for the year ended on 31st March, 2016.

FINANCIAL RESULTS

The company's financial performance, in the year ended March 31, 2016 is shown below:

(Rupees)

Particulars	For the year ended 31-3-2016	For the year ended 31-3-2015
Income from operations including other income	62,08,54,593	48,23,08,104
Profit before Interest, Depreciation, tax & extraordinary items	1,86,56,226	1,75,17,685
Less: Interest	2,06,63,193	60,37,411
Profit before Depreciation, Tax & extra ordinary items	(20,06,967)	1,14,80,274
Less: Depreciation	1,58,60,377	1,00,41,580
Add: Extraordinary items	-	57,65,500
Profit before tax	(1,78,67,344)	72,04,194
Less: Provision for Taxation (Including Deferred Tax)	(59,12,780)	13,39,812
Profit after tax	(1,19,54,563)	58,64,382
Balance brought forward	4,24,62,951	3,65,98,569
Amount available for appropriation	3,05,08,388	4,24,62,951
APPROPRIATIONS		
Proposed Dividend	Nil	Nil
Corporate Dividend Tax	Nil	Nil
Transfer to General Reserve	Nil	Nil
Balance carried to Balance Sheet	3,05,08,388	4,24,62,951

OPERATIONS AND STATE OF COMPANY AFFAIRS

During the year under review, the Company has the production of 26,786 MT as against 19,896 MT in the previous year which is a increase of 34.63%. The turnover of the Company has increased from Rs. 4823.08 lacs in the previous year to Rs. 6208.54 lacs during the year under review. The profit before interest, depreciation, taxes & extra ordinary items has increased to Rs. 186.56 lacs as compared to Rs. 175.18 lacs in the previous year.

DIVIDEND

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

To appoint Directors in place of those retiring by rotation.

DISCLOSURE

PARTICULARS OF EMPLOYEES

There was no employee drawing a salary exceeding Rs. 60,00,000/- per annum or Rs. 5,00,000/- per month, if employed for a part of the year as prescribed under the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DIRECTORS' REPORT (Contd.)**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

A. CONSERVATION OF ENERGY

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

ii) POWER & FUEL CONSUMPTION

Financial Year	Year Ended 31.03.2016	Year Ended 31.03.2015
Electricity Consumption (Units)	78,66,375	62,90,490
Total Amount (Rs.)	5,74,47,557	4,42,66,850
Rate Per Unit (Rs.)	7.30	7.09
Coal Consumption (Kg.)	1,43,31,029	20,35,440
Total Amount (Rs.)	5,47,83,530	65,04,350
Rate Per Unit (Rs.)	3.82	3.20
Fire Wood Consumption (Kg.)	-	1,01,12,505
Total Amount (Rs.)	-	2,81,53,605
Rate Per Unit (Rs.)	-	2.78

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNING & OUTGO

The Company has spent a sum of Rs. 14,69,50,789/- (Rs. 15,85,65,352/-) on import of raw material, Stores and capital goods.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no subsidiaries, joint ventures and associate companies during the current year.

INTERNAL FINANCIAL CONTROLS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the current year on 31st March, 2016 and of the profit or loss of the Company for the year ended on that date;



DIRECTORS' REPORT (Contd.)

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the Annual Accounts of the Company on a going concern basis.
- (v) The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively;
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

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

AUDITORS AND AUDITOR'S REPORT

Statutory Auditor

Pursuant to Section 139 of the Companies Act, 2013, rules made thereunder and subject to approval of the members of the company at the Annual General Meeting, the Board of directors appointed M/S. WALTER & ASSOCIATES, CHARTERED ACCOUNTANTS, MUMBAI, hold office up to the conclusion of Twenty-fifth (25th) Annual General Meeting of the Company.

The Board recommends the ratification of the appointment of Walter & Associates, Chartered Accountants (Firm Registration No. 112624W) as the statutory auditors. The members are thus requested to ratify the appointment of the aforesaid statutory auditors for the next financial year 2016-17 at the ensuing Annual General Meeting

The Statutory Auditors have not reported any incident of fraud to the audit committee of the company in the year under review.

MEETINGS OF THE BOARD

Seven Meetings of the Board of Directors were held during the year.

The details of Board meetings are given below:

Date	Board Strength	No. of Directors Present
7th April, 2015	3	3
19th May, 2015	3	3
15th June, 2015	3	3
1st July, 2015	3	3
5th August, 2015	3	3
30th October, 2015	3	3
21st January, 2016	3	3

RISK MANAGEMENT POLICY

The risk management policy is formulated and implemented by the company in compliance with the provisions of the new Companies Act, 2013. The policy helps to identify the various elements of risks faced by the company, which in the opinion of the Board threatens the existence of the Company.

DIRECTORS' REPORT (Contd.)

PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

EXTRACT OF ANNUAL RETURN

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

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Particulars of loans given, investments made, guarantees given and securities provided.
2. Related party transactions.
3. Material changes & commitments affecting financial position of the company occurring between the date of Financial Statements and the Board's Report.
4. Deposits under Chapter V of Companies Act, 2013.
5. Significant and material orders passed by the regulators, courts, tribunals impacting the going concern status and company's operations in future.
6. Issue of equity shares with differential rights, sweat equity, details of ESOS.

ACKNOWLEDGEMENTS

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

By Order of the Board

Regd. Office:

Krishna Kunj, First Floor,
Bhavsar Chowk, Central Avenue,
Nagpur 440002
Date: 21.06.2016

KAILASH CHAND AGARWAL
MANAGING DIRECTOR

ANILKUMAR M. LAKHOTIYA
JOINT MANAGING DIRECTOR



DIRECTORS' REPORT (Contd.)

Annexure 1 – Particulars of contracts / arrangements made with related parties

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

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

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

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2016, which were not at arm's length basis.

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2016 are as follows:

Name of related party	Nature of Relationship	Duration of Contract	Salient Terms	Amount paid as Advance
Nature of contract/ transaction				
Freight Charges				
Saini Transport Company	Enterprises in which there is a significant influence of Members/ Directors	Ongoing	Freight for the year ended 31st March, 2016 amounting to Rs.56,34,736.	Nil
Purchases of capital Asset				
Kaygaon Paper Mills Limited	Enterprises in which there is a significant influence of Members/ Directors	Ongoing	Purchases of Raw material during the year is Rs. 32,39,553.	Nil
Chandra Coal Pvt. Limited	Enterprises in which there is a significant influence of Members/ Directors	Ongoing	Purchases of Coal during the year is Rs 1,08,81,992.	Nil
Chandra Coal Pvt. Limited	Enterprises in which there is a significant influence of Members/ Directors	Ongoing	Purchase of Raw Material Rs. 14,34,023.	Nil
Remuneration, Bonus & Incentive & PF				
Shri Kailashchand Agarwal	Directors/Key Management Personnel	Ongoing	Remuneration paid to directors amounting to Rs.10,20,000. Bonus & Incentive paid amounting to Rs. 70,000.	Nil
Shri Anilkumar Lakhotia	Directors/Key Management Personnel	Ongoing	Remuneration paid to directors amounting to Rs. 10,20,000. Bonus & incentive paid amounting to Rs. 70,000.	Nil

DIRECTORS' REPORT (Contd.)

Name of related party	Nature of Relationship	Duration of Contract	Salient Terms	Amount paid as Advance
Interest Paid				
Shri Kailashchand Agarwal	Directors/Key Management Personnel	Ongoing	Interest paid Rs. 1,17,886 on loan taken	Nil
Shri Anilkumar Lakhotia	Directors/Key Management Personnel	Ongoing	Interest paid Rs. 1,69,833 on loan taken	Nil
Omprakash Rathi	Key Management Personnel	Ongoing	Interest paid Rs. 4,99,108 on loan taken	Nil
Rajiv D. Behal	Director	Ongoing	Interest paid Rs. 5,41,922 on loan taken	Nil
Jarnailsingh Saini	Director	Ongoing	Interest paid Rs. 3,98,944 on loan taken	Nil
Sushil Kaur Saini	Directors' Relatives	Ongoing	Interest paid Rs. 9,631 on loan taken	Nil
Karnailsingh Saini	Directors' Relatives	Ongoing	Interest paid Rs. 72,886 on loan taken	Nil
Baljitsingh Saini	Directors' Relatives	Ongoing	Interest paid Rs. 2,85,281 on loan taken	Nil
Kuldeepsingh Saini	Directors' Relatives	Ongoing	Interest paid Rs. 36,442 on loan taken	Nil
Sartaj Manindersingh Saini	Directors' Relatives	Ongoing	Interest paid Rs. 1,34,198 on loan taken	Nil
Baljit Kaur	Directors' Relatives	Ongoing	Interest paid Rs. 1,25,881 on loan taken	Nil
Kailash Kaur	Directors' Relatives	Ongoing	Interest paid Rs. 3,32,804 on loan taken	Nil
Snehlata A Lakhotiya	Directors' Relatives	Ongoing	Interest paid Rs. 1,56,928 on loan taken	Nil
Mrs. Anita Lakhotiya	Directors' Relatives	Ongoing	Interest paid Rs. 80,196 on loan taken	Nil
Mrs. Hazelkaur Manindersingh Saini	Directors' Relatives	Ongoing	Interest paid Rs. 65,628 on loan taken	Nil
Mrs. Sanjamkumar Saini	Directors' Relatives	Ongoing	Interest paid Rs. 80,424 on loan taken	Nil
Mrs. Kajal Sanjay Agrawal	Directors' Relatives	Ongoing	Interest paid Rs. 6,46,046 on loan taken	Nil
Mrs. Navita K. Agrawal	Directors' Relatives	Ongoing	Interest paid Rs. 3,46,311 on loan taken	Nil
Mrs. Mangla Omprakash Rathi	Directors' Relatives	Ongoing	Interest paid Rs. 11,640 on loan taken	Nil
Chandra Coal Pvt Limited	Enterprises in which there is a significant influence of Members/ Directors	Ongoing	Interest paid Rs. 7,438 on loan taken	Nil



Annexure - III

FormNo.MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2016

[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	U21010MH1995PLC085883
ii.	Registration Date	24/02/1995
iii.	Name of the Company	Hardoli Paper Mills Limited
iv.	Category / Sub-Category of the Company	Company limited by shares
v.	Address of the Registered office and contact details	Krishna Kunj, 1st Floor, Bhavsar Chowk, C.A.Road, Nagpur - 440002 Email Id- filing@wnaca.com Tel: 022-40568100
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

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:			
SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER
i.	Kraft Paper	48042900	99.78%

III	PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NOT APPLICABLE

IV		
i.	Category-wise Share Holding	As per Attachment A
ii.	Shareholding of Promoters	As per Attachment B
iii.	Changes in Promoters' Shareholding	No Change
iv.	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Attachment C
v.	Shareholding of Directors and Key Managerial Personnel	As per Attachment D

V		INDEBTEDNESS:
	Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Attachment E

VI	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: - As per Attachment F

VII	PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: - NOT APPLICABLE

Annexure - III (Contd.)

ATTACHMENT - A

CATEGORY - WISE SHAREHOLDING:

SR. NO.	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
A	Promoter and Promoter Group									
1)	INDIAN									
a)	Individual / HUF	115600	701800	817400	34.92%	115600	540580	656180	24.37%	-
b)	Central Government/State Government(s)	0	0	0	-	0	0	0	-	-
c)	Bodies Corporate	0	0	0	-	0	0	0	-	-
d)	Financial Institutions / Banks	0	0	0	-	0	0	0	-	-
e)	Others	0	0	0	-	0	0	0	-	-
	Sub-Total A(1)	0	0	0	-	0	0	0	-	-
2)	Foreign	115600	701800	817400	34.92%	115600	540580	656180	24.37%	-
a)	Individuals (NRIs/Foreign Individuals)									
b)	Bodies Corporate	0	0	0	-	0	0	0	-	-
c)	Institutions	0	0	0	-	0	0	0	-	-
d)	Qualified Foreign Investor	0	0	0	-	0	0	0	-	-
e)	Others	0	0	0	-	0	0	0	-	-
	Sub-Total A(2)	0	0	0	-	0	0	0	-	-
	Total A=A(1)+A(2)	0	0	0	-	0	0	0	-	-
B	Public Shareholding									
1)	Institutions									
a)	Mutual Funds / UTI	0	0	0	-	0	0	0	-	-
b)	Financial Institutions / Banks	0	0	0	-	0	0	0	-	-
c)	Central Government / State Government(s)	0	0	0	-	0	0	0	-	-
d)	Venture Capital Funds	0	0	0	-	0	0	0	-	-
e)	Insurance Companies	0	0	0	-	0	0	0	-	-
f)	Foreign Institutional Investors	0	0	0	-	0	0	0	-	-
g)	Foreign Venture Capital Investors	0	0	0	-	0	0	0	-	-
h)	Qualified Foreign Investor	0	0	0	-	0	0	0	-	-
i)	Others - FDI	0	0	0	-	0	0	0	-	-
	Sub-Total B(1)	0	0	0	-	0	0	0	-	-
2)	Non-Institutions									
a)	Bodies Corporate									
	- Indian	500	5500	6000	0.26%	500	55650	56150	2.09%	-
	- Overseas	0								
b)	Individuals	500	5500	6000	0.26%	500	55650	56150	2.09%	-
i)	Individuals holding nominal share capital upto ₹ 1 lakh	37350	663600	700950	29.94%	115250	746274	861450	32.00%	-
ii)	Individuals holding nominal share capital in excess of ₹ 1 lakh	161050	645700	806750	34.46%	325450	783035	1108485	41.17%	-
c)	Others (specify)	0	10000	10000	0.43%	0	10000	10000	0.37%	-
j)	Non resident Indians	0	10000	10000	0.43%	0	10000	10000	0.37%	-
	Sub-Total B(2)	198400	1324800	1523700	65.08%	441200	1594959	2036159	75.63%	-
	Total B=B(1)+B(2)	198900	1324800	1523700	65.08%	441200	1594959	2036085	75.63%	-
C	C. Shares held by Custodian for ADRs & GDRs	0	0	0	0	0	0	0	0	
	GRAND TOTAL (A+B+C)	314500	2026600	2341100	100%	556800	2135539	2692265	100%	



Annexure - III (Contd.)

ATTACHMENT - B

SHAREHOLDING OF PROMOTERS:

SR. NO.	SHAREHOLDERS'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR			SHAREHOLDING AT THE END OF THE YEAR			% CHANGE DURING THE YEAR
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	
1	RAJIV BEHAL	229100	9.79%	-	100	0.01%	-	99.95%
2	OMPRAKASH RATHI	228900	9.78%	-	267360	9.93%	-	16.80%
3	KAILASH AGRAWAL	126500	5.40%	-	231495	8.60%	-	83%
4	ANILKUMAR LAKHOTIYA	115600	4.94%	-	186295	6.92%	-	61.15%
5	JARNAILSINGH SAINI	84600	3.61%	-	108105	4.02%	-	27.78%
6	KAMAL AGRAWAL	30100	1.28%	-	34615	1.29%	-	0.15%
7	RAJENDERSINGH SAINI	2600	0.11%	-	2600	0.10%	-	0%

ATTACHMENT - C

SHAREHOLDING PATTERN OF TOP TEN SHARE HOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

SR NO.	NAME OF SHAREHOLDERS*	SHAREHOLDING			% OF TOTAL SHARES OF THE COMPANY	CUMULATIVE SHAREHOLDING DURING THE YEAR	
		No. of shares at the beginning	No. of shares at the end	Increase		No. of Shares	% of Total Shares of the Company
1.	Akshay Rathi	186600	228405	8.48%	228405	8.48%	
2.	Mangla Rathi	130100	150845	5.60%	150845	5.60%	
3.	Jugalkishore Dhoot	111800	111800	4.15%	111800	4.15%	
4.	Snehlata Lakhotiya	77900	77900	2.89%	77900	2.89%	
5.	Anilkumar Lakhotiya HUF	56850	87078	3.23%	87078	3.23%	
6.	Kailashchandra Agrawal (Karta)	54600	62790	2.33%	62790	2.33%	
7.	Sanjay Agrawal	38700	46460	1.73%	46460	1.73%	
8.	Gaurav Lakhotiya	36700	99705	3.70%	99705	3.70%	
9.	KajalAgrawal	23900	35770	1.33%	35770	1.33%	
10.	Baljitsingh Saini	15900	35635	1.32%	35635	1.32%	

Annexure - III (Contd.)
ATTACHMENT - D
SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

SR NO.	NAME OF SHAREHOLDERS	SHAREHOLDING		% OF TOTAL SHARES OF THE COMPANY	CUMULATIVE SHAREHOLDING DURING THE YEAR	
		No. of shares at the beginning	No. of shares at the end		No. of Shares	% of Total Shares of the Company
1.	Kailash Agrawal (Managing Director)	126500	231495	8.60%	231495	8.60%
2.	Anilkumar Lakhotiya (Joint Managing Director)	115600	186295	6.92%	186295	6.92%
3.	Jarnailsingh Saini (Director)	84600	108105	4.02%	108105	4.02%

ATTACHMENT - E
INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT:

	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year				
i. Principal Amount	9,68,83,743	4,03,62,258	-	13,72,46,001
ii. Interest due but not paid	-	-	-	
iii. Interest accrued but not due	6,84,592	-	-	6,84,592
TOTAL (i+ii+iii)	9,75,68,335	4,03,62,258	-	13,79,30,593
Change in Indebtedness during the financial year				
Addition	74,18,10,950	3,35,52,332	-	77,53,63,282
Reduction	71,40,74,907	4,16,05,084	-	75,56,79,991
Net Change	2,77,36,043	(80,52,752)	-	1,96,83,291
Indebtedness at the end of the financial year				
i. Principal Amount	12,38,00,312	3,23,09,506	-	3,23,09,506
ii. Interest due but not paid	-	-	-	
iii. Interest accrued but not due	15,04,066	-	-	
TOTAL (i+ii+iii)	12,53,04,378	3,23,09,506	-	15,76,13,884



Annexure - III (Contd.)

ATTACHMENT - F

REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND / OR MANAGER:

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF MD/WTD/MANAGER		TOTAL AMOUNT (RS.)
		Kailash Agrawal (Managing Director)	Anilkumar Lakhotiya (Managing Director)	
1	Gross salary			
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,90,000	10,90,000	21,80,000
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
i)	as % of profit	-	-	-
ii)	Others, specify	-	-	-
5	Others—Contribution to Provident & Other Funds	-	-	-
	TOTAL (A)	10,90,000	10,90,000	21,80,000
	Ceiling as per the Act			

INDEPENDENT AUDITORS' REPORT

TO

**THE MEMBERS,
HARDOLI PAPER MILLS LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **HARDOLI PAPER MILLS LIMITED**, which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow statement for the year then ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and Rules made thereunder. We conducted our audit in accordance with Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Auditors Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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



INDEPENDENT AUDITORS' REPORT (Contd.)

7. As required by Section 143 (3) of the Act, we report that:
- i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, 2013 read with Rule 7 of Rules.
 - v) On the basis of written representations received from the directors, as on 31st March, 2016, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2016 from being appointed as a director in terms of sub-section (2) of section 164 of the Act;
 - vi) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The company has disclosed the impact of pending litigation on its financial position in its financial statements-- Refer Note 33 to the financial statements.
 - b. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - c. There were no amounts required to be transferred to the Investor Education Protection Fund by the Company.

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

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

Place: Mumbai
Date: 21.06.2016

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

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

- i. (a) The Company has maintained the records showing full particulars including quantitative details and situation of its Fixed Assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable property are held in the name of the company.
- ii. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion the frequency of such verification is reasonable.
- (b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records are not material.
- iii. As explained to us, the inventory has been physically verified during the year by the management. In our opinion the frequency of such verification is reasonable. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records are not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. According to the information and explanations given to us, The Company has not granted any loans, made investments and provide guarantees and securities and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted the deposits from public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under wherever applicable, have been complied with. Further, we are informed that no order has been passed by the Company Law Board or National Company Law tribunal or Reserve Bank of India or any court or any other tribunal in respect of the same.
- vi. As informed to us, the provisions for maintenance of cost records under sub section (1) of the section 148 of the Act, as prescribed by the Central Government is applicable to the Company and such accounts and records have been made and maintained by the Company. We have not, however, made a detailed examination of the records with view to determine whether they are accurate or complete.
- vii. (a) According to the records, information and explanations provided to us, the Company is generally regular in depositing undisputed amount payable in respect of Provident Fund, Employees' State Insurance (as informed to us employee's state insurance scheme is not applicable to the Company), Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, cess and other material statutory dues with appropriate authorities.
- (b) According to the information and explanations given to us, as on 31st March 2016 there is no amount outstanding in respect of disputed income tax, sales tax, wealth tax, service tax, excise duty, cess, education cess and custom duty except for the following:

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



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

Name of the Statute	Nature of the Dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Bombay Sales Tax Act, 1959 & Central Sales Tax Act, 1956	> Bombay Sales Tax	1,389	F.Y. 2003-2004	Sr. Deputy Commissioner of Sales Tax, Nagpur
	> Central Sales Tax	2,40,359	F.Y. 2004-2005	
Income Tax Act, 1961	TDS Demand, Interest and penalty	4,680	A.Y 2009 -10	Income Tax Officer (TDS)
	TDS Demand, Interest and penalty	270	A.Y. 2010-11	Income Tax Officer (TDS)

- viii. According to information and explanation given to us, there is no default made by the Company in repayment of dues to the Banks or Financial Institution.
- ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration to the managing director which is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company nor associated with such company, hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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

Place: Mumbai
 Date: 21.06.2016

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

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

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

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

We have audited the internal financial controls over financial reporting of **Hardoli Paper Mills Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of financial statements of the Company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

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

Place: Mumbai
Date: 21.06.2016



BALANCE SHEET AS AT 31ST MARCH, 2016

	NOTE	31.3.2016 (Rupees)	31.3.2015 (Rupees)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share Capital	2	2,69,22,650	2,34,11,000
Reserve & Surplus	3	6,13,87,322	6,46,76,940
Non-Current Liabilities			
Long Term Borrowings	4	8,11,22,469	7,93,62,817
Deferred Tax Liabilities (Net)	5	97,77,178	1,56,89,957
Current Liabilities			
Short Term Borrowings	6	6,35,20,349	4,68,83,184
Trade Payable	7	5,96,96,664	1,61,59,185
Other Current Liabilities	8	1,60,30,092	2,19,69,514
Short-Term Provisions	9	25,66,767	27,27,076
		<u>32,10,23,491</u>	<u>27,08,79,673</u>
<u>ASSETS</u>			
Non-Current Assets			
Fixed Assets	10		
- Tangible Assets		17,74,63,746	18,50,37,841
- Capital Work In Progress		24,97,535	-
Non-Current Investments	11	-	1,00,000
Long Term Loans and Advances	12	1,64,25,335	1,14,15,351
Assets Held for Sale		-	19,74,150
Current Assets			
Inventories	13	3,56,21,656	4,15,11,122
Trade Receivables	14	7,84,92,276	1,59,28,243
Cash and Bank Balances	15	30,42,527	15,08,459
Short Term Loans and Advances	16	66,99,001	1,22,53,860
Other Current Assets	17	7,81,415	-
11,50,647			
		<u>32,10,23,491</u>	<u>27,08,79,673</u>
Summary of Significant Accounting Policies and Notes to Financial Statement	1 to 44		

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

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

MUMBAI: 21.06.2016

FOR AND ON BEHALF OF THE BOARD

KAILASH AGARWAL - **MANAGING DIRECTOR**

ANIL KUMAR LAKHOTIYA - **JOINT MANAGING DIRECTOR**

JARNAIL SINGH SAINI - **DIRECTOR**

NAGPUR: 21.06.2016

HARDOLI PAPER MILLS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016

	NOTE	31.3.2016 (Rupees)	31.3.2015 (Rupees)
INCOME			
Revenue From Operations (Net)	18	61,98,23,301	48,12,31,335
Other Income	19	10,31,292	10,76,769
TOTAL REVENUE		62,08,54,593	48,23,08,104
EXPENDITURE			
Raw Material Consumed	20	41,85,25,931	32,85,72,779
Changes in Inventories of Finished Goods	21	(65,28,742)	5,57,561
Employee Benefits Expenses	22	1,33,67,923	1,29,50,636
Finance Costs	23	2,06,63,193	60,37,411
Depreciation and Amortisation Expense	10	1,58,60,377	1,00,41,580
Other Expenses	24	17,68,33,255	12,27,09,443
TOTAL EXPENSES		63,87,21,937	48,08,69,410
PROFIT BEFORE TAX		(1,78,67,344)	14,38,694
Add/(Less) : EXTRA ORDINARY ITEMS		-	57,65,500
Tax Expense:		(1,78,67,344)	72,04,194
- Current Tax		-	13,67,572
- MAT Credit Entitlement		-	(13,67,572)
- Deferred Tax		(59,12,780)	18,21,182
- MAT Credit Entitlement (Earlier Years)		-	(4,81,370)
		(59,12,780)	13,39,812
PROFIT FOR THE YEAR		(1,19,54,564)	58,64,382
EARNINGS PER SHARE			
(Equity shares , par value Rs.10/- each)			
- Basic		-4.59	2.50
- Diluted		-4.59	2.50
Summary of Significant Accounting Policies and Notes to Financial Statement	1 to 44		

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

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

MUMBAI: 21.06.2016

FOR AND ON BEHALF OF THE BOARD

KAILASH AGARWAL - **MANAGING DIRECTOR**

ANIL KUMAR LAKHOTIYA - **JOINT MANAGING DIRECTOR**

JARNAIL SINGH SAINI - **DIRECTOR**

NAGPUR: 21.06.2016



CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2016

	(Rupees) 2015 - 16	(Rupees) 2014 - 15
A. Cash flow from operating activities		
Net Profit before tax and extraordinary items and tax	(1,78,67,344)	14,38,694
Extraordinary items	-	57,65,500
Net Profit before tax	(1,78,67,344)	72,04,194
Adjustments for:		
Depreciation	1,58,60,377	1,00,41,580
Loss Due to Fire	11,89,234	-
Provision for Leave Encashment	1,51,480	1,53,350
Excess Provision for diminition in the value of Investment	-	(27,220)
Profit on sale of assets	(2,25,850)	-
Profit on sale of mutual funds	(16,358)	-
Interest Expenses	2,11,78,032	67,06,251
Operating profit before working capital changes	2,02,69,571	2,40,78,153
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
- Inventories	58,89,466	(1,52,86,498)
- Trade receivables	(6,25,64,033)	5,02,01,099
- Short-Term Loans And Advances (Excluding Income Tax)	55,54,859	(85,93,385)
- Long term loans & Advances	(13,12,125)	34,43,192
Adjustments for (increase) / decrease in operating liabilities:		
- Trade payables	4,35,37,479	(2,67,95,495)
- Other Current Liabilities	5,02,369	65,73,724
- Short-Term Provisions (Excluding Dividend)	(19,118)	5,33,997
Cash generated from operations:	1,22,27,700	3,40,44,301
Income Taxes Paid	(3,50,790)	4,74,888
Net Cash from operating activities	1,18,76,910	3,45,19,190
B. Cash flow from investing activities		
Payments for Capital Assets	(2,28,44,377)	(9,46,32,064)
Sale of fixed asset	17,03,323	20,00,000
Sale of Mutual Funds	1,16,358	-
Net Cash used in investing activities	(2,10,24,696)	(9,26,32,064)
C. Cash flow from Financing Activities		
Long Term Borrowings(Net)	22,26,652	5,65,70,214
Short Term Borrowings (Net)	1,66,37,165	84,76,105
Issue of Shares at premium	1,21,76,595	-
Interest paid	(2,03,58,558)	(67,06,251)
Net Cash used in Financing Activities	1,06,81,854	5,83,40,068
D. Net Increase in Cash & Cash Equivalents	15,34,068	2,27,194
Cash and cash equivalents as at the beginning of the year	15,08,459	12,81,265
Cash and cash equivalents as at the end of the year	30,42,527	15,08,459

KAILASH AGARWAL

- MANAGING DIRECTOR

ANIL KUMAR LAKHOTIYA

- JOINT MANAGING DIRECTOR

JARNAIL SINGH SAINI

- DIRECTOR

NAGPUR: 21.06.2016

AUDITORS' CERTIFICATE

We have verified the attached cash flow statement of Hardoli Paper Mills Ltd., derived from audited financial statement and the books and records maintained by the Company for the years ended 31st March, 2016 and 31st March, 2015 and found the same in agreement therewith.

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

MUMBAI: 21.06.2016

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

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT**Company Overview**

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

A. Basis of Preparation of Financial Statements

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

B. Use of estimates

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

C. Tangible Fixed Assets

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

D. Earning Per Share

Basic Earning Per Share is calculated by dividing the net profit or (loss) after tax for the period to attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The net profit/(loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all effects of dilutive potential equity shares for calculating the diluted earnings per share.

E. Depreciation and amortization

During the year, the same has been calculated in accordance with the Schedule II prescribed under Companies Act, 2013. The Company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Act except for machinery which are depreciated over a period of 15 years as per the management's opinion. Depreciation for assets purchased / sold during a period is proportionately charged. Individual low cost assets (acquired for less than Rs.5, 000/-) are depreciated over a period of one year from the date of acquisition. Depreciation on additions to assets or on sale/discardment of assets is calculated on prorata basis from the date of such addition or up to the date of such sale/discardment, as the case may be.

F. Identification of segments

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

G. Borrowing cost

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

H. Inventories**i. Raw Materials**

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



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

- ii. **Stores, Spares, Packing Materials**
These inventories are valued at lower of cost or realisable value. Cost is determined on First-in-First-Out basis.
- iii. **Work in Process**
These inventories are valued at lower of cost or realisable value. The cost of work in process comprises of raw & packing materials, direct labour, other direct costs and related production overheads as applicable. Cost of materials is determined on actual cost of materials issued.
- iv. **Manufactured Finished Goods**
These inventories are valued at lower of cost or net realizable value. The cost of finished goods comprises of materials, direct labour, other direct costs and related production overheads and excluding Excise duty. Cost of materials is determined on First-in-First-Out basis.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

I. Revenue Recognition

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

Other Income

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

J. Excise Duty/Cenvat

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

K. Foreign currency transaction

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

L. Employee Benefit

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

Long term benefits:

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

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

Leave encashment

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

Provident fund

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

M. Taxes on Income

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

Current Tax

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

Deferred Taxation

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

Minimum Alternate Tax

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

N. Provisions, Contingent liabilities and Contingent Assets

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

O. Investments

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

P. Leases

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

Q. Cash Flow Statement

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

R. Accounting for Government Grant

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received.

S. Disclosure of Accounting Policies

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



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	31.3.2016 (Rupees)	31.3.2015 (Rupees)
NOTE 2 : SHARE CAPITAL		
AUTHORISED CAPITAL		
35,00,000 (35,00,000) Equity Shares of Rs.10/- each	3,50,00,000	3,50,00,000
	3,50,00,000	3,50,00,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
26,92,265 (23,41,100) Equity Shares of Rs.10/- each fully paid up	2,69,22,650	2,34,11,000
	2,69,22,650	2,34,11,000

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

NAME OF SHAREHOLDER	31.03.2016		31.03.2015	
	% Held	% Held	No. of shares	No. of shares
Akshay Omprakash Rathi	8.48	7.97	2,28,405	1,86,600
Kailash P. Agarwal	8.60	5.40	2,31,495	1,26,500
Mangla Omprakash Rathi	5.60	5.56	1,50,845	1,30,100
Omprakash Damodar Rathi	9.93	9.78	2,67,360	2,28,900
Anil Kumar Lakhotiya	6.92	4.94	1,86,295	1,15,600
Rajiv Dharamprakash Behal	0.01	9.79	100	2,29,100

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

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

c. The Company has not allotted any shares for consideration other than cash during 5 years preceding March 31, 2016.

d. Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes (Contd.)

	31.3.2016 (Rupees)	31.3.2015 (Rupees)
NOTE 3 : RESERVE AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	2,04,13,989	2,04,13,989
(+) Current Year Transfer	-	-
(A)	<u>2,04,13,989</u>	<u>2,04,13,989</u>
Securities Premium		
Opening Balance	-	-
Add : On Issue of share Capital	87,79,125	-
Less : Share issue Expenses	1,14,179	-
(B)	<u>86,64,946</u>	<u>-</u>
General Reserve		
As per last Balance Sheet	18,00,000	18,00,000
Add: Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
(C)	<u>18,00,000</u>	<u>18,00,000</u>
Surplus		
As per last Balance Sheet	4,24,62,951	3,65,98,569
Add: Net profit for current year	(1,19,54,564)	58,64,382
(D)	<u>3,05,08,387</u>	<u>4,24,62,951</u>
(A+B+C+D)	<u>6,13,87,322</u>	<u>6,46,76,940</u>

NOTE 4: LONG TERM BORROWING
Non-Current
Secured
From Banks

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

5,38,12,963

4,40,00,559

(Term Loan is secured by way of Hypothecation of all movable created out of bank finance as well on Land, factory building, Plant and Machiney, Electrical fittings and Misc. assets with the personal guarantees of the directors and two promoters which carries rate of interest @13.95% p.a. First term loan of Rs 5.5 crores is repayable in 60 monthly installment amounting to Rs Rs 9.20 lacs from F.Y.2015-2016, second term loan of Rs 1.50 cr is repayable in 72 monthly installments amounting to Rs 2 lacs and third term loan of Rs 2 cr is repayable in 72 monthly installments amounting to Rs 2.67 lacs from FY 2016-2017 onwards.)

Unsecured Loans
From Others

Related Parties - Repayable on demand after 1st April, 2017

2,73,09,506

3,53,62,258

8,11,22,469
7,93,62,817



Notes (Contd.)

	31.3.2016 (Rupees)	31.3.2015 (Rupees)
NOTE 5: DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability on		
Depreciation	2,21,08,648	1,76,93,060
	<u>2,21,08,648</u>	<u>1,76,93,060</u>
Deferred Tax Assets on		
Section 43B Disallowances	7,33,406	7,62,746
Unabsorbed depreciation and Business Loss	1,13,14,327	12,40,357
Business Loss	2,83,738	-
	<u>1,23,31,471</u>	<u>20,03,103</u>
Deferred Tax Liability (Net)	<u>97,77,178</u>	<u>1,56,89,957</u>

NOTE 6: SHORT TERM BORROWINGS

Secured

From Banks

Working Capital Facilities from State Bank of India

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

5,85,20,349

4,18,83,184

Unsecured

From Others

- Intercompany Loan

50,00,000

50,00,000

6,35,20,349

4,68,83,184

NOTE 7: TRADE PAYABLES

Trade Payables:

Others:

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

5,43,12,132

1,49,17,584

53,84,532

12,41,601

5,96,96,664

1,61,59,185

HARDOLI PAPER MILLS LIMITED

Notes (Contd.)

	31.3.2016 (Rupees)	31.3.2015 (Rupees)
NOTE 8: OTHER CURRENT LIABILITIES		
Current Portion of Long Term Borrowings (Refer Note. 4)		
- Term Loan from State Bank of India	1,14,67,000	1,10,00,000
- Interest Accrued but not due on Term Loans	15,04,066	6,84,592
Advance from Customers	-	20,00,000
Payable for Capital Goods	5,78,584	63,06,849
Statutory Dues	19,02,784	13,84,279
Employee Payables	5,77,658	5,93,794
	1,60,30,092	2,19,59,514

NOTE 9: SHORT TERM PROVISIONS

Provision for employee benefits	25,66,767	24,34,405
Income Tax Payable	-	2,92,671
	25,66,767	27,27,076

Note 10: FIXED ASSETS

	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	AS ON	ADDITIONS	DELETION	AS ON	As On	For The	DELETION	As On	As On	As On
	1.4.2015			31.3.2016				1.4.2015	Year	31.3.2016
Tangible Assets										
Freehold Land	11,56,704	-	-	11,56,704	-	-	-	-	11,56,704	11,56,704
Factory Building	1,23,11,201	4,67,399	-	1,27,78,600	45,57,770	3,83,081	-	49,40,851	78,37,749	77,53,431
Building (Others)	2,49,30,923	20,74,064	29,46,061	2,40,58,926	40,83,469	9,01,912	3,74,789	46,10,592	1,94,48,334	2,08,47,453
Plant & Machinery	16,62,42,136	77,81,786	97,779	17,39,26,145	3,10,29,515	1,16,69,656	5,787	4,26,93,384	13,12,32,761	13,52,12,623
Electrical Installation	2,30,50,328	6,04,048	30,835	2,36,23,541	52,25,545	24,21,077	1,542	76,45,080	1,59,78,462	1,78,24,784
Computer	7,93,799	-	-	7,93,799	6,35,741	81,787	-	7,17,528	76,271	1,58,058
Office Equipment	7,52,412	12,700	-	7,65,112	5,44,943	53,250	-	5,98,193	1,66,919	2,07,469
Furniture & Fixture	14,83,468	38,840	-	15,22,306	9,11,037	1,34,123	-	10,45,160	4,77,146	5,72,428
Vehicle	16,18,086	-	-	16,18,086	3,13,195	2,15,490	-	5,28,685	10,89,401	13,04,891
TOTAL	23,23,39,056	1,09,78,837	30,74,675	24,02,43,218	4,73,01,214	1,58,60,377	3,82,118	6,27,79,472	17,74,63,746	18,50,37,841
PREVIOUS YEAR	12,90,59,467	10,64,73,210	31,93,622	23,23,39,056	3,84,79,105	1,00,41,580	12,19,472	4,73,01,214	18,50,37,841	9,05,80,362

NOTE 11: NON CURRENT INVESTMENT

Other Investments

Investments in SBI Infrastructure Mutual Fund	-	1,00,000
Nil (10,000) Units of Rs. 10 each	-	-
Add/ (Less): Adjustment for Provision for diminution in the value of Investment	-	-
	31 March, 2016	31 March, 2015
Market Value NAV (In Rs.)	-	1,17,787
	-	1,00,000



Notes (Contd.)

	31.3.2016 (Rupees)	31.3.2015 (Rupees)
NOTE 12: LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
- Security Deposits	51,48,674	54,67,674
Advance for Capital Goods	43,36,340	6,96,600
MAT Credit Entitlement	25,33,363	25,33,363
Balance with Government Authorities	31,15,315	15,73,517
Loans and Advances to Employees	2,88,000	1,98,673
Advance Income Tax (Net of Provision)	10,03,643	9,45,524
	1,64,25,335	1,14,15,351
	1,64,25,335	1,14,15,351
NOTE 13: INVENTORIES		
Raw Materials(Including Goods in Transit Rs.Nil (Rs. 13,76,774/-)	2,10,07,979	3,39,59,997
Stores, Packing Material & Fuel (Including Goods in Transit Rs.Nil (Rs. 3,42,455/-)	68,61,820	63,23,010
Finished Goods	77,51,857	12,23,115
	3,56,21,656	4,15,11,122
	3,56,21,656	4,15,11,122
NOTE 14: TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered Good	1,55,812	9,74,637
	1,55,812	9,74,637
	1,55,812	9,74,637
Other Debts	7,83,36,464	1,49,53,606
	7,84,92,276	1,59,28,243
	7,84,92,276	1,59,28,243
NOTE 15: CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents		
Cash on Hand	79,760	2,66,922
Balances with Banks		
Current Account	14,407	14,407
Other Bank Balance	1,910	2,679
(Balance earmarked for Unclaimed Dividend)		
Balance with Bank in Deposits Accounts		
(Fixed deposits has been lien marked for total facility against the said fixed deposit)	29,46,450	12,24,451
	30,42,527	15,08,459
	30,42,527	15,08,459
NOTE 16: SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Advance to Suppliers	21,63,206	9,94,039
Balance with Government authorities	45,35,795	1,12,59,821
	66,99,001	1,22,53,860
	66,99,001	1,22,53,860

Notes (Contd.)

	31.3.2016 (Rupees)	31.3.2015 (Rupees)
NOTE 17: OTHER CURRENT ASSETS		
Insurance Claim Receivable	20,105	3,48,624
Interest accrued but not due	3,53,272	3,75,035
Prepaid Expenses	4,08,038	4,26,988
	<u>7,81,415</u>	<u>11,50,647</u>

NOTE 18: REVENUE FROM OPERATIONS

Sale of Goods:		
Manufacturing (Net of Sales Tax)	65,58,83,945	51,15,39,170
Less: Excise duty	3,76,01,644	3,03,07,835
	<u>61,82,82,301</u>	<u>48,12,31,335</u>
Other Operating Revenue (Refer Note 40)	15,41,000	-
	<u>61,98,23,301</u>	<u>48,12,31,335</u>

NOTE 19: OTHER INCOME

Gain /(Loss) on Foreign Exchange Fluctuation	6,82,591	8,24,314
Profit on Sale of Fixed Assets	2,25,850	-
Profit on sale of Mutual Fund	16,358	-
Provision for diminution in the value of Investment written back	-	27,220
Miscellaneous Income	1,06,493	2,25,235
	<u>10,31,292</u>	<u>10,76,769</u>

NOTE 20: RAW MATERIAL CONSUMED

Opening Stock	3,39,59,997	1,95,64,953
Add: Purchases	42,36,03,063	34,29,67,823
	<u>45,75,63,060</u>	<u>36,25,32,776</u>
Less: Stock destroyed by Fire	1,80,29,150	-
Less: Closing Stock	2,10,07,979	3,39,59,997
	<u>41,85,25,931</u>	<u>32,85,72,779</u>

NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS

Opening Stock	12,23,115	17,80,676
Less: Closing Stock	77,51,857	12,23,115
	<u>(65,28,742)</u>	<u>5,57,561</u>



Notes (Contd.)

	31.3.2016 (Rupees)	31.3.2015 (Rupees)
NOTE 22: EMPLOYEE BENEFITS EXPENSE		
Salary & Wages	1,19,14,653	1,17,20,857
Contribution to Funds	13,19,443	10,26,379
Staff Welfare Expenses	1,33,827	2,03,400
	<u>1,33,67,923</u>	<u>1,29,50,636</u>
NOTE 23: FINANCE COSTS		
Interest Expenses	2,04,71,772	66,49,438
Other Borrowing Cost	7,06,260	56,813
	<u>2,11,78,032</u>	<u>67,06,251</u>
Less: Interest Income	5,14,839	6,68,840
	<u>2,06,63,193</u>	<u>60,37,411</u>
NOTE 24: OTHER EXPENSES		
MANUFACTURING EXPENSES		
Stores & Spares Consumed	53,50,566	47,21,776
Power and Fuel Consumed	11,37,57,725	7,87,76,894
Packing Material Consumed	58,61,981	51,80,011
Raw Material Sorting Charges	36,82,076	20,56,242
Repairs & Maintenance -Machinery	71,82,014	49,51,770
Repairs & Maintenance -Building	3,66,907	-
Finished Goods Packing and Allied Charges	25,65,385	14,10,069
Waste paper Feeding Charges	33,27,437	18,98,504
Security Service Charges	6,22,232	5,21,803
Factory Expenses	28,70,066	9,44,545
	<u>(A) 14,55,86,389</u>	<u>10,04,61,714</u>
ESTABLISHMENT EXPENSES		
Auditors Remuneration	4,65,692	5,18,059
<u>Repairs & Maintenance</u>		
- Vehicle	5,16,508	5,14,400
- Others	4,99,261	1,84,327
Bank Commission & Charges	7,88,918	7,14,356
Insurance Charges	9,58,683	6,16,453
Rent for Office Premises	2,58,040	3,04,600
Rates & Taxes	14,48,035	6,97,171
Legal & Professional Charges	4,59,023	1,31,404
Travelling & Conveyance	10,37,283	9,21,638
Telephone Charges	3,27,025	2,43,201
Donation	46,302	72,139
Printing & Stationery	2,36,521	2,07,289
Office Expenses	5,32,723	4,44,088
Loss Due to Fire	26,93,897	-
General Expenses	3,57,483	5,89,562
	<u>(B) 1,06,25,394</u>	<u>61,58,687</u>

HARDOLI PAPER MILLS LIMITED

Notes (Contd.)

SELLING & DISTRIBUTION EXPENSES

Discount & Commission	2,02,60,115	1,57,25,012
Advertisement	27,980	57,600
Insurance on Sales	3,33,377	3,06,430
	(C)	
	2,06,21,472	1,60,89,042
	(A + B + C)	
	17,68,33,255	12,27,09,443

31.3.2016
(Rupees)

31.3.2015
(Rupees)

NOTE 25: SUPPLEMENTARY INFORMATION

A. CIF VALUE OF IMPORTS:

Raw Material - Waste Paper	14,66,03,836	13,92,09,723
Capital goods	-	1,90,10,033
Stores & Spare Parts	3,46,953	3,45,595
	14,59,60,789	15,85,65,352

B. STOCKS:

RAW MATERIAL

Waste Paper	1,94,28,510	3,19,19,609
Chemicals	15,79,469	20,40,388
	2,10,07,979	3,39,59,997

C. FINISHED GOODS

Kraft Paper	77,51,857	12,23,115
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D. VALUE OF RAW MATERIAL, STORES & SPARES CONSUMPTION:

Imported

Raw Material

Value	13,94,43,594	16,35,41,598
Percentage of total consumption	33%	50%

Stores & Spares

Value	3,46,953	-
Percentage of total consumption	6%	0

Indigenous

Raw Material

Value	27,90,82,337	16,50,31,181
Percentage of total consumption	67%	50%

Stores & Spares

Value	50,03,613	47,21,776
Percentage of total consumption	94%	100%

E. SALES:

Kraft Paper

Manufacturing Sales (Net of Taxes)

Kraft Paper	61,98,23,301	48,12,31,335
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Notes (Contd.)

NOTE 26:

In accordance with the accepted practice of the concerned authorities, the excise duty on the aforesaid finished goods will be provided/paid as and when these goods are cleared from the factory gate. Estimated liability in this respect is Rs. 4,89,413/- . However, this will have no impact on the profit or loss for the year. This has been relied upon by the auditors.

NOTE 27:

Operating Leases

The company has obtained its office premises for its business operations under operating lease or leave and license agreements. These are generally cancellable under leave and licence, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. Lease payments are recognised in the Statement of Profit and Loss under "Rent" in Note 25.

NOTE 28: RELATED PARTIES DISCLOSURE

Associates

Saini Travels
Saini Transport Company
Chandra Sales Corporation
Chandra Coal Private Limited

Directors/ Key Management Personnel

Mr. Kailash Chand Agarwal
Mr. Anil kumar Lakhotiya
Mr. Jarnailsingh Saini
Mr. Rajiv D. Behal

Director's & Key Management Personnel Relative

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

	31.3.2016 (Rupees)	31.3.2015 (Rupees)
Disclosure of material transaction with related parties		
TRANSACTIONS DURING THE YEAR		
Freight Charges		
Saini Transport Company	56,34,736	9,13,410
Interest Paid		
Mr. Anil kumar Lakhotiya	1,69,833	4,28,093
Mr. Rajiv D. Behal	5,41,922	4,77,464
Mr. Jarnailsingh Saini	3,98,944	3,10,981
Mr. Kailashchandra P Agarwal	1,17,886	3,66,890
Mrs. Sushil Kaur Saini	9,631	61,945
Mr. Karnailsingh Saini	72,886	61,945
Mr. Baljit Singh Saini	2,85,281	82,188
Mr. Kuldeepsingh Saini	36,442	30,973
Mrs. Amarjit kaur Saini	-	62,884
Mr. Prakashkaur Saini	-	7,298
Gurmitsingh Gurdassingh (HUF)	-	31,163
Karnail singh Gurudassingh (HUF)	-	30,010
Mr. Sartaj Manindersingh Saini	1,34,198	1,14,052
Mrs. Balji: Kaur	1,25,881	46,278
Mrs. Satnamkaur Karnail Singh Saini	-	48,503

Notes (Contd.)

Mrs. Anita Lakhotiya		80,196	17,466
Mrs. Kailash Kaur		3,32,804	1,00,807
Mrs. Hazelkaur Manindersingh Saini		65,628	24,493
Mrs. Sanjamkumar Saini		80,424	19,110
Mrs. Kajal Sanjay Agrawal		6,46,046	1,71,781
Mrs. Navita K. Agrawal		3,46,311	4,13,632
Mrs. Snehlata A Lakhotiya		1,56,928	1,04,920
M/s. Chandra Sales Corporation		-	3,21,384
M/s. Chandra Coal Pvt Limited		7,438	Nil
Director's Remuneration and Incentives			
Mr. Kailash Chand Agarwal		10,90,000	10,90,000
Mr. Anil kumar Lakhotiya		10,90,000	10,90,000
Purchase of Raw material (Net)			
Chandra Sales Corporation		14,34,023	-
Sale of Finished Goods (Net)			
Chandra Sales Corporation		2,02,41,185	56,16,901
Purchase of Coal			
Chandra Coal Private Ltd		1,08,81,992	9,53,484
Loan Accepted			
Mr. Anil M. Lakhotiya		-	18,00,000
Mrs. Anita Lakhotiya		-	5,00,000
Mrs. Hazelkaur Manindersingh Saini		-	4,00,000
Sanjamkumar Saini		-	5,00,000
Kajal Sanjay Agrawal		-	40,00,000
Navita K. Agrawal		-	25,00,000
Mrs. Garima Maheshwari		-	Nil
Mrs. Kailash Kaur		5,00,000	7,00,000
M/s. Chandra Sales Corporation		1,64,81,000	Nil
Baljitsingh Saini		-	5,00,000
Mrs. Snehlata A Lakhotiya		8,00,000	13,00,000
Jarnailsingh Saini		10,36,000	18,00,000
Kailashchandra P Agarwal		-	10,00,000
Chandra Coal Private Limited		85,00,000	-
Loan Repaid			
Mr. Anil M. Lakhotiya		31,85,000	8,00,000
Gurmitsingh Gurdassingh (HUF)		-	2,38,690
Smt. Prakashkaur Saini		-	2,13,053
Mrs. Satnamkaur Karnail Singh Saini		-	3,71,503
Mr. Kailashchandra P Agarwal		27,25,000	Nil
Karnail singh Gurudassingh (HUF)		-	2,29,855
Navita K. Agrawal		20,00,000	3,72,269
Mrs. Alka Prakash Agarwal		-	Nil
Mrs. Garima Maheshwari		-	Nil
Jarnailsingh Saini		9,11,000	Nil
M/s. Chandra Sales Corporation		1,64,81,000	40,81,286
Chandra Coal Private Limited		85,00,000	Nil
Mr. Omprakash D Rathi		31,41,000	Nil
Mrs. Snehlata A Lakhotiya		8,00,000	6,00,000
CLOSING BALANCES			
	Max.O/S. 31.03.2016	31.03.2015	
Loans Taken			
Mr. Anil M. Lakhotiya	35,26,911	35,69,720	4,94,761
Mr. Rajiv D. Behal	41,00,542	36,12,812	41,00,542
Smt. Sushil Kaur Saini	4,68,718	4,68,718	-
Mr. Karnailsingh Saini	5,34,315	4,68,718	5,34,315
Baljit Singh Saini	20,91,188	18,34,454	20,91,188



Notes (Contd.)

Mr. Kuldeepsingh Saini	2,67,159	2,34,361	2,67,159	2,34,361
Smt. Amarjitkaur Saini	-	4,25,052	-	-
Smt. Prakashkaur Saini	-	2,06,485	-	-
Gurmitsingh Gurdassingh (HUF)	-	2,10,643	-	-
Karnail singh Gurudassingh (HUF)	-	2,02,846	-	-
Mr. Sartaj Manindersingh Saini	9,83,770	8,62,992	9,83,770	8,62,992
Mr. Baljit Kaur	9,63,461	3,50,168	9,63,461	3,50,168
Mrs. Anita Lakhotiya	5,87,895	5,15,719	5,87,895	5,15,719
Mrs. Kailash Kaur	24,74,035	16,74,511	24,74,035	16,74,511
Kajal Sanjay Agrawal	47,36,044	41,54,603	47,36,044	41,54,603
Navita K. Agrawal	25,93,576	25,00,000	-	25,00,000
Mr. Jarnailsingh Saini	41,36,102	31,36,102	36,20,170	31,36,102
Mr. Kailashchandra P Agarwal	28,44,625	28,44,625	2,25,722	28,44,625
Mrs. Hazelkaur Manindersingh Saini	4,81,109	4,22,044	4,81,109	4,22,044
Sanjamkumar Saini	5,89,581	5,17,199	5,89,581	5,17,199
Mrs. Satnamkaur Karnail Singh Saini	-	3,27,850	-	Nil
Mrs. Snehlata A Lakhotiya	22,91,653	19,02,663	15,25,307	13,97,091
Chandra Coal Private Limited	29,99,257	10,00,000	-	Nil
Chandra Sales Corporation	1,03,75,000	37,92,040	-	-
Trade Payables Closing Balances				
Chandra Coal Private Ltd			40,78,643	5,66,332
Trade Receivables Closing Balance				
Chandra Sales Corporation			60,33,772	2,09,979

	31.3.2016 (Rupees)	31.3.2015 (Rupees)
NOTE 30: EARNING PER SHARE(AS 20)		
Net Profit/(Loss) attributable to Shareholders	(1,19,54,564)	58,64,382
Nominal Value per Share (Rs.)	10	10
Weighted average number of equity shares used in computing basic/Diluted earning per share	26,04,474	23,41,100
Basic/Diluted Earning Per Share	-4.59	2.50

NOTE 31: AUDITORS REMUNERATION

Audit fees	2,62,500	1,90,000
Tax Audit	20,000	20,000
Other Matters & Out of the Pocket Expenses	2,48,046	2,83,421
	<u>5,30,546</u>	<u>4,93,421</u>

NOTE 32 : PRIOR PERIOD EXPENSES

Compensation Paid	-	2,42,000
Discount & Rate Difference	-	1,27,455
	-	<u>3,69,455</u>

Notes (Contd.)

NOTE 33: CONTINGENT LIABILITIES

Contingent liabilities not provided for in respect of:

Bank Guarantee given to M.S.E.D.C.L.	50,00,000	Nil
Bank Guarantee given to Western Coal Fields Ltd	3,50,000	1,02,581
Bank Guarantee given to M.P.C.B.	5,00,000	5,00,000

TDS Demand, Interest and Penalty

F.Y.2008-2009	4,680	66,390
F.Y.2009-2010	270	15,480
F.Y.2010-2011	-	1,950
F.Y.2011-2012	-	4,730
F.Y.2013-2014	-	2,80,130

Sales tax demands

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

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

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

the Company had received demand of Rs. 2,73,06,791 in earlier years on account of Excise Duty & Penalty excluding interest for the period from F.Y.2008-09 to 2010-2011. The Company had obtained stay order against the same and filed an appeal with Custom, Excise & Service Tax Appellate Tribunal, Mumbai. Based on Legal advice, the Company had not made any provision against the same).

Excise Duty From July 2003 to March 2004

- Demand Raised excluding interest	6,67,226	6,67,226
- Penalty Levied	6,67,226	6,67,226

Excise Duty From April 2004 to October 2004

- Demand Raised excluding interest	6,27,223	6,27,223
- Penalty Levied	6,27,223	6,27,223

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

CAPITAL COMMITMENTS (NET OF ADVANCES)

Estimated amount of contracts remaining to be executed on Capital accounts and not provided	89,64,208	16,25,400
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3,99,56,595	3,27,34,098
=====	=====

NOTE 34:

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

NOTE 35:

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



Notes (Contd.)

NOTE 36:

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

Particulars	31.3.2016 Rupees	31.3.2015 Rupees
Salary and Wages	-	13,72,944
Security Charges	-	81,078
Interest Expenses	-	66,61,888
Travelling /Diesel Expenses	-	2,00,670
Goods Sorting Charges	-	7,09,079
Bank Charges and Processing Fee	-	16,21,674
Legal and Professional Charges	-	2,47,856
Power and Fuel Consumed	-	9,37,147
TOTAL	-	1,18,32,335

NOTE 37:

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

NOTE 38:

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

NOTE 39 :

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

NOTE 40:

During the current year, Company has received Letters from Directorate of Industries, Government of Maharashtra sanctioning sales tax incentives of Rs. 15.41 lacs (Rs.57.65 lacs) based on its assessment for period upto 31st March, 2015. The authority has disbursed 85% of the value up to the balance sheet date and balance shall be disbursed after verifying the subsequent conditions complied by the Company. This pertains to the expansion done by the Company from 01st April, 2007 to 31st March, 2011. The sanction letter has crystallised the amount receivable and the certainty with regards to the amount and recoverability has been ascertained based on which the Company has recognized the incentive as receivable. Though the certainty of amount and receipt has been established during the year but since this incentive pertains to preceding years the Company has disclosed it in accordance with AS 5, as an "Extraordinary" item on the face of Statement of Profit and Loss in the Previous Year 14-15 but in the current FY 15-16 it has been disclosed as " Other Operating Revenue" and classified the receivable under " Balances With Government Authorities".

NOTE 41:

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

NOTE 42 : EMPLOYEE BENEFITS

a) Gratuity - Defined Benefit Plans:

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

Notes (Contd.)
Reconciliation of present value of the obligation and the fair value of plan assets

PARTICULARS	31.3.2016 (Rupees)	31.3.2015 (Rupees)
Reconciliation of Opening and Closing balance of the Present Value of the defined benefit obligation		
Obligation at period beginning	40,18,934	34,25,071
Current service cost	2,68,276	2,18,552
Interest Cost	3,21,113	3,18,874
Actuarial (gain) / loss	(61,057)	56,437
Benefits paid	(4,71,162)	-
Obligations at the year end	40,76,104	40,18,934
Plan assets at period beginning, at fair value		
Plan assets at period beginning, at fair value	29,31,759	25,99,655
Expected return on plan assets	2,34,248	2,26,170
Actuarial gain / (loss)	(16,543)	(7,387)
Contributions	16,070	1,13,321
Benefits paid	(4,71,162)	-
Plan assets at the year end, at fair value	26,94,372	29,31,759
Reconciliation of present value of the obligation and the fair value of plan assets		
Fair Value of plan assets at the end of the year	(26,94,372)	(29,31,759)
Present value of the defined benefit obligations at the end of the year	40,76,104	40,18,934
Liabilities/(Assets) recognised in the Balance Sheet	13,81,732	10,87,175
Cost for the year		
Current service cost	2,68,276	2,18,552
Interest Cost	3,21,113	3,18,874
Expected return on plan assets	(2,34,248)	(2,26,170)
Actuarial (gain) / loss	(44,514)	63,824
Net Cost recognised in the Statement of Profit and Loss	3,10,627	3,75,080
Assumptions used to determine the benefit obligation:		
Discount Rate	8.06%	7.99%
Estimated rate of return on plan assets	8.06%	7.99%
Expected rate of increase in salary	6.00%	6.00%

b) Defined Contribution Plans:

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



Notes (Contd.)

NOTE 43 :

Unhedged Foreign Exchange Exposure

	Currency	Outstanding in Forex	Outstanding in INR 31 March, 2016
Advance to Suppliers for Capital goods and stores	USD	29,400 (Nil)	19,50,187 (Nil)
Trade Payables for Raw Materials & Stores	USD	Nil (27,608)	Nil (15,63,546)

NOTE 44 :

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

AS PER OUR REPORT OF EVEN DATE

For **WALTER & ASSOCIATES**

CHARTERED ACCOUNTANTS

FIRM REGISTRATION NO. 112624W

(CA. WALTER D"SOUZA)

PARTNER

Membership No. 40144

MUMBAI: 21.06.2016

FOR AND ON BEHALF OF THE BOARD

KAILASH AGARWAL - **MANAGING DIRECTOR**

ANIL KUMAR LAKHOTIYA - **JOINT MANAGING DIRECTOR**

JARNAIL SINGH SAINI - **DIRECTOR**

NAGPUR: 21.06.2016

HARDOLI PAPER MILLS LIMITED

Corporate Identity Number: U21010MH1995PLC085883

Regd. Office: Krishna Kunj, Bhavsar Chowk, Central Avenue, Nagpur 440 032.

Tel: (O) (0712)2770968, 2770168, 2733846 Fax: (0712)2770168 Email: hardolipaper@gmail.com

PROXY FORM Form No. MGT-11

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

22nd ANNUAL GENERAL MEETING – August 12, 2016

Name of the Member(s) :	
Registered address :	
E-mail Id:	
Folio No. / DP ID No. Client ID No.:	

I/We, being the holder(s) of _____ equity shares of above company, hereby appoint :

1. Name : _____ E-mail Id : _____
Address: _____
Signature: _____ or failing him/her
2. Name : _____ E-mail Id : _____
Address: _____
Signature: _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the members of Hardoli Paper Mills Limited to be held on Friday, the August 12, 2016 at 03.30 P.M. at Krishna Kunj, First Floor, Bhavsar Chowk, Central Avenue, Nagpur-440002 and at any adjournment thereof in respect of such resolutions as are indicated below in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional see Note 2) (Please put a (✓) mark or please mention no. of shares)		
		For	Against	Abstain
ORDINARY BUSINESS				
1.	To consider and adopt: a) the audited financial statements for the financial year ended March 31, 2016 and the Report of the Directors' the Auditors' thereon;			
2.	Ratification for appointment of M/s. Walter & Associates as the Statutory Auditor of the Company.			
3.	To appoint director in place of those retiring by rotation.			

Signed this _____ day of _____ 2016

AFFIX
Revenue
Stamp of
₹ 1

Signature of Shareholder _____ Signature of Proxy holder(s) _____

Note: 1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the meeting.

2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

