



# HARDOLI PAPER MILLS LIMITED

**25th ANNUAL REPORT  
2018 - 2019**




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**BOARD OF DIRECTORS**

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

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

**BANKERS**  
**State Bank of India,**  
Nagpur

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

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

**NOTICE**

**NOTICE** is hereby given that the 25th Annual General Meeting of the members of **Hardoli Paper Mills Limited** will be held at the Registered Office of the Company situated at Krishna Kunj, First Floor, Bhavsar Chowk, Central Avenue, Nagpur 440002, on Friday, the 9th August, 2019 at 3.30 p.m. to transact the following business:

**ORDINARY BUSINESS:**

- To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2019 together with the reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Shri. Kailash Chandra Agarwal (DIN:00367292), who retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.

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

Place: Nagpur  
Date: 30/5/2019

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

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

**Details of Director seeking Appointment / reappointment in Annual General Meeting fixed for 9th August, 2019**

Name of Director	<b>Mr. Kailashchandra Agarwal</b> (DIN: 00367292)
Date of Birth	03/03/1946
Date of Appointment	24th May 2007
Expertise in specific functional areas	Marketing & Cash Flow Management
Directorship in other Indian Public Limited Companies as on 31.03.2019	One
Chairman/Member of the Committees of the Board of other Indian Public Limited Companies as on 31.03.2019	Nil
No. of Shares held in the Company	2692265
Disclosure in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	None of the Directors and KMP are related to Mr. Kailash Chandra Agrawal.

**NOTES FOR MEMBERS' ATTENTION**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.
- Instruments appointing proxies should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.



NOTICE (Contd.)

4. Corporate members intending to send their Authorized Representatives to attend the meeting are requested to send to the Company, a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The members/proxies are requested to bring duly filled in attendance slips for attending the meeting and members/proxies are also requested to bring a copy of the Annual Report to the meeting.
6. The Register of Members and the Share Transfer Books of the Company will be closed from Friday, 2nd August, 2019 to Friday, 9th August, 2019 (both days inclusive).
7. Members seeking any information or clarification with regard to the accounts, are requested to write to the Company at least TEN DAYS in advance of the meeting so as to enable the Company to keep the information ready.
8. Members are requested to intimate the Registrar and Transfer Agents of the Company M/s MCS Share Transfer Agent Limited Office No.A-209, C Wing, 2nd Floor, Gokul Industrial Estate Building, Sagbaug, Marol Co-op Industrial Area, B/H Times Square Andheri East, Mumbai - 400059 immediately, of any change in their address in respect of equity shares held in physical mode and to their Depository Participants (DPs) in respect of equity shares held in dematerialization form.
9. Members who are holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Transfer Agents of the Company.
11. Members who have not registered their e-mail address so far are requested to register their email address so that they can receive the Annual Report and other communication from the company electronically.
12. Voting through electronic means:

**INSTRUCTIONS FOR REMOTE E-VOTING**

- Pursuant to Section 108 of the Companies Act, 2013 Rule 20 of the Companies (Management and Administration), rules, 2014, as substituted by the Companies (Management and Administration), Amendment, Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 the Members are provided with the facility to cast their vote electronically on the resolution proposed to be passed at the AGM through the e-voting services provided by (CDSL). The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/ are deemed to have been passed as if they have been passed at the AGM.
- The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Friday, 2nd August, 2019**, i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice.
- The facility for voting through electronic voting system or polling paper shall made be available at the AGM and the members attending the AGM who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM. The Members who have cast their vote by e-voting or by ballot form prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- The voting period will commence at **9.00 a.m. on Tuesday, 6th August, 2019 and will close at 5.00 pm on Thursday, 8th August, 2019**. In addition, the facility for voting shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by e-voting shall be eligible to vote at the AGM.

**PROCEDURE FOR REMOTE E-VOTING:**

1. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (i) Now, select the "HARDOLI PAPER MILLS LIMITED" from the drop down menu and click on "SUBMIT".
  - (ii) Now Enter your User ID
    - aFor CDSL: 16 digits beneficiary ID,
    - bMembers holding shares in Physical Form should enter Folio Number registered with the Company.



**NOTICE (Contd.)**

- (iii) Next enter the Image Verification as displayed and Click on Login.
- (iv) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (v) If you are a first time user follow the steps given below:

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

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



NOTICE (Contd.)

- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) 1. In case a Member receives physical copy of the Notice of the AGM (for Members whose e-mail addresses are not registered with the Company / Depositories): i. Initial password is provided in the enclosed attendance slip: EVEN (E-voting Event Number) + USER ID and PASSWORD
2. Please follow all steps for e-voting for shareholders holding shares in physical mode to cast vote, as given above.
- (B) The voting period begins on **Tuesday, 6th August, 2019 at 9.00 am and closed at 5.00 pm on Thursday, 8th August, 2019**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **2nd August, 2019** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, as well as voting at the Meeting through electronic voting system or poll paper.
- (D) Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@cdsl.co.in](mailto:evoting@cdsl.co.in). However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing User ID and password for casting vote. If you forget your password, you can reset your password by using "Forgot User Details / Password" option available on [www.evoting.cdsl.com](http://www.evoting.cdsl.com).
- (E) The Board of Directors has appointed M/s. Girish Murarka & Co., Practicing Company Secretary (Membership No.4576) as the Scrutinizer to scrutinize the remote e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- (F) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- (G) The Chairman or authorized representative shall declare the results of the electronic voting after the AGM. The results along with the Scrutinizer's Report shall also be placed on the website of the Company in the annual reports section.
- (H) The investors may contact the Compliance Officer for redressal of their grievances /queries. For this purpose, they may either write to him at the registered office address or e-mail their grievances /queries to the Compliance officer at the following e-mail address: [grievance@tpiindia.com](mailto:grievance@tpiindia.com).

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

Place: Nagpur  
Date: 30/5/2019

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

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







**DIRECTORS' REPORT (Contd.)****MATERIAL CHANGES BETWEEN THE PERIOD FROM END OF FINANCIAL YEAR TO THE DATE OF REPORT OF THE BOARD:**

There is no change in the nature of the business of the Company from the end of financial year to the date of this report.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE:**

There are no significant material orders passed by the regulators / courts / tribunals which would impact the going concern status of the Company and its future operations.

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

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

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established as vigil mechanism to provide appropriate avenue to the Directors and employees to bring to the attention of the Management, the concern about the behavior of employees that raise concern including fraud by using the mechanism provided in the Whistle Blower Policy.

**DIVIDEND:**

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

**DISCLOSURE:****PARTICULARS OF EMPLOYEES:**

There was no employees drawing a salary exceeding Rs. 102.00 Lac per annum or Rs. 8.50 Lac per month, if employed for the part of the year as prescribed under the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

**A. CONSERVATION OF ENERGY**

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

**ii) POWER & FUEL CONSUMPTION**

Financial Year	Year Ended 31.03.2019	Year Ended 31.03.2018
Electricity Consumption Unit	9155010	9377640
Total Amount in Rs.	61750084	64345044
Rate per unit	₹ 6.74 per unit	₹ 6.86 per unit
Coal Consumption in MT	13834.900 MT	14838.85 MT
Total Amount in Rs.	66070643.00	66819717.00
Rate per unit in Rs.	₹ 4775/- MT	₹ 4503.03/ MT

**B. TECHNOLOGY ABSORPTION**

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

**DIRECTORS' REPORT (Contd.)**

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**C. FOREIGN EXCHANGE EARNING & OUTGO**

The Company has spent a sum of Rs.1,659.982 Lacs ( P.Y. Rs.1,043.27 Lacs) on import of raw material, Stores and capital good.

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

**SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES:**

The Company has no subsidiaries, Joint Venture and associate companies during the year.

**INTERNAL FINANCIAL CONTROLS**

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

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The requirement as per section 135 of the Companies Act, 2013 read with relevant Rules, disclosure to include in an Annual Report on CSR activities containing the particulars specified in the Rules are not attached hereto as this is not applicable to the Company.

**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 departure.
- (ii) That the Director have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the current year on 31st March, 2019 and of the Profit or Loss of the Company for the year ended on that date.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the Annual Accounts of the Company on a going concern basis
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (vi) The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**AUDITORS AND AUDITOR'S REPORT****Statutory Auditor**

At the 24th Annual General Meeting held on 31st August, 2018 M/s DARAK and ASSOCIATES, Chartered Accountants, Nagpur was appointed for the period of Five Financial years. During the year, the Statutory Auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013 and Code of ethics issued by the Institute of Chartered Accountants of India.

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

**SECRETARIAL AUDITOR**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s GIRISH MURARKA & CO., Company Secretaries in Practice having Membership Number 7036 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the year 2018-19 as issued by him in the prescribed Form MR-3 is annexed to this Report.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the Financial year 2018-19, Mrs. Priyanka P. Deshmukh (DIN 08177708), Narasimhan Varadarajan (DIN 08177714) and Mr. Prem S. Kewalramani (DIN 08177725) were appointed as Independent Director to hold office for the Period of Five years. Further, Mr. Omprakash D. Rathi (DIN 00895316) was appointed as Whole Time Director liable to retire by rotation.

Further to ensure the compliance under the Companies Act, 2013 Mr. Jarnailsingh G. Saini, who is Director, also hold the office of Chief Financial Officer and Mr. MayankLuniya was appointed as Whole Time Company Secretary. Both were appointed on 22nd April, 2019.

At the ensuing 25th Annual General Meeting Mr. Kailashchandra Agarwal( DIN 00367361 ) will liable to retire by rotation and being eligible offer himself for re-appointment.

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## DIRECTORS' REPORT (Contd.)

**INDEPENDENT DIRECTORS:**

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

- a) **Declaration by an Independent Director(s)**  
In accordance with the provisions of Section 134(3)(d) of the Companies Act, 2013 Mrs. Priyanka P. Deshmukh (DIN 08177708), Narasimhan Varadarajan (DIN 08177714) and Mr. Prem S. Kewalramani (DIN 08177725) have submitted declarations stating that they meet the criteria of independence as per the provisions of the Companies Act, 2013.
- b) **Independent Directors Meeting**  
In accordance with the provisions of Schedule IV (Code for independent Directors) of the Companies Act, 2013, the Independent Directors of the company met once during the financial year 2018-19 without the attendance of Non- Independent Directors and members of the Management of the Company.

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

- a) **Nomination & Remuneration Committee**  
The Company has constituted Nomination & Remuneration Committee which comprise of independent directors. The Members of the Committee are Mr, Prem Kewalramani, Narasimhan Varadarajan and Mrs. Priyanka P. Deshmukh. The quorum for the Nomination and Remuneration Committee is two members. The Committee met once during the year i.e. 06/08/2019.

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

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

- b) **Policy on Directors' appointment and remuneration**  
The remuneration and compensation for Directors, Key Managerial Personnel and other Employees is guided by the requisite Policy. The Remuneration Policy ("Policy") has been framed in line with the requirement under Section 179 of the Companies Act, 2013 ("Act") and has been recommended by the Nomination and Remuneration Committee, and approved by the Board of Directors. The Policy serves as a framework for determining the remuneration of Directors, Key Managerial Personnel and Senior Management, seeks to balance the fixed pay, and reflects the short and long-term performance objectives of the Company. Further, the Policy has been designed to motivate employees for delivery of our key business strategies, create a strong performance-orientated environment and reward achievement of meaningful targets over the short and long-term.
- c) **Evaluation of performance of the Board**  
Pursuant to and in line with the requirements prescribed under the Act, the Board of Directors carried out an annual evaluation of its performance, and that of its Committees and Individual Directors. Further, the Independent Directors met separately, without the attendance of non-Independent Directors and Members of the Management, to discuss and review the performance of non-Independent Directors, Board and of the Chairperson. They further assessed the quality, quantity and timelines of flow of information between the Company Management and the Board.

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

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



**DIRECTORS' REPORT (Contd.)****AUDIT COMMITTEE:**

The Audit Committee has been constituted and functions in accordance with the provisions of Section 177 of the Companies Act, 2013 ("Act") read with Companies (Meeting of Board and its Powers) Rules, 2014. The Audit Committee met two (3) times during the financial year 2018-2019 i.e on 13/08/2018, 06/11/2018 and on 01/02/2019. The details of the Committee along with the details of the meetings held and attended by the members of the committee during the financial year 2018-19 are as under:

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

**PUBLIC DEPOSITS**

During the year, the Company has not accepted or renewed any deposits from the public as covered under section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

**SHARE CAPITAL**

The Authorized Share Capital of the Company as on 31st March, 2019 is Rs. 3,50,00,000/- (Rupees Three Crore Fifty Lac only) divided into 35,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 3,50,00,000/- (Rupees Three Crore Fifty Lac only).

There has been no change in the Equity Share Capital of the Company during the financial year 2018-19.

The Issued, Subscribed and Paid up capital of the Company as on 31st March, 2019 is 2,69,22,650/- (Rupees Two Crore Sixty Nine Lac Twenty Two thousand Six Hundred Fifty only) divided into 26,92,265 Equity Shares of Rs. 10/- each aggregating to Rs. 2,69,22,650/- (Rupees Two Crore Sixty Nine Lac Twenty Two Thousand Six Hundred Fifty only).

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE**

There are no significant material orders passed by the regulators / courts / tribunals which would impact the going concern status of the Company and its future operations.

**COST AUDIT**

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

**MEETING OF THE BOARD**

During the financial year under review the Board of Directors duly met 9 (Nine) times in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the minute's book maintained for the purpose.

Date of Meeting	Board Strength	No. of Directors Present
17-04-2018	3	3
30-04-2018	3	3
14-05-2018	3	3
30-05-2018	3	3
26-07-2018	3	3
06-08-2018	7	7
13-08-2018	7	7
06-11-2018	7	7
01-02-2019	7	7

**DIRECTORS' REPORT (Contd.)**

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**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.

**PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES**

Loans, guarantees and investment 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 this Board's Report.

**EXTRACT OF ANNUAL RETURN**

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

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

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which required to be transferred to Investor Education and Protection Fund (IEPF).

**SEXUAL HARASSMENT:**

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

**OTHER DISCLOSURES**

- a) Your Company has not issued :-
  - Any shares with differential rights
  - Any sweat equity shares
- b) There were no material changes and commitments affecting the financial position of your Company between the end of financial year and the date of this report.
- c) There was no revision in the financial statements.
- d) Your Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**ACKNOWLEDGEMENT**

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

**Regd. Office:**

Krishna Kunj, First Floor,  
Bhavsar Chowk, Central Avenue,  
Nagpur 440002  
Date: 30.05.2019

By Order of the Board  
**KAILASH CHAND AGARWAL**  
MANAGING DIRECTOR  
(DIN - 00367292)

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



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**a) Industry / Products:**

The Company is engaged in manufacture of Kraft Paper and Board, which finds its application in the packaging industries, especially for making corrugated boxes. Over the years the Company has undergone several phases of expansion & has an installed capacity of 60000 MT per Annum. The Company manufactures Kraft Paper of various Grades.

**b) Opportunities:**

The booming automobiles, pharma, food & beverages, electric equipments & textiles in the developing economies of India and have augmented the demand of Kraft Paper. The continued growth expected in all above sector in India as well as the overall economy recover from the recent slowdown expected to boost the uptake of Kraft Paper market, which also projected to have positive impact on Company's growth. For all above marketing strategy, we are having well established Dealer's network for marketing to all over India span.

**c) Threat and challenges:**

The Business in which the Company is engaged in Labour intensive. Thus the Shortage of Manpower may affect the production. However the Management has adequate system in place to constantly monitoring Manpower requirement, provide internal training.

**d) Future Outlook:**

The growing adoption of sustainable packaging with biodegradable and eco-friendly material has triggered a huge demand for Kraft Paper in recent times. The demand for this type of paper is expected to soar in the coming years as the material shows eco-friendly as well as environment friendly equal to synthetic or Plastic materials. Some of the factors that are expected to have the demand for Kraft Paper are features. Such as porosity, Extensibility, Printability, durability. Furthermore, this paper is also known to offer an exceptional high Tensile Energy Absorption and is this being used for Industrial & consumers packaging. Thus it has earned the status of being excellent substitute for Plastics that are regularly used in Industrial & Consumer Packaging.

The Management has embarked on operational excellence and Business Strategic Growth. Fresh Steps have been taken to improve cost effectiveness, excellence in product quality, customer service and operational productivity.

**e) Internal Control System**

The Company has adequate system of internal controls with regards to purchase of stores, raw materials including components of Plant & Machinery, equipment, sale of goods and other assets. The internal control system is supplemented by well documented policies and guidelines and is conducted by outside Audit Firm.

**f) Financial and Operational Performance**

The expansion of capacities which was undertaken in 2014-15 was completed in 2015-16. Due high volume of operation and economies of high volume is seen in the year under review. The EBIDTA which was Rs. 309.62 Lac has gone to Rs. 787.72 Lac showing an increase of 154.42% though the income from operation has gone by just 30% as compared to previous financial year. The Management foresees even better performance with optimum utilization of enhance capacities

**g) Human Resource Development**

Human resource is the most important resource in Management and needs to be used efficiently. The Company views its employees as valuable resources who are important stakeholders in growth, prosperity and development of organization. The Company is committed to provide necessary training / conducts development program to imbibe necessary skill required with the employees. The Management of the Company enjoys cordial relations with its employee at all level.



## ANNEXURE – III

Form : MGT – 9

Extract of Annual Return as on the financial year ended on March 31, 2019

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

<b>REGISTRATION AND OTHER DETAILS</b>		
1. CIN	L21010MH1995PLC05883	
2. Registration Date	24/02/1995	
3. Name of the Company	HARDOLI PAPER MILLS LIMITED	
4. Category/Sub-Category of the Company	Company Limited by Shares	
5. Address of Registered Office and Contact Details	First Floor, Krishna Kunj, Bhavsar Chowk, C.A. Road, Nagpur 440 002 Email ID – hardolipaper@gmail.com Tele : 0712-2770966, 2733846 Fax-0712-2770168	
6. Name, Address and Contact Details of Registrar and Transfer Agent	MCS Share Transfer Agent Limited A-209, C Wing, 2nd Floor, Gokul Industrial Estate Sagbaug, Marol Co-op. Industrial Estate, Mumbai - 59 Email ID – helpdeskmm@mcsregistrars.com Website – www.mcsregistrars.com Tele : 022-28516022 Fax – 022-28516021	
<b>PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>		
All the business activities contributing 10% or more of the total turnover of the Company		
<b>NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICE</b>	<b>NIC CODE OF PRODUCT/ SERVICE</b>	<b>% OF TOTAL TURNOVER</b>
Kraft Paper	48042900	100%
<b>PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY - NOT APPLICABLE</b>		
1. Category-wise Shareholding	As per Annexure "A"	
2. Shareholding of the Promoter	As per Annexure "B"	
3. Changes in Promoters' Holding	No Change	
4. Shareholding of Top Ten Shareholders (Other than Director, Promoter and Holder GDRs and ADRs)	As per Annexure "C"	
5. Shareholding of Directors and Key Managerial Personnel	As per Annexure "D"	
<b>INDEBTEDNESS</b> Indebtedness of the Company including interest outstanding / accrued But not due	As per Annexure "E"	
<b>REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>	As per Annexure "F"	
<b>PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCE</b>	Not Applicable	

**ANNEXURE "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				% of changes during year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoter and Promoter Group									
1)	<b>Indian</b>									
a)	Individual / HUF	115600	714370	829970	30.829	652800	177170	829970	30.829	
b)	Central / State Govt.	0	0	0	0	0	0	0	0	
c)	Bodies Corporate	0	0	0	0	0	0	0	0	
d)	FIs / Bank	0	0	0	0	0	0	0	0	
e)	Others	0	0	0	0	0	0	0	0	
	<b>Sub-Total A(1)</b>	115600	714370	829970	30.8279	652800	177170	829970	30.829	
2)	<b>Foreign</b>									
a)	Individual (NRI / foreign Individuals)	0	0	0	0	0	0	0	0	
b)	Bodies Corporate	0	0	0	0	0	0	0	0	
c)	Institutions	0	0	0	0	0	0	0	0	
d)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	
e)	Others	0	0	0	0	0	0	0	0	
	<b>Sub-Total A(2)</b>	0	0	0	0	0	0	0	0	
	<b>Sub-Total A(1)+A(2)</b>	115600	714370	829970	30.8279	652800	177170	829970	30.829	
B	<b>Public Shareholding</b>									
1)	<b>Institutions</b>									
a)	Mutual Funds / UTI	0	0	0	0	0	0	0	0	
b)	FIs and Banks	0	0	0	0	0	0	0	0	
c)	Central / State Govt.	0	0	0	0	0	0	0	0	
d)	Venture Capital Fund	0	0	0	0	0	0	0	0	
e)	Insurance Company	0	0	0	0	0	0	0	0	
f)	Foreign Institutional Investors	0	0	0	0	0	0	0	0	
g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	
h)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	
i)	Other - FDI	0	0	0	0	0	0	0	0	
	<b>Sub-Total B(1)</b>	0	0	0	0	0	0	0	0	Nil
2)	<b>Non-Institutions</b>									
a)	Bodies Corporate Indian Overseas	0	55000	55000	2.0429	0	5000	5000	0.187	(1.856)
b)	Individuals Holding nominal Capital upto Rs. 2 Lac	39850	657403	694178	25.7842	39850	886222	926072	34.3975	(8.6133)
	Holding nominal capital In excess of Rs. 2 Lac		298340	1103117	40.9736	213650	657573	871223	32.3602	(8.6133)
c)	<b>Others – Specify Non Resident Indians</b>		10000	10000	0.3714	0	10000	10000	0.3714	Nil
	<b>Sub-Total B(2)</b>		970743	1812295	67.3149	253500	1608795	1862295	69.1721	Nil
C	<b>Shares held by Custodian for ADRs GDRs</b>		0	0	0				0	
	<b>Grand Total</b>		1202713	2692265	100.00	369100	2323165	2692265	100.00	Nil



## ANNEXURE "B"

## SHAREHOLDING OF PROMOTER

Sr. No.	Name of the Shareholder	At the beginning of the year			At the end of the year			% of change during year
		No. of Shares	% of Total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of Total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Mr. Omprakash Rathi	267360	9.93	0	267360	9.93	0	0
2	Mr. Kailashchandra P. Agarwal	231495	8.60	0	231495	8.60	0	0
3	Mr. Rajiv Behal	100	0.00	0	100	0.00	0	0
4	Mr. Jarnail Singh Saini	108105	4.01	0	108105	4.01	0	0
5	Mr. Anilkumar Lakhotiya	186295	6.92	0	186295	6.92	0	0
6	Rajinder Singh Saini	2600	0.10	0	2600	0.10	0	0
7	Kamal K. Agarwal	34615	1.29	0	34615	1.29	0	0

## ANNEXURE "C"

## SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDER (OTHER THAN DIRECTOR, PROMOTER AND HOLDERS OF ADRs AND GDRs)

Sr. No.	Name of the Shareholder	Shareholding			Cumulative Shareholding During The Year	
		No. of Shares at the beginning Of the year	% of Total shares of the Company	% of changes increase / Decrease	No. of Shares	% of Total shares of the Company
1	Mr. Jugalkishore Dhoot	111800	111800	0.00	111800	4.15
2	Mr. Akshay O. Rathi	224985	224985	0.00	224985	8.36
3	Mrs. Mangla Rathi	151115	151115	0.00	151115	5.62
4	Mrs. Snehlata Lakhotiya	77900	77900	0.00	77900	2.89
5	Mr. Gaurav A. Lakhotiya	99705	126005	0.976	126005	4.68
6	Ms. Garima Lakhotiya	24700	40400	0.583	40400	1.50
7	Mr. Jaswant Saini	35000	35000	0.00	35000	1.30
8	Anilkumar Lakhotiya HUF	86578	137078	1.87	137078	5.09
9	Kailashchandra Agarwal HUF	62790	62790	0.00	62790	2.33
10	Baljit Singh Saini	35635	35635	0.00	35635	1.32

## ANNEXURE "D"

## SHAREHOLDING DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Name of the Shareholder	Shareholding			Cumulative Shareholding During The Year	
		No. of Shares at the beginning	No. of Shares at the end of the year	% of changes increase / Decrease	No. of Shares	% of Total shares of the Company
1	Mr. Kailashchandra P. Agarwal	231495	231495	0.00	231495	8.60
2	Mr. Anilkumar M. Lakhotiya	186295	236295	1.86	236295	8.77
3	Jarnailsingh Saini	108105	108105	0.00	108105	4.01
4	Omprakash Rathi	267360	267360	0.00	267360	9.93
5	Priyanka P Deshmukh	0	0	0	0	0
6	Narasimhan Varadarajan	0	0	0	0	0
7	Prem S. Kewalramani	0	0	0	0	0



**ANNEXURE "E"**

**INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT**

	Secured Loan Excluding Deposit	Unsecured Loan	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
a) Principal Amount	47114175.00	41938971.00	0	89053146.00
b) Interest due but not paid	0	0	0	0
c) Interest accrued but not due	448349.00	0	0	448349.00
<b>TOTAL</b>	<b>47562524.00</b>	<b>41938971</b>	<b>0</b>	<b>89501495.00</b>
<b>Changes in Indebtedness during the financial year</b>				
a) Addition	13135615.00	3761152.00	0	16896767.00
b) Reduction	28952097.00	27500122	0	56452219.00
<b>NET CHANGE</b>	<b>15816482.00</b>	<b>23738970.00</b>	<b>0</b>	<b>39555452.00</b>
<b>Indebtedness at the end of the financial year</b>				
a) Principal Amount	31484016.00	18200001.00	0	49684017.00
b) Interest due but not paid	0	0	0	0
c) Interest accrued but not due	262026.00	0	0	262026.00
<b>TOTAL</b>	<b>31746042.00</b>	<b>18200001</b>	<b>0</b>	<b>49946043.00</b>

**ANNEXURE "F"**

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

Sr. No.	PARTICULARS OF REMUNERATION	NAME OF MD/WTD/MANAGER				TOTAL AMOUNT
		KailashAgrawal Managing Director	Anilkumar M. Lakhotiya Jt. Managing Director	Jarnailsing Saini Executive Director	O. D. Rathi Executive Director	
1	Gross Salary	1680000	1680000	720000	493846	4573846
a)	Salary as per the provisions contained in section 17(1) of the Income Tax Act, 1961	--	--		--	--
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	--	--		--	--
c)	Profit in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	--	--		--	--
2	Stock Option	--	--		--	--
3	Sweat Equity	--	--		--	--
4	Commission i) % of Profit ii) Others – specify	--	--		--	--
5	Others-Contribution of Provident and other funds	121600	121600	51600	51600	346400
	<b>TOTAL</b>	<b>1801600</b>	<b>1801600</b>	<b>771600</b>	<b>545446</b>	<b>4920246</b>

## Form No. MR-3

**SECRETARIAL AUDIT REPORT**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014]

To,

The Members

**HARDOLI PAPER MILLS LIMITED**

First Floor, Krishna Kunj,  
Bhavsar Chowk, C.A. Road,  
Nagpur 440 002

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to corporate practices by HARDOLI PAPER MILLS LIMITED (herein after called "the Company") for the audit period covering the financial year ended on 31st March, 2019. The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter :

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in the Annexure I, for the financial year ended on March 31, 2019, according to the provisions (to the extent applicable) of :
  - i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
  - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder applicable to the extent of receipt of funds on non-repatriation basis from foreign investor;
  - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
    - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
    - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
    - e) The Securities and Exchange Board of India ( Issue and Listing of Debt Securities) Regulations, 2008 and
    - f) The Securities and Exchange Board of India (Registrar to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
2. I have relied on the representations made by the Company and its Officers for system and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulation to the Company.
3. *We further report that :*  
The Equity of the Company is listed with Metropolitan Stock Exchange of India Limited.
  - a) I further report that –

The Board of Directors as on date of this report consist of four Promoter Directors, Three Independent Director, One Chief Financial Officer and Company Secretary. However Chief Financial Officer and Company Secretary were appointment on 22.04.2019.

Adequate notice is given to all the Directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance and a system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All resolutions / decisions at the Board and Committee Meeting are carried out unanimously as recorded in the minutes of meeting of the Board of Directors or the Committee.



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

I further report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance of applicable laws, rules, regulations and guidelines except as mentioned above.

- I further report that during the audit year, there were no instances of
- i) Public Issue of Equity Shares & Equity Warrants / Sweat Equity
  - ii) Buy-back of securities
  - iii) Merger / Amalgamation / Reconstruction etc.
  - iv) Foreign Technical Collaborations.

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

Place: Mumbai  
Date: May 30, 2019

**ANNEXURE – I**

List of documents verified:

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

**INDEPENDENT AUDITORS' REPORT**

**TO**

**THE MEMBERS OF HARDOLI PAPER MILLS LIMITED**

1. We have audited the accompanying standalone financial statements of Hardoli Paper Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended on that date and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31st March 2019, and its financial performance including other comprehensive income, its cash flow and the changes in equity for the year ended on that date.
3. We conducted our audit in accordance with the standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

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

5. **Information other than the financial statements and Auditors report thereon ("Other Information")**  
 The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)[iv] and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for



**INDEPENDENT AUDITORS' REPORT (Contd.)**

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preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibility for the Audit of the Financial Statements**

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

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

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

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

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

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

**8. Report on Other Legal and Regulatory Requirements**

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**INDEPENDENT AUDITORS' REPORT (Contd.)**

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1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- A. Further to our comments in Annexure A, as required by sub-section 3 of Section 143 of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the IndAS specified under section 133 of the Act.;
  - (e) On the basis of the written representations received from the Directors as on 31st March 2019 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2019 from being appointed as a Director in terms of subsection 2 of Section 164 of the Act;
  - (f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  1. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements— Refer Note 34 to the standalone AS financial statements;
  2. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  3. There were no amounts required to be transferred to the Investor Education Protection Fund by the Company.

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

(**CA. AMIT M. DARAK**)  
**PARTNER**  
Membership No. 144005

Place: Nagpur  
Date: 30.05.2019



## ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2019

(Referred to in our report of even date)

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of Property, Plant & Equipment.
- (b) The Company has a regular program of physical verification of property, plant & equipment by which all fixed assets are verified in a phased manner over a period of two years, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. In accordance with this program, certain fixed assets were verified by the management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of all the immovable property (which are included under the Note 2A – 'Property, Plant and equipment') are held in the name of the company.
- ii. The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv. The Company has not granted any loans or provided any guarantee or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.
- 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 other tribunal in respect of the same.
- vi. We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under sub section 1 of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no material undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, as on 31st March 2019 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:

## ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2019 (Contd.)

Name of the Statute	Nature of the Dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1994 and Cenvat Credit Rules, 2004	> Excise Duty under Rule 14 and 11D of the Act	172,25,881	F.Y. 2008-09 to F.Y. 2010-11	Custom, Excise & Service Tax Appellate Tribunal, Mumbai
	> Penalty u/s. 11AC of the Act	1,00,80,910		
	> Excise Duty u/s 11A of the Act	--	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	--	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		

- viii. The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or Government or any dues to debenture holders during the year.
- ix. The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by applicable Ind AS. (refer note 33).
- xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Place: Nagpur  
 Date: 30.05.2019

(CA. AMIT M. DARAK)  
**PARTNER**  
 Membership No. 144005



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT- 31st MARCH 2019****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of **Hardoli Paper Mills Limited** ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's Management and Board of Directors are 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 controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of internal financial controls with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

**2. Auditor's Responsibility**

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

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

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

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

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

**4. Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**5. Opinion**

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

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

(**CA. AMIT M. DARAK**)  
**PARTNER**  
Membership No. 144005

Place: Nagpur  
Date: 30.05.2019

## BALANCE SHEET AS AT 31ST MARCH, 2019

	NOTE	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	2A	23,44,11,871	23,05,22,799
Capital work-in-progress	2B	4,84,789	3,82,310
<b>Financial Assets</b>			
(i) Other Assets	3	28,70,555	28,78,940
Other Non-current assets	4	57,24,789	41,50,403
<b>Total Non-current assets</b>		<b>24,34,92,004</b>	<b>23,79,34,453</b>
<b>Current assets</b>			
Inventories	5	5,11,84,927	4,27,97,876
<b>Financial Assets</b>			
(i) Trade receivables	6	8,99,57,466	10,04,58,397
(ii) Cash and cash equivalents	7	96,650	40,785
(iii) Bank balances other than (ii) above	8	1,92,300	1,92,929
(iv) Other Financial assets	9	3,21,352	5,79,137
Other current assets	10	1,58,82,394	92,12,666
Current Tax assets (Net)	11	10,52,055	10,48,052
		<b>15,86,87,144</b>	<b>15,43,29,840</b>
<b>Total Assets</b>		<b>40,21,79,147</b>	<b>39,22,64,293</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	12	2,69,22,650	2,69,22,650
Other Equity		19,47,63,312	13,63,05,509
<b>Total Equity</b>		<b>22,16,85,962</b>	<b>16,32,28,159</b>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	13	3,11,05,627	6,93,55,820
Deferred tax liabilities (Net)	14	1,35,03,444	1,52,47,508
<b>Total non-current liabilities</b>		<b>4,46,09,071</b>	<b>8,46,03,328</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	15	5,56,75,684	5,69,46,207
(ii) Trade payables	16	4,96,01,464	6,50,68,066
(iii) Other financial liabilities	17	2,05,99,587	1,83,43,559
(iv) Other current liabilities	18	35,58,252	-14,14,573
Provisions		64,49,127	54,89,547
<b>Total Current liabilities</b>		<b>13,58,84,115</b>	<b>14,44,32,805</b>
<b>Total Equity and Liabilities</b>		<b>40,21,79,147</b>	<b>39,22,64,293</b>
Significant accounting policies & Notes to Accounts	1 to 41		

The accompanying notes are an integral part of these standalone financial statements.

AS PER OUR REPORT OF EVEN DATE	FOR AND ON BEHALF OF THE BOARD	
For <b>DARAK AND ASSOCIATES</b>	<b>KAILASH AGARWAL</b> (DIN:00367292)	- <b>MANAGING DIRECTOR</b>
<b>CHARTERED ACCOUNTANTS</b>		
FIRM REGISTRATION NO. 132818W	<b>ANIL KUMAR LAKHOTIYA</b> (DIN:00367361)	- <b>JOINT MANAGING DIRECTOR</b>
<b>CA AMIT M. DARAK</b>	<b>JARNAIL SINGH SAINI</b> (DIN:00367656)	- <b>CHIEF FINANCIAL OFFICER</b>
<b>PARTNER</b>		
Membership No. 144005	<b>OMPRAKASH RATHI</b> (DIN:00895316)	- <b>WHOLETIME DIRECTOR</b>
	<b>MAYANK LUNIYA</b>	- <b>COMPANY SECRETARY</b>
NAGPUR: 30.05.2019	NAGPUR: 30.05.2019	



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2019**

	NOTE	31.3.2019 (Rupees)	31.3.2018 (Rupees)
Revenue From Operations	20	79,62,04,612	88,20,85,140
Other Income	21	1,04,46,956	1,76,31,562
<b>Total Income</b>		<b>80,66,51,568</b>	<b>89,97,16,702</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	48,81,47,531	61,31,46,564
Changes in inventories of finished goods,	23	-44,56,285	-34,72,642
Excise duty		-	1,30,98,810
Employee benefits expense	24	2,10,00,136	2,01,91,643
Finance costs	25	1,42,30,293	1,80,12,556
Depreciation and amortization expense	2	1,64,67,600	1,68,59,157
Other expenses	26	20,01,79,507	17,79,80,619
<b>Total expenses</b>		<b>73,55,68,781</b>	<b>85,58,16,707</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>7,10,82,787</b>	<b>4,38,99,995</b>
Exceptional Item		-	-
<b>Profit/(loss) before tax</b>		<b>7,10,82,787</b>	<b>4,38,99,995</b>
Tax expense:			
(1) Current tax		1,61,60,409	73,47,063
(1) MAT credit Entilement		-	-64,04,071
(2) Deferred tax		-40,70,982	1,58,97,896
		1,20,89,427	1,68,40,887
<b>Profit (Loss) for the year</b>		<b>5,89,93,360</b>	<b>2,70,59,108</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss	27	-5,35,558	5,15,18,376
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Total other Comprehensive Income</b>		<b>-5,35,558</b>	<b>5,15,18,376</b>
<b>Total Comprehensive Income for the year</b>		<b>5,84,57,802</b>	<b>7,85,77,484</b>
Basic EPS	28	21.91	10.05
Significant accounting policies & Notes to Accounts	1 to 41		

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

**CA AMIT M. DARAK**  
**PARTNER**  
Membership No. 144005

NAGPUR: 30.05.2019

FOR AND ON BEHLAF OF THE BOARD  
**KAILASH AGARWAL** (DIN:00367292)

**ANIL KUMAR LAKHOTIYA** (DIN:00367361)

**JARNAIL SINGH SAINI** (DIN:00367656)

**OMPRAKASH RATHI** (DIN:00895316)

**MAYANK LUNIYA**

NAGPUR: 30.05.2019

- **MANAGING DIRECTOR**

- **JOINT MANAGING DIRECTOR**

- **CHIEF FINANCIAL OFFICER**

- **WHOLETIME DIRECTOR**

- **COMPANY SECRETARY**

**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED ON 31ST MARCH, 2019**

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>A. Equity Share Capital</b>		
Opening Balance	2,69,22,650	2,69,22,650
Changes in the Equity Share Capital during the year	-	-
Closing Balance	<u>2,69,22,650</u>	<u>2,69,22,650</u>
<b>B. Other Equity Capital Reserve</b>		
Opening Balance	2,04,13,989	2,04,13,989
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the reporting period	2,04,13,989	2,04,13,989
Movement during the year	-	-
Closing Balance	<u>2,04,13,989</u>	<u>2,04,13,989</u>
<b>Securities Premium</b>		
Opening Balance	86,64,946	86,64,946
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the reporting period	86,64,946	86,64,946
Movement during the year	-	-
Closing Balance	<u>86,64,946</u>	<u>86,64,946</u>
<b>General Reserves</b>		
Opening Balance	18,00,000	18,00,000
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the reporting period	18,00,000	18,00,000
Movement during the year	-	-
Closing Balance	<u>18,00,000</u>	<u>18,00,000</u>
<b>Revaluation Surplus</b>		
Opening Balance	5,09,05,008	-
Addition During Prior period	-	5,09,05,008
Additions During the year	-	-
Restated balance at the beginning of the reporting period	5,09,05,008	5,09,05,008
Movement during the year	-	-
Closing Balance	<u>5,09,05,008</u>	<u>5,09,05,008</u>
<b>Retained Earnings</b>		
Opening Balance	5,45,21,566	2,64,69,222
Changes in accounting policy or prior period errors	-	-3,79,868
Restated balance at the beginning of the reporting period	5,45,21,566	2,68,49,090
Profit for the year	5,89,93,360	2,70,59,108
Other Comprehensive Income for the year	-5,35,558	6,13,368
Total Comprehensive Income for the year	<u>5,84,57,802</u>	<u>2,76,72,476</u>
<b>Transactions with owners in capacity as owners</b>		
Dividends (including tax on dividend)	-	-
Transfer to retained earnings	-	-
Bonus shares, if any	-	-
Movement during the year	-	-
Closing Balance	<u>11,29,79,369</u>	<u>5,45,21,566</u>
	<u>19,47,63,312</u>	<u>13,63,05,509</u>

AS PER OUR REPORT OF EVEN DATE

For **DARAK AND ASSOCIATES**

**CHARTERED ACCOUNTANTS**

FIRM REGISTRATION NO. 132818W

**CA AMIT M. DARAK**

**PARTNER**

Membership No. 144005

NAGPUR: 30.05.2019



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

Year ended	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE INCOME TAX	7,10,82,787	4,38,99,995
Adjustments for:		
Other comprehensive Income - Acturial Gain / (loss)	-5,35,558	6,13,368
Prior Period Expenses	-	3,79,868
Depreciation, amortisation and impairment	1,64,67,600	1,68,59,157
Finance costs	1,42,30,293	1,80,12,556
<b>Operating profit before working capital changes</b>	<b>10,12,45,122</b>	<b>7,97,64,944</b>
Change in operating assets and liabilities:		
(Increase)/ Decrease in inventories	-83,87,052	69,91,566
(Increase)/ Decrease in trade receivables	1,05,00,931	-2,81,22,760
(Increase)/ Decrease in other financial assets	2,57,785	54,17,030
(Increase)/ Decrease in other current assets	-66,69,729	-24,79,960
(Increase)/ Decrease in other Bank Balance	629	650
Increase/ (Decrease) in Borrowing	-12,70,522	-1,14,95,085
Increase/ (Decrease) in trade payables	-1,54,66,601	-1,41,54,239
Increase/ (Decrease) in other financial liabilities	-40,090	70,708
Increase/ (Decrease) in other current liabilities	49,72,826	-6,87,580
Increase/ (Decrease) in provisions	7,96,878	8,27,793
(Increase)/ Decrease in other financial assets (Non Current)	8,385	-4,79,445
(Increase)/ Decrease in other non-current assets	-52,617	12,63,300
<b>Changes in Working Capital</b>	<b>-1,53,49,177</b>	<b>-4,28,48,022</b>
<b>Cash generated from Operations</b>	<b>8,58,95,945</b>	<b>3,69,16,922</b>
Income taxes paid (net of refunds)	-1,36,74,793	-59,55,451
<b>NET CASH INFLOW GENERATED FROM OPERATING ACTIVITIES</b>	<b>7,22,21,151</b>	<b>3,09,61,471</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	-2,13,84,868	-34,95,832
Proceeds from sale of property, plant and equipment	-	-
Payment for purchase of investments	-	-
Payment for purchase of inter-corporate deposits placed	-	-
(Given)/ Repayment of loans by related parties	-	-
Interest received	-	-
<b>NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES</b>	<b>-2,13,84,868</b>	<b>-34,95,832</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital (net of share issue expenses)	-	-
Repayment of borrowings	-3,63,63,803	-93,80,171
Interest paid	-1,44,16,616	-1,81,08,704
Dividends paid to company's shareholders	-	-
<b>NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES</b>	<b>-5,07,80,419</b>	<b>-2,74,88,875</b>
<b>D NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>55,864</b>	<b>-23,236</b>
<b>E CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR.</b>	<b>40,785</b>	<b>64,021</b>
<b>F CASH AND CASH EQUIVALENTS AT END OF THE YEAR.</b>	<b>96,650</b>	<b>40,785</b>

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

**CA AMIT M. DARAK**  
**PARTNER**  
Membership No. 144005

NAGPUR: 30.05.2019

FOR AND ON BEHALF OF THE BOARD

**KAILASH AGARWAL** (DIN:00367292)

**ANIL KUMAR LAKHOTIYA** (DIN:00367361)

**JARNAIL SINGH SAINI** (DIN:00367656)

**OMPRAKASH RATHI** (DIN:00895316)

**MAYANK LUNIYA**

NAGPUR: 30.05.2019

- **MANAGING DIRECTOR**

- **JOINT MANAGING DIRECTOR**

- **CHIEF FINANCIAL OFFICER**

- **WHOLETIME DIRECTOR**

- **COMPANY SECRETARY**

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

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

#### I. Corporate Information

Hardoli Paper Mills Limited (the Company), is 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. The Company's equity shares are listed on Metropolitan Stock Exchange of India in the financial year 2017-18.

#### II. Basis of preparation

##### a. Compliance with Ind AS.

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

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

##### b. Historical cost convention

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

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

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

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

#### III. Use of estimates and judgements

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

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

#### IV. Property, plant and equipment

In case of Property, plant and equipment except Factory Land & Building, the company had applied for the one time transition exemption of considering the carrying cost on the transition date.

##### Freehold Land & Factory Building

Freehold land is stated at fair value. Factory Building is stated at fair value. Fair values of land and building are estimated by management with the useful life of 30 years in case of building. Management estimate is based on the valuation report dated 5th October 2017 issued by an independent professional valuer. As per the management estimation there is no material change in the fair value as of Free Hold Land & Factory Building as on 31st March 2019.

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

##### Other Property, plant and equipment

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

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

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

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

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019  
(Contd.)**

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II to the Companies Act, 2013 with the exception of the following:

- i) Plant and equipment is depreciated over 3 to 21 years based on the technical evaluation of useful life done by the management.
  - ii) Assets costing ₹ 5,000 or less are fully depreciated in the year of purchase. Freehold land is not depreciated.
- The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

**V. Lease**

Operating Lease:

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

**VI. Financial Instruments:**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

**Non-derivative financial instruments:****a. Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**b. Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c. Financial assets at fair value**

Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss.

**d. Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**VII. Inventories**

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

**a. Raw Materials**

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

**b. Stores, Spares, Packing Materials & Consumables**

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

**c. Manufactured Finished Goods**

These inventories are valued at lower of cost or net realizable value. The cost of finished goods comprises of materials,

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019  
(Contd.)**

direct labour, other direct costs and related production overheads. Cost of materials is determined on First-in-First-Out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**VIII. Borrowings**

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

**IX. Borrowing costs**

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to Statement of Profit and Loss.

**X. Provisions, contingencies and commitments**

a. Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

b. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

c. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

d. A disclosure for contingent liabilities is made where there is-

- i. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- ii. a present obligation that arises from past events but is not recognized because:
  - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - b. the amount of the obligation cannot be measured with sufficient reliability.

e. Contingent Assets are neither recognised nor disclosed in the financial statements.

f. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

**XI. Revenue recognition**

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

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, rate difference, volume rebates, deductions and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc. Excise duty is considered in fair value of consideration received which is deducted as expenditure in Profit and Loss account.

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

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

**XII. Employee benefits**

The Company has following post-employment plans:

i. Defined benefit plans - gratuity

- a. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019  
(Contd.)**

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- obligation is calculated annually by actuaries through actuarial valuation using the projected unit credit method.
- b. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss.  
Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements.

**Net interest expense or income :**

- c. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.
- d. Re-measurement comprising of actuarial gains and losses arising from Re-measurement of Actuarial(gains)/losses Return on plan assets, excluding amount recognized in effect of asset ceiling Re-measurement arising because of change in effect of asset ceiling are recognised in the period in which they occur directly in other comprehensive income. Re- measurements are not reclassified to Statement of Profit and Loss in subsequent periods.
- e. Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Company determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.
- ii. Defined contribution plans - provident fund  
It is accounted on accrual basis with the contributions to the Employee Provident Fund administered by the Central Government.
- iii. Short-term and other long-term employee benefits  
Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of profit and loss of the year in which the related service is rendered.

**XIII. Foreign currency transactions**

- a. The functional currency of the Company and its subsidiaries is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).
- b. In preparing the financial statements the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.
- c. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- d. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
- e. Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise except for:
- i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks
- f. Exchange differences on foreign currency monetary items including those relating to fixed assets are charged off to statement of profit and loss.

**XIV. Income tax**

- a. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
- b. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
- c. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019  
(Contd.)**

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- d. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and same taxation authority.
- e. Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.
- f. Current and deferred tax for the year: Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**XV. Earnings per share**

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

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

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

**XVI. Exceptional items**

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



**Notes (Contd.)**

**Note 2: FIXED ASSETS**

**NOTE 2 : PROPERTY PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS, INVESTMENT PROPERTY, INTANGIBLE ASSET.**

(Rupees)

	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01/04/2018	Addition/ Adjustment for the Year	Deletion/ for the Year	As on 31.03.2019	As on 01.04.2018	Depreciation for the Year	Revaluation Reserve	Deletion for the year (Due to Revaluation)	As on 31.03.2019	As on 31-03-2019	As on 31.03.2018
<b>Tangible Assets</b>											
Freehold Land	3,39,65,000	-	-	3,39,65,000	-	-	-	-	3,39,65,000	3,39,65,000	3,39,65,000
Building (Factory)	4,91,08,850	59,28,082	-	5,50,36,932	3,79,192	10,05,184	5,73,181	-	19,57,557	5,30,79,375	4,87,29,658
Plant & Machinery	20,04,67,288	1,25,86,263	-	21,30,53,551	6,67,05,615	1,26,24,072	-	-	7,93,29,687	13,37,23,864	13,37,61,673
Electrical Installation	2,58,58,946	10,90,709	-	2,69,49,655	1,29,31,347	18,30,288	-	-	1,47,61,635	1,21,88,020	1,29,27,599
Computer	9,77,583	79,618	-	10,57,201	7,86,618	59,810	-	-	8,46,428	2,10,773	1,90,965
Office Equipment	8,10,300	40,572	-	8,50,872	7,06,173	23,569	-	-	7,29,742	1,21,130	1,04,127
Furniture & Fixtures	15,32,506	2,87,789	-	18,20,295	13,04,640	1,15,548	-	-	14,20,188	4,00,107	2,27,866
Vehicle	16,18,087	3,43,638	-	19,61,725	10,02,174	2,35,948	-	-	12,38,122	7,23,603	6,15,913
<b>TOTAL</b>	<b>31,43,38,560</b>	<b>2,03,56,671</b>	<b>-</b>	<b>33,46,95,231</b>	<b>8,38,15,759</b>	<b>1,58,94,419</b>	<b>5,73,181</b>	<b>-</b>	<b>10,02,83,359</b>	<b>23,44,11,871</b>	<b>23,05,22,801</b>
PREVIOUS YEAR	27,26,74,845	28,40,349	3,88,23,366	31,43,38,560	7,90,38,244	1,67,19,424	1,39,733	1,20,81,642	8,38,15,759	23,05,22,801	19,36,36,601
<b>B) Capital Work In Progress</b>											
CAPITAL W-I-P	3,82,310	4,84,789	(3,82,310)	4,84,789	-	-	-	-	-	4,84,789	3,82,310
<b>TOTAL</b>	<b>3,82,310</b>	<b>4,84,789</b>	<b>(3,82,310)</b>	<b>4,84,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,84,789</b>	<b>3,82,310</b>
<b>C) Investment Property</b>											
TOTAL	-	-	-	-	-	-	-	-	-	-	-
<b>D) Intangible Assets</b>											
TOTAL	-	-	-	-	-	-	-	-	-	-	-

**31.3.2019**  
**(Rupees)**

**31.3.2018**  
**(Rupees)**

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

(Unsecured, considered good unless otherwise stated)

Long term Deposit with Banks maturing after 12 months (Fixed deposits are lien marked for total facility against the said fixed deposit.)	<b>28,70,555</b>	28,68,940
Other Deposits	-	10,000
	<b>28,70,555</b>	28,78,940

**NOTE 4: OTHER NON CURRENT ASSETS**

(Unsecured, considered good unless otherwise stated)

Advance for Capital Goods	<b>15,21,769</b>	-
Long Term Deposits	<b>14,03,400</b>	15,23,280
Balance with Government Authorities	<b>27,99,620</b>	26,27,123
	<b>57,24,789</b>	41,50,403

## Notes (Contd.)

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>NOTE 5: INVENTORIES</b>		
Raw Materials	2,85,27,546	2,51,73,512
Stores, Packing Material & Fuel	91,19,129	85,42,397
Finished Goods	1,35,38,252	90,81,967
	<u>5,11,84,927</u>	<u>4,27,97,876</u>

**NOTE 6: TRADE RECEIVABLES**  
(Unsecured, considered good unless otherwise stated)

Considered Good		
Related Party	1,25,48,468	97,01,383
Other party	7,74,08,998	9,07,57,014
	<u>8,99,57,466</u>	<u>10,04,58,397</u>
Considered Doubtful	-	-

**NOTE 7: CASH AND CASH EQUIVALENTS**

<b>Cash and Cash Equivalents</b>		
Cash on Hand	83,523	27,658
<b>Balances with Banks</b>		
Current Account	13,127	13,127
	<u>96,650</u>	<u>40,785</u>

**NOTE 8: BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS**

Long term Deposit with maturity period between 3 to 12 months	-	-
Other Bank Balance	1,92,300	1,92,929
(Balance earmarked for Unclaimed Dividend)	<u>1,92,300</u>	<u>1,92,929</u>

**NOTE 9: OTHER FINANCIAL ASSETS**

<b>Unsecured &amp; Considered Good</b>		
Loans & Advances to Employees	3,21,352	4,27,777
Balance with Government authorities	-	1,51,360
	<u>3,21,352</u>	<u>5,79,137</u>



**Notes (Contd.)**

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>NOTE 10: OTHER CURRENT ASSETS</b>		
Advance to Suppliers	61,09,014	43,96,427
Prepaid Expenses	9,25,810	8,34,210
Insurance Claim Receivable	3,80,717	6,76,732
VAT Receivable	4,39,878	8,20,700
PSI Under Sales Tax receivable	80,26,975	-
Interest Receivable	-	24,84,597
	1,58,82,394	92,12,666
	=====	=====

**NOTE 11: CURRENT TAX ASSET (NET)**

Income Tax Receivables (Net)	10,52,055	10,48,052
	10,52,055	10,48,052
	=====	=====

**NOTE 12: 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 (26,92,265) Equity Shares of Rs.10/- each fully paid up	2,69,22,650	2,69,22,650
	2,69,22,650	2,69,22,650
	=====	=====

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

NAME OF SHAREHOLDER	31.03.2019	31.03.2018	No. of Shares	No. of Shares
	% Held	% Held		
Akshay Omprakash Rathi	8.48	8.48	2,28,405	2,28,405
Kailash P. Agarwal	8.60	8.60	2,31,495	2,31,495
Mangla Omprakash Rathi	5.61	5.61	1,50,945	1,50,945
Omprakash Damodar Rathi	9.93	9.93	2,67,360	2,67,360
Anil Kumar Lakhotiya	6.92	6.92	1,86,295	1,86,295

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

PARTICULARS	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	26,92,265	26,92,265
Add: Shares issued during the year	-	-
Equity Shares at the end of the year	26,92,265	26,92,265

c. The Company has not allotted any shares for consideration other than cash during 5 years preceding March 31, 2019

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.)

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>NOTE 13: BORROWINGS</b>		
<b>Secured</b>		
From Banks		
Term Loan from Bank (Refer Note. 17) (Term Loan is secured by way of Hypothecation of all movable created out of bank finance as well on Land, factory building, Plant and Machinery, Electrical fittings and Misc. assets with the personal guarantees of the directors and one promoter.. First term loan of Rs 5.50 crores is repayable in 60 monthly installment amounting to Rs 9.16 lacs from F.Y.2015-2016, second term loan of Rs 1.50 cr is repayable in 72 monthly installments amounting to Rs 2 lacs for 71 months and 8 lacs for last one month and third term loan of Rs 2 cr is repayable in 72 monthly installments amounting to Rs 2.90 lacs for 11 month, 2.75 lacs for 60 month and last installment of 3 lacs from FY 2016-2017 onwards.)	1,27,75,406	3,04,22,175
From NBFC	1,30,220	-
1) Car Loan from Sundaram Finance of Rs. 3 Lacs payable in 24 through Equated Monthly Installments of Rs.19935/- per month.		
2) Loan of Rs. 7.90 Lacs payable in 24 Equated monthly installments of Rs. 37920/- per month against hypothecation of Forklift.		
3) Loan of Rs. 7.50 Lacs payable in 24 Equated monthly installments of Rs. 35375/- per month against hypothecation of Mahindra Tractor -605.		
<b>Unsecured Loans</b>		
From Others		
Related Parties - Repayable on demand after 1st april, 2020	1,82,00,001	3,89,33,645
	<u>3,11,05,627</u>	<u>6,93,55,820</u>
	=====	=====

**NOTE 14: DEFERRED TAX LIABILITIES**

**Deferred Tax**

Deferred Tax (Assets)	11,21,348	9,70,397
Deferred Tax (Liabilities)	2,12,35,308	2,51,55,340
Deferred Tax Asset /Liabilities(Net)	2,01,13,960	2,41,84,943
Mat Credit Entitlement	(66,10,516)	(89,37,434)
	<u>1,35,03,444</u>	<u>1,52,47,508</u>
	=====	=====



**Notes (Contd.)**

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>NOTE 15: SHORT TERM BORROWINGS</b>		
Secured		
From Banks		
Working Capital Facilities	5,56,75,684	5,39,40,881
(Secured by way of hypothecation of entire stock of the unit at its godowns or at some other places including goods in transit, outstanding moneys, book debts, receivable, both present and future including personal guarantee of all the Directors & the Promoters of the Company)		
Unsecured		
From Others		
- Related Party	-	30,05,326
- Intercorporate Loan		
	5,56,75,684	5,69,46,207
	5,56,75,684	5,69,46,207
<b>NOTE 16: TRADE PAYABLES</b>		
Payable for Goods & Services		
Amounts due to Related Party	11,41,506	26,40,625
Others	4,84,59,958	6,24,27,441
(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 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 the 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.)		
	4,96,01,464	6,50,68,066
	4,96,01,464	6,50,68,066
<b>NOTE 17: OTHER FINANCIAL LIABILITIES : CURRENT</b>		
Current Portion of Long Term Borrowings (Refer Note. 13)		
- Term Loan from Bank	1,76,50,350	1,66,92,000
- Term Loan from NBFC	9,28,040	-
- Interest Accrued but not due on Term Loans	2,62,026	4,48,349
Payable for Capital Goods	7,75,995	1,79,944
Dividend Payable	1,92,300	1,92,300
Employee Payables	7,90,876	8,30,966
	2,05,99,587	1,83,43,559
	2,05,99,587	1,83,43,559
<b>NOTE 18 : OTHER CURRENT LIABILITIES</b>		
Statutory Dues	35,58,252	-14,14,573
	35,58,252	-14,14,573
	35,58,252	-14,14,573



Notes (Contd.)

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>NOTE 19: PROVISIONS</b>		
Income Tax Payable	14,88,651	13,25,949
Provision for Employee benefits	49,60,476	41,63,598
	64,49,127	54,89,547
	=====	=====
<b>NOTE 20: REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Manufacturing (Net)	79,62,04,612	88,19,58,305
Trading Sale	-	1,26,835
	79,62,04,612	88,20,85,140
	=====	=====
<b>NOTE 21: OTHER INCOME</b>		
Gain /(Loss) on Foreign Exchange Fluctuation	7,72,877	7,67,987
Power Charges Claim of Previous Years	-	1,38,81,280
PSI Subsidy	94,43,500	2,05,500
Miscellaneous Income	-	5,265
Interest Income	2,30,579	27,71,530
	1,04,46,956	1,76,31,562
	=====	=====
<b>NOTE 22: COST OF MATERIAL CONSUMED</b>		
Opening Stock	2,51,73,512	3,61,01,004
Add: Purchases	49,15,01,565	60,22,19,072
	51,66,75,077	63,83,20,076
Less: Closing Stock	2,85,27,546	2,51,73,512
	48,81,47,531	61,31,46,564
	=====	=====
<b>NOTE 23: CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Opening Stock	90,81,967	56,09,325
Less : Closing Stock	1,35,38,252	90,81,967
	(44,56,285)	-34,72,642
	=====	=====
<b>NOTE 24: EMPLOYEE BENEFIT EXPENSES</b>		
Salary & Wages	1,89,48,904	1,64,26,158
Contribution to Funds	20,25,184	36,14,454
Staff Welfare Expenses	26,048	1,51,031
	2,10,00,136	2,01,91,643
	=====	=====



**Notes (Contd.)**

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>NOTE 25: FINANCE COSTS</b>		
Interest Expenses	1,39,16,819	1,72,96,008
Other Borrowing Cost	3,13,474	7,16,548
	<u>1,42,30,293</u>	<u>1,80,12,556</u>
	=====	=====

**NOTE 26: OTHER EXPENSES**

**MANUFACTURING EXPENSES**

Power and Fuel Consumed	12,78,20,727	12,08,39,327
Stores & Spares Consumed	63,65,175	78,92,927
Packing Material Consumed	71,01,158	76,66,596
Raw Material Sorting Charges	40,86,715	34,87,842
Repairs & Maintenance -Machinery	2,01,31,465	97,37,910
Repairs & Maintenance -Building	21,55,685	3,15,769
Finished Goods Packing and Allied Charges	25,85,804	23,31,762
Waste paper Feeding Charges	65,22,638	55,50,406
Security Service Charges	6,93,091	6,58,874
Factory Expenses	49,53,945	41,84,600
	<u>(A) 18,24,16,403</u>	<u>16,26,66,013</u>
	-----	-----

**ESTABLISHMENT EXPENSES**

Auditors Remuneration		
Statutory Audit Fees	2,50,000	2,50,000
Internal Audit Fees	3,60,000	-
Audit Expenses	15,815	1,93,485
Repairs & Maintenance		
- Vehicle	5,96,008	4,36,418
- Others	5,92,470	3,57,339
Bank Commission & Charges	6,92,195	6,08,383
Insurance Charges	10,49,138	11,39,683
Rent for Office Premises	3,37,400	3,10,200
Rates & Taxes	26,11,862	12,07,645
Legal & Professional Charges	23,32,392	14,12,588
Travelling & Conveyance	7,41,773	6,87,101
Telephone Charges	1,07,806	1,61,744
Donation	34,600	27,160
Printing & Stationery	2,02,818	2,04,934
Office Expenses	4,39,293	3,79,209
Bad Debts	30,11,375	7,16,640
Listing Expense	64,000	8,50,750
General Expenses	5,22,260	9,37,656
	<u>(B) 1,39,61,204</u>	<u>98,80,935</u>
	-----	-----

**SELLING & DISTRIBUTION EXPENSES**

Advertisement	77,814	51,860
Commission on Sales	33,96,669	47,68,950
Insurance on Sales	3,27,417	6,12,861
	<u>(C) 38,01,900</u>	<u>54,33,671</u>
	-----	-----
	<u>(A+ B + C) 20,01,79,507</u>	<u>17,79,80,619</u>
	=====	=====



Notes (Contd.)

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>NOTE 27: OTHER COMPREHENSIVE INCOME</b>		
<b>Particulars</b>		
<b>A (i) Items that will not be reclassified in the profit &amp; loss</b>		
Remeasurement of defined benefit liabilities	-5,35,558	6,13,368
Revaluation Surplus on Revaluation of Fixed Asset ( Land & Building)	-	5,09,05,008
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-
	-----	-----
	-5,35,558	5,15,18,376
	-----	-----
<b>B (i) Items that will be reclassified to the profit &amp; loss</b>		
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-
	-----	-----
Total (A+B)	-5,35,558	5,15,18,376
	=====	=====

**NOTE 28: EARNING PER SHARE**

Net Profit after tax from continuing operation	5,89,93,360	2,70,59,108
Weighted average number of Equity shares outstanding (Face Value of Re. 10 per Eq. Share)	26,92,265	26,92,265
Earning per share	21.91	10.05
Diluted Earning per Share	21.91	10.05

**NOTE 29 : AUDITORS REMUNERATION**

Audit fee	2,50,000	2,50,000
Audit Expenses	14,365	1,93,485
	-----	-----
	2,64,365	4,43,485
	=====	=====

**NOTE 30: Disclosure required by INDAS 19-Employee Benefits**

**(a) Defined Benefit Plans:**

<b>Gratuity Fund</b>	41,61,629	39,98,549
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The present value of the defined benefit obligations and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. The following table provides the disclosures in accordance with IND AS 19.



**Notes (Contd.)**

**Reconciliation of present value of the obligation and the fair value of plan assets**

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>Reconciliation of Opening and Closing balance of the Present Value of the defined benefit obligation</b>		
Obligation at period beginning	59,67,726	48,06,630
Current service cost	4,28,611	4,32,944
Past Service Cost	-	10,46,154
Interest Cost	4,67,273	3,63,862
Actuarial (gain) / loss	4,97,798	(5,86,626)
Benefits paid	(5,80,049)	(95,238)
Actuarial (gain) / loss due to Experience	-	-
<b>Obligations at the year end</b>	<b>67,81,359</b>	<b>59,67,726</b>
<b>Change in Plan Assets</b>		
Plan assets at period beginning, at fair value	39,98,549	29,59,349
Expected return on plan assets	3,13,086	2,24,023
Actuarial gain / (loss)	-37,760	26,742
Contributions	4,67,803	8,83,673
Benefits paid	(5,80,049)	(95,238)
<b>Plan assets at the year end, at fair value</b>	<b>41,61,629</b>	<b>39,98,549</b>
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>		
Fair Value of plan assets at the end of the year	(41,61,629)	(39,98,549)
Present value of the defined benefit obligations at the end of the year	67,81,359	65,81,094
<b>Liabilities/(Assets) recognised in the Balance Sheet</b>	<b>26,19,730</b>	<b>25,82,545</b>
Current service cost	4,28,611	4,32,944
Past Service Cost	-	16,59,522
Interest Cost	4,67,273	3,63,862
Expected return on plan assets	(3,13,086)	(2,24,023)
Actuarial (gain) / loss	5,35,558	(6,13,368)
<b>Net Cost recognised in the Statement of Profit and Loss</b>	<b>11,18,356</b>	<b>16,18,937</b>
Discount Rate	7.79%	7.83%
Estimated rate of return on plan assets	7.79%	7.83%
Expected rate of increase in salary	6.00%	6.00%
Attrition Rate	21.58%	21.66%
Actual return on plan assets	2,75,326	2,50,765

**(b) Provident Fund**

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

**NOTE 31:**

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

## Notes (Contd.)

**NOTE 32:**

The company has obtained its office premises for its business operations under operating lease or leave and license agreements. These are generally cancellable under leave and licence, or renewed longer for other lease and are renewable by mutual consent on mutually agreeable terms. Lease payments are recognised in the Statement of Profit and Loss under "Rent" in Note 26.

**NOTE 33: RELATED PARTIES DISCLOSURE****Directors/ Key Management Personnel**

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

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

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

**Others****(a) Director's & Key Management Personnel Relative**

Mr. Sartaj Manindersingh Saini	Mrs. Kajal Sanjay Agarwal
Mr. Sushil Kaur Saini	Mr. Kailash Kaur
Mr. Karnailsingh Saini	Mrs. Snehlata A Lakhotiya
Mr. Baljit Singh Saini	Mrs. Hazelkaur Manindersingh Saini
Mr. Kuldeepsingh Saini	Mrs. Sanjamkaur Saini
Mrs. Baljit Kaur	Mr. Prakashkaur Saini
Ms. Navita K. Agrawal	Gurmitsingh Gurdassingh (HUF)
Mrs. Amarjit kaur Saini	Mrs. Snehlata A Lakhotiya
Mrs. Satnamkaur Karnail Singh Saini	Karnail Singh Gurudassingh (HUF)
Mr. Gaurav A Lakhotiya	Mrs. Garima Maheswari
Mrs. Anita Lakhotiya	

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>Disclosure of material transaction with related parties</b>		
<b>RELATED PARTY TRANSACTIONS DURING THE YEAR</b>		
<b>Profit &amp; loss A/c</b>		
<b>Sales</b>		
Kaygaon Paper Mills Limited	-	1,26,835
<b>Freight Charges</b>		
Saini Transport Company	67,73,222	72,23,297
<b>Interest Paid</b>		
Mr. Anil kumar Lakhotiya	4,20,089	1,45,055
Mr. Omprakash Damodar Rathi	2,95,931	4,65,653
Mr. Jarnailsingh Saini	8,11,311	5,82,788
Mr. Kailashchandra P Agarwal	73,907	1,22,461
Mr. Karnailsingh Saini	58,182	68,458
Mr. Baljit Singh Saini	2,25,350	2,65,143
Mr. Kuldeepsingh Saini	29,092	34,229
Mr. Sartaj Manindersingh Saini	1,81,970	1,28,984



**Notes (Contd.)**

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>Interest Paid</b>		
Mrs. Baljit Kaur	1,41,434	1,23,441
Mrs. Garima Maheshwari	-	17,635
Mrs. Anita Lakhotiya	93,542	81,642
Mrs. Kailash Kaur	3,63,180	3,16,979
Mrs. Hazelkaur Manindersingh Saini	1,25,621	1,09,641
Mrs. Sanjamkumar Saini	98,976	75,704
Mrs. Kajal Sanjay Agrawal	2,61,562	6,06,792
Mrs. Snehlata A Lakhotiya	3,57,943	1,91,279
Mr. Gaurav Lakhotiya	73,321	-
M/s. Saini Travesl Private Limited	98,045	-
<b>Director's Remuneration and Incentives</b>		
Mr. Kailash Chand Agarwal (Includes Bonus)	17,80,000	15,38,352
Mr. Anil kumar Lakhotiya (Includes Bonus)	17,80,000	15,38,352
Mr. Jarnailsingh Saini (Includes Bonus)	7,50,000	5,19,984
Mr. Omprakash D. Rathi (Includes Bonus)	5,23,846	-
<b>Provident Fund</b>		
Mr. Kailash Chand Agarwal	21,600	21,600
Mr. Anil kumar Lakhotiya	21,600	21,600
Mr. Jarnailsingh Saini	21,600	21,600
<b>Purchase of Coal</b>		
Chandra Coal Private Ltd (Coal Purchase & Coal Liasoning Cgarges)	49,66,374	24,28,729
Chandra Sales Corporation	-	25,83,001
<b>Purchase of Raw material (Net)</b>		
Chandra Sales Corporation	5,13,388	84,29,787
Kaygaon Paper Mills Ltd	-	80,92,140
<b>Sale of Finished Goods (Net)</b>		
Chandra Sales Corporation	6,56,47,643	8,61,74,052
<b>Balance Sheet</b>		
Loan Accepted		
Mr. Anil M. Lakhotiya	3,78,209	28,30,550
Mr. Omprakash Damodar Rathi	2,66,338	4,19,088
Mrs. Anita Lakhotiya	84,188	73,478
Mrs. Hazelkaur Manindersingh Saini	1,13,058	98,677
Mr. Karnailsingh Saini	52,364	61,612
Mr. Baljitsingh Saini	2,02,815	2,38,629
Mr. Kuldeepsingh Saini	26,183	30,806
Mr. Sartaj Manindersingh Saini	1,63,773	4,16,085
Mr. Gaurav Lakhotiya	65,989	15,05,326
Mrs. Garima Maheshwari	-	15,871
Sanjamkumar Saini	89,078	1,68,133
Kajal Sanjay Agrawal	2,35,046	5,46,113
Mrs. Kailash Kaur	3,26,861	2,85,281
Baljitkaur Saini	1,27,291	2,38,629
Mrs. Snehlata A Lakhotiya	3,22,149	19,72,151
Jarnailsingh Saini	7,30,180	20,24,510
Kailashchandra P Agarwal	66,516	1,10,215
Saini Travels Private Limited	88,240	15,00,000

## Notes (Contd.)

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>Loan Repaid</b>		
Mr. Anil M. Lakhotiya	19,07,076	4,50,000
Mr. Omprakash Damodar Rathi	45,65,870	-
Anita Lakhotiya	38,017	-
Mrs. Hazelkaur Manindersingh Saini	1,25,408	-
Mr. Karnailsingh Saini	6,84,456	-
Mr. Baljitsingh Saini	26,50,970	-
Mr. Kuldeepsingh Saini	3,42,231	-
Mr. Sartaj Manindersingh Saini	1,30,215	-
Mr. Gaurav Lakhotiya	15,71,315	15,00,000
Mrs. Garima Maheshwari	-	2,19,052
Sanjamkumar Saini	86,698	-
Kajal Sanjay Agrawal	58,38,121	-
Mrs. Kailash Kaur	2,53,632	-
Baljitkaur Saini	2,67,061	-
Mrs. Snehlata A Lakhotiya	22,23,859	-
Jarnailsingh Saini	9,03,074	-
Kailashchandra P Agarwal	11,97,238	-
Saini Travels Private Limited	15,88,240	-
<b>CLOSING BALANCES</b>		
	Max.O/S.	
	31.03.2019	31.03.2018
<b>Loans Taken</b>		
Mr. Anil M. Lakhotiya	37,19,948	35,28,867
Mr. Omprakash D. Rathi	42,99,532	42,99,532
Mr. Karnailsingh Saini	6,84,456	6,32,092
Baljit Singh Saini	26,50,970	24,48,155
Mr. Kuldeepsingh Saini	3,42,231	3,16,048
Mr. Sartaj Manindersingh Saini	15,87,928	14,66,442
Mr. Baljit Kaur	12,34,194	11,39,770
Mrs. Anita Lakhotiya	8,00,000	7,53,829
Mrs. Kailash Kaur	-	29,26,771
Kajal Sanjay Agrawal	58,38,121	56,02,715
Mrs. Kailash Kaur	31,69,235	29,26,771
Mr. Jarnailsingh Saini	72,34,255	66,72,894
Mr. Kailashchandra P Agarwal	11,97,238	11,30,722
Mrs. Hazelkaur Manindersingh Saini	10,12,350	10,12,350
Sanjamkumar Saini	8,63,698	7,97,620
Mrs. Snehlata A Lakhotiya	36,91,321	35,01,711
Mr. Gaurav Lakhotiya	15,05,326	15,05,326
Mrs. Garima Maheshwari	-	2,03,181
Saini Travels Private Limited	15,88,240	-
<b>Trade Payables</b>		
Chandra Coal Private Ltd.	3,09,282	4,19,887
Chandra Sales Corporation	1,74,048	7,23,744
Saini Travels Private Limited	6,58,176	14,96,994
<b>Trade Receivables</b>		
Chandra Sales Corporation	1,25,47,062	49,74,122
Chandra Coal Private Ltd	1,406	47,27,261



**Notes (Contd.)**

	31.3.2019 (Rupees)	31.3.2018 (Rupees)
<b>NOTE 34: CONTINGENT LIABILITIES</b>		
<b>Contingent liabilities not provided for in respect of:</b>		
Bank Guarantee given to M.S.E.D.C.L.	50,00,000	50,00,000
Bank Guarantee given to Western Coal Fields Ltd	3,50,000	3,50,000
Bank Guarantee given to M.P.C.B.	5,00,000	5,00,000
Bank Guarantee given to CGST & Central Excise	-	3,90,000
<b>TDS Demand, Interest and Penalty</b>	<b>1,15,470</b>	<b>1,14,530</b>
<b>Excise Duty From F.Y. 2008-09 to 2010-2011</b>		
- 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.		
<b>Excise Duty From July 2003 to March 2004</b>		
- Demand Raised excluding interest	-	6,67,226
- Penalty Levied	6,67,226	6,67,226
<b>Excise Duty From April 2004 to October 2004</b>		
- Demand Raised excluding interest	-	6,27,223
- Penalty Levied	6,27,223	6,27,223
In past, the Company had received order from the office of the Commissioner of Central Excise, Custom & Service Tax, Nagpur-II demanding Excise duty of Rs.25,88,898 including penalty. The Company has filed an appeal with the Commissioner (Appeals) under section 35 of the Act against the said order. The Company has paid the basic Demand under protest amounting to Rs.12,94,419 to save interest and penalty on suo moto basis. Based on legal advice, the Company had not made any provision against the said demand. In absence of any progress on the said matter, during the year, the company has written off the said amount paid.		

**NOTE 35: BAD DEBTS**

The company has written off Rs. 30.11 Lacs to Bad Debts during current Financial Years, of this the Rs. 26.91 Lacs is written off during current financial year. The amount is written off as the cheque issued by the customer was returned twice and the company has issued a legal notice to the customer for the same. As per the Managements view the same is written off to the Profit & Loss Account.

**NOTE 36:**

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

**NOTE 37:**

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

**NOTE 38:**

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

Particulars	31.3.2019 Rupees	31.3.2018 Rupees
Salary and Wages	-	56,590
<b>TOTAL</b>	<b>-</b>	<b>56,590</b>



Notes (Contd.)

**NOTE 39 :**

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

**NOTE 40 :**

**Unhedged Foreign Exchange Exposure**

	Outstanding in Forex USD	Outstanding in INR 31/03/19	Outstanding in Forex USD	Outstanding in INR 31/03/18
Advance to Suppliers for Capital goods and stores	22,000	<b>15,21,769</b>	Nil	Nil
	Nil	Nil	Nil	Nil
Trade Payables for Raw Materials & Stores	17,930	<b>12,40,241</b>	63,739	41,45,846
	Nil	Nil	Nil	Nil

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

**NOTE 41:**

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

AS PER OUR REPORT OF EVEN DATE	FOR AND ON BEHALF OF THE BOARD
For <b>DARAK AND ASSOCIATES</b>	<b>KAILASH AGARWAL</b> (DIN:00367292) - <b>MANAGING DIRECTOR</b>
<b>CHARTERED ACCOUNTANTS</b>	<b>ANIL KUMAR LAKHOTIYA</b> (DIN:00367361) - <b>JOINT MANAGING DIRECTOR</b>
FIRM REGISTRATION NO. 132818W	<b>JARNAIL SINGH SAINI</b> (DIN:00367656) - <b>CHIEF FINANCIAL OFFICER</b>
<b>CA AMIT M. DARAK</b>	<b>OMPRAKASH RATHI</b> (DIN:00895316) - <b>WHOLETIME DIRECTOR</b>
<b>PARTNER</b>	<b>MAYANK LUNIYA</b> - <b>COMPANY SECRETARY</b>
Membership No. 144005	
NAGPUR: 30.05.2019	NAGPUR: 30.05.2019



# HARDOLI PAPER MILLS LIMITED

(CIN: L21010MH1995PLC085883)

Registered Office: Krishna Kunj, First Floor, Bhavsar Chowk, Central Avenue, Nagpur 440002

## PROXY FORM

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

### 25<sup>TH</sup> ANNUAL GENERAL MEETING – AUGUST 9, 2019

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

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

- Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him / her
- 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 **25<sup>th</sup> Annual General Meeting** of the Company, to be held on **Friday, August 9, 2019 at 3.30 p.m.** at the registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	For	Against
	Ordinary Business		
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors.		
2.	Re-appointment of Mr. Kailashchandra Agarwal who retires by rotation.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Shareholder \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

AFFIX  
Revenue  
Stamp of  
Re. 1

\* Applicable for members holding shares in electronic form.

Note: This form of proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of meeting.