

NAGALAND PULP & PAPER COMPANY LIMITED

CONTENTS

	Page(s)
Board of Directors	3
Notice	4
Directors' Report	5
Balance Sheet	14
Profit & Loss Account	15
Cash Flow Statement	19
Notes forming part of Accounts	23
Auditors' Report	52
C&AG's Comments	58

NAGALAND PULP & PAPER COMPANY LIMITED

NAGALAND PULP & PAPER COMPANY LIMITED

BOARD OF DIRECTORS

CHAIRMAN : **Shri M. V. Narasimha Rao** (Representing HPC Ltd.)

DIRECTORS : **Smt. L. H. Thangi Mannen** (Representing Govt. of Nagaland)

Shri S. K. Singh (Representing HPC Limited)

Shri S. N. Bhattacharyya - do -

Shri Amitabha Banerjee - do -

Shri Mohan Jha - do -

CHIEF EXECUTIVE OFFICER : **Shri Mohan Jha**

INCHARGE-SECRETARIAT : **Shri L. R. Ekanath**

(Upto 05.04.2012)

Shri K. G. Vijayakumaran

(From 06.04.2012)

AUDITORS : **M/s. Roy Atal & Atal**

Chartered Accountants

1st Floor, Near IDBI Bank

Mithapukhuri Road

Jorhat - 785 001

Assam.

BANKERS : State Bank of India

United Bank of India

REGISTERED OFFICE : P.O. Papernagar, Tuli

Dist. Mokokchung

Nagaland - 798 623

NAGALAND PULP & PAPER COMPANY LIMITED

NAGALAND PULP & PAPER COMPANY LIMITED

P.O. Papernagar, Tuli, Dist. Mokokchung, Nagaland - 798 623

NOTICE

NOTICE is hereby given that the 41st Annual General Meeting of Nagaland Pulp & Paper Company Limited will be held on Wednesday, September 26, 2012 at 1700 hours at the Registered Office of the Company at Tuli, P.O. Papernagar, Dist. Mokokchung, Nagaland.

ORDINARY BUSINESS

Ordinary Resolution

1. To receive, consider and adopt the Directors' Report and Audited Accounts of the Company for the year ended March 31, 2012 together with the Auditors' Report thereon and Comments of the Comptroller & Auditor General of India.

By order of the Board

For Nagaland Pulp & Paper Company Limited

K. G. Vijayakumaran

Incharge-Secretariat

Registered Office :

P.O. Papernagar, Tuli

Dist. Mokokchung

Nagaland - 798 623

Dated : 24th September, 2012

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the Meeting.
2. As required under Sections 171(2) and 219 of the Companies Act, 1956 consent of all the members, entitled to attend and vote at this Meeting, for holding the AGM at shorter notice has been obtained.

NAGALAND PULP & PAPER COMPANY LIMITED

DIRECTORS' REPORT

To

The Members,

Nagaland Pulp & Paper Company Ltd.

Gentlemen,

Your Directors hereby present their 41st Annual Report together with the audited Statement of Annual Accounts, Auditor's Report and Comments of the Comptroller and Auditor General of India for the year ended March 31, 2012.

WORKING RESULTS :

Paper Production Operations continued to remain suspended during the year. However this year the Company has started operation of chipper since July 21, 2011 and successfully came out with chips which got transferred to the Holding Company HPC. During the year, the Company chipped 2112 MT of Bamboo & Wood and 2240 MT of chips were sent to NPM. This was including 128 MT of chips recovered from the silo as a result of left over material while the Unit was in operation. The chip so transferred to the Holding Company during the year has been pegged at a cumulative value of ₹ 124.38 lakhs. The Company incurred a net loss of ₹ 1190.05 lakhs as on 31.03.2012. The accumulated losses incurred by the Company till 31.3.2012 amounts to ₹ 8393.36 lakhs. The net worth of the company stands at (-) ₹ 7176.35 lakhs as on 31.3.2012.

REHABILITATION SCHEME UNDER BIFR :

The implementation of the Rehabilitation Scheme sanctioned by BIFR, embarked upon by the Company has been hamstrung by the wide variation in the price quotes by various bidders against the cost estimate as per sanctioned Scheme, necessitating de novo updation of the Scheme itself with change in the ultimate product mix. As desired in the meeting chaired by Secretary, DoNER dated 14th September 2010, NPPC has appointed a consultant M/s. SPB Projects & Consultancy, Chennai (SPB-PC) to undertake the Techno-Economic Feasibility Report (TEFR). M/s. SPB-PC has submitted their draft report on 06.01.2011 and had given a detailed presentation at HPC-CHQ. The report has been deliberated and discussed at length. Citing the Minutes of Meeting on NPPC Revival Scheme, chaired by Secretary, DoNER, members present during the presentation desired to bring the cost closer to the originally sanctioned cost of ₹ 552.44 crores. Accordingly, the proposal of revival has been conceptualized for manufacture of Pulp and Paper in phased manner with reconfigured technology. The draft final report was submitted on 9th February 2011. It was examined by HPC/NPPC and after thoroughly deliberating on it, the same was submitted to HPC with an initial investment of ₹ 619 crore (₹ 570 crore + ₹ 49 crore-NCRPS) in first phase and ₹ 260 crore in the second phase. The production envisaged in the first phase is 50,000 TPA of pulp and 19,800 TPA of paper. 112 tpd of pulp and 60 tpd of paper will be available for sale on a daily basis. In second phase, the production level goes upto 66,000 tpa of paper with a surplus saleable pulp of 10000 tonnes. 30 tpd of pulp and 200 tpd of paper will be available for sale on a daily basis. Final report received from the consultant was placed before NPPC Board at its Meeting held on 25.03.2011. A copy of the

NAGALAND PULP & PAPER COMPANY LIMITED

final report has been forwarded to DHI on 11th March, 2011 for information and necessary action for seeking the requisite approval.

The final draft proposal with an investment plan of ₹ 879 crores, was submitted to DHI on 25.03.2011 for review at various levels and a further reduction of ₹ 200 crores was done after reconfiguring the various options both technically and financially, the final revised project cost now stood at ₹ 679 crores.

The long pending issue of lifting of scrap materials was settled out of court with M/s. I B Trading and a total of 2676 MT of scrap was lifted from the site.

Industrial Security continues to be manned through Nagaland Armed Police at no cost basis, courtesy Govt. of Nagaland.

As part of an austerity measure, the seven deputationists who were stationed at NPPC were temporarily reverted to their parent unit.

HUMAN RESOURCE MANAGEMENT :

The strength of regular employees as on 31.03.2012 stood at 239 (including 15 deputationists from HPC Units and HNL). Induction of personnel of appropriate profile and calibre will be of utmost significance in implementing the Sanctioned Rehabilitation Scheme.

INDUSTRIAL RELATIONS :

Industrial relations during the period under report were by and large cordial. The employees remained actively involved in the chipping activities of your company.

EMPLOYEE WELFARE :

Essential facilities like hospital, school, transport etc. were provided to employees within the limited financial capacity. The deficit funding of ₹ 29.21 lakhs towards Provident Fund of the employees was deposited by HPC to RPF, Guwahati, the matter is being taken up with the RPF to settle the same. The long pending issue of leave accumulation facility has also been settled by raising the number of leave that can be accumulated from the prevailing 180 days to 240 days.

EMPLOYMENT OF SCHEDULED CASTES / SCHEDULED TRIBES (SCs/STs), OTHER BACKWARD CLASSES (OBCs), PERSONS WITH DISABILITIES (PwD), EX-SERVICEMEN AND WOMEN :

The position of employment of members of SC/ST, OBC, Ex-servicemen and PwD category and women as on March 31, 2012 is given in **Annexure I** of this report.

EXPENDITURE ON GUEST HOUSE :

Your Company spent ₹ 8.63 lakhs during the period under report on maintenance of Guest House.

USE OF HINDI :

Use of Hindi as Official Language is encouraged in day-to-day working of the Company. All the existing forms are being converted into bi-lingual.

NAGALAND PULP & PAPER COMPANY LIMITED

BOARD MEETINGS :

The Board held five meetings during the year under report, on 24.06.2011, 26.09.2011, 29.12.2011, 31.01.2012 and 22.03.2012.

BIFR REVIEW MEETINGS :

BIFR held two review hearings, i.e. on February 29, 2012 and June 27, 2012.

MANAGEMENT COMMITTEE MEETINGS :

The Management Committee constituted by BIFR to monitor the project activities towards implementing the Sanctioned Scheme for the Revival and Upgradation of the Mill held two sittings during the year under report, on 01.04.2011 and 21.02.2012.

DIRECTORS :

The Board of Directors of your Company presently consists of six Directors - Shri M V Narasimha Rao, Chairman and Director, S/Shri S N Bhattacharyya, Amitabha Banerjee, Mohan Jha, Directors representing HPC, the Holding Company and Shri S K Singh & Smt.L.H Thangi Mannen representing the Administrative Ministry and the Govt. of Nagaland respectively.

AUDITORS :

M/s Roy Atal and Atal & Company, Chartered Accountants, 1st Floor, Near Hotel Meridian, Mithapukhri Road, Jorhat, Assam-785001 were appointed as Statutory Auditors of the Company for FY 2011-12 as per Comptroller & Auditor General of India's letter no. CA.V/COY/CENTRAL GOVT NL PULP(1)/1034 dated 17.09.2011.

POLLUTION CONTROL, ENERGY CONSERVATION & R&D :

An Effluent Treatment Plant exists at the Mill. A statement giving the information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules,1988 is enclosed at **Annexure II**.

It has become imperative to make use of only energy efficient CFL lamps for all practical lighting purpose, low energy efficient lamps such as Incandescent Lamps and Fluorescent Lamps are being prohibited for use henceforth. Larger Diesel Generating Sets are being replaced with Invertors and/or smaller DG Sets wherever required so as to reduce Noise and Air Pollution and also conserve expensive fuels. All the inefficient Mercury Vapor Lamps are being discarded in a phased manner. Timers were installed for street lighting in both Colony & Plant.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act 1956, your Directors hereby confirm :

- i. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors had selected such accounting policies and applied them consistently and made

NAGALAND PULP & PAPER COMPANY LIMITED

judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the period;

- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. that the Directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT :

Your Directors acknowledge with thanks the valuable assistance and guidance received from the Department of Heavy Industry and other Ministries/Departments of Government of India, the Board for Industrial and Financial Reconstruction, Government of Nagaland and Hindustan Paper Corporation Limited. Your Directors wish to place on record their appreciation for the efforts put in by the employees at all levels and hope that with their heightened sensitivity to the importance of being attached to the successful implementation of the Revival Scheme, your Company will emerge as the beacon of industrial resurgence in Nagaland.

For and on behalf of the Board

M. V. Narasimha Rao
Chairman

Place : Kolkata

Date : September 24, 2012

NAGALAND PULP & PAPER COMPANY LIMITED

Annexure - I

Position regarding employment of Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC), Ex-Servicemen (ESM) and Persons with Disabilities (PwD) of NPPC as on 31.03.2012.

1. Representation of SC/ST/OBC

Classification of Post	No. of Employees	No. belonging to					
		SC	%	ST	%	OBC	%
Group 'A'	23	Nil	Nil	Nil	Nil	Nil	Nil
Group 'B'	07	Nil	Nil	4	57.14	1	14.28
Group 'C'	147	Nil	Nil	98	66.67	10	6.8
Group 'D'	79	2	2.46	57	72.37	9	11.39

2. Representation of Ex-Servicemen

Group	Total No. of posts filled up	Disabled Ex-Servicemen	%	Dependent of Ex-Servicemen killed in action	%	Other Ex-Servicemen	%
C	147	Nil	Nil	Nil	Nil	Nil	Nil
D	79	Nil	Nil	Nil	Nil	Nil	Nil

3. Representation of Persons with Disabilities (PwD)

No. of Employees in Group 'C' & 'D'	Category of PwD	Number
226	(a) Visual	Nil
	(b) Hearing	Nil
	(c) Orthopaedic	Nil

NAGALAND PULP & PAPER COMPANY LIMITED

**CATEGORYWISE STRENGTH OF WOMEN EMPLOYEES OF NPPC
IN POSITION AS ON 31.3.2012**

Grade	Pay Scale	Total No. of Employees	No. of Women Employees	Total
Executives (E) (Deputationists)				
E-7	Rs. 43200-66000	2	0	2
E-6	Rs. 36600-62000	0	0	0
E-5	Rs. 32900-58000	6	0	6
E-4	Rs. 29100-54500	5	0	5
E-3	Rs. 24900-50500	2	0	2
E-2	Rs. 20600-46500	0	0	0
E-1	Rs. 16400-40500	0	0	0
	Total	15	0	15
Executives (E) (Regular)				
E-3	Rs. 13000-350-18250	1	0	1
E-2	Rs. 10750-300-16750	1	0	1
E-1	Rs. 8600-250-14600	3	1	4
	Total	5	1	6
Supervisors (S)				
S-2	Rs. 6550-220-11390	1	0	1
S-1	Rs. 6000-200-9200	5	1	6
	Total (S)	6	1	7
Workmen (W)				
W-9A	Rs. 6000-200-9200	3	0	3
W-9	Rs. 5950-160-6430-200-9030	11	0	11
W-8	Rs. 5650-145-6665-155-8525	21	1	22
W-7	Rs. 5350-135-6295-145-8035	36	1	37
W-6	Rs. 5050-125-5925-135-7545	4	9	13
W-5	Rs. 4850-115-5655-125-7155	28	1	29
W-4	Rs. 4650-105-5385-115-6765	20	12	32
W-3	Rs. 4450-95-5115-105-6375	14	1	15
W-2	Rs. 4300-85-4895-95-6035	39	1	40
W-1	Rs. 4200-80-4760-85-5780	19	5	24
	Total (W)	195	31	226
	Total (E+S+W)	206	33	239

NAGALAND PULP & PAPER COMPANY LIMITED

Annexure - II

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the period ended 31st March, 2012.

	Current Year 2011-12	Previous Year 2010-11
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
33 KV	1,42,320	—
11 KV	12,00,687	13,72,363
Total purchase power	13,43,007	13,72,363
Total Amount (₹ lakh) including surcharge & Motor Rent	50.42	42.61
b) Own Generation		
i) Through Diesel Generator Unit Per Ltr. of Diesel Oil/Unit	15400 Units (3.50 Units/ litre of diesel) (Total diesel 4400 Ltrs.)	6650 Units (3.50 Units/ litre of diesel) (Total diesel 1900 Ltrs.)
ii) Through Steam Turbine/Generator, Unit Per Ltr. of Fuel/Gas Cost/Unit	—	—
2. Coal (HP & ROM for generation of steam)		
Quantity in M.T.	—	—
Total Cost (₹ lakh)	—	—
Average Rates (₹)	—	—
3. Furnace Oil		
Quantity in K.L.	—	—
Total Cost (₹ lakh)	—	—
Average Rates (₹)	—	—
4. Other/Internal Generation		
Quantity	—	—
Total Cost	—	—
Rates/Unit	—	—

NAGALAND PULP & PAPER COMPANY LIMITED

B. Consumption per Unit of Production

Production	Standards	Current Year 2011-12	Previous Year 2010-11
Writing, Printing & Kraft Paper (MT)	–	–	–
Electricity	3500	–	–
Coal (MT)	3	–	–
Others	–	–	–

RESEARCH, DEVELOPMENT AND TECHNOLOGY ABSORPTION

In view of suspension of production, no major R&D activity was taken up during the year.

FOREIGN EXCHANGE EARNINGS

Marketing activities are centralized at our Holding Company. There was no export during the year under report. There was no outgo of Foreign Exchange also.

NAGALAND PULP & PAPER COMPANY LIMITED

ACCOUNTS 2011-12

NAGALAND PULP & PAPER COMPANY LIMITED

BALANCE SHEET AS ON MARCH 31, 2012

Particulars	Note No.	As at 31 March, 2012 in lakhs	As at 31 March, 2011 in lakhs
A. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	1,202.01	1,202.04
(b) Reserves & Surplus	4	8,376.39	- 7,188.31
(c) Money received against share warrants			
2 Share application money pending allotment	25	5,460.00	-
3 Non-Current Liabilities			
(a) Long-term borrowings	5	2,220.41	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long-term liabilities	6	587.44	596.69
(d) Long-term Provisions	7	778.22	786.55
4 Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	8	18.14	42.86
(c) Other current liabilities	9	19.61	6,448.46
(d) Short-term provisions	10	135.22	66.53
Total		2,051.69	1,954.83
B. Assets			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	11	579.93	573.32
(ii) Intangible Assets		-	-
(iii) Capital work-in progress	12	1,277.47	1,266.42
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale	25.4	2.68	23.57
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	13	1.39	1.03
(e) Other non-current assets	14	3.22	3.22
2 Current assets			
(a) Current Investments		-	-
(b) Inventories	15	9.48	19.56
(c) Trade receivables		-	-
(d) Cash and cash equivalent	16	33.61	62.52
(e) Short-term loans and advances	17	11.30	5.19
(f) Other current assets	18	132.60	-
Total		2,051.69	1,954.83

See accompanying notes forming part of the financial statements.

In terms of our report of even date attached

For ROY ATAL & ATAL

Chartered Accountants

FRN 325672E

For and on behalf of the Board of Directors

MOHAN JHA

Chief Executive Officer & Director

CA. SUNIL KUMAR ATAL

Partner

M. No. : 061729

AMITABHA BANERJEE

Director

M. V. NARASIMHA RAO

Chairman

NAGALAND PULP & PAPER COMPANY LIMITED
(Statement of Profit and Loss stating EBITDA)
STATEMENT OF PROFIT & LOSS FOR THE YEAR
ENDED MARCH 31, 2012

Particulars	Note No.	For the year ended 31 March, 2012 in lakhs	For the year ended 31 March, 2011 in Lakhs
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	19	124.38	-
Less : Excise duty	19	-	-
Revenue from operations (Net)		<u>124.38</u>	<u>-</u>
2 Expenses			
(a) Cost of materials consumed	21.a	26.05	-
(b) Purchases of stock-in-trade	21.b	-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21.c	-	-
(d) Employees benefit expense	22	1,040.91	983.83
(e) Other expenses	24	172.21	350.08
Total		<u>1,239.16</u>	<u>1,333.91</u>
3 Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)		- 1,114.78	1,333.91
4 Finance Cost	23	93.41	-
5 Depreciation and amortisation expense	11	20.10	44.02
6 Other Income	20	38.23	34.33
7 Profit/(Loss) before exceptional and extraordinary items and tax (3 ± 4 ± 5 ± 6)		- 1,190.05	1,343.60
8 Exceptional Items		-	-
9 Profit/(Loss) before extraordinary items and tax (7 ± 8)		- 1,190.05	1,343.60
10 Extraordinary Items		-	-
11 Profit/(Loss) before tax (9 ± 10)		- 1,190.05	1,343.60
12 Tax expense :			
(a) Current tax expense for current year		-	-
(b) (Less) : MAT credit (where applicable)		-	-
(c) Current tax expense relating to prior years		-	-
(d) Net current tax expense		-	-
(e) Deferred tax		-	-
		<u>-</u>	<u>-</u>

NAGALAND PULP & PAPER COMPANY LIMITED

**STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED MARCH 31, 2012**

Particulars	Note No.	For the year ended 31 March, 2012 in lakhs	For the year ended 31 March, 2011 in Lakhs
13. Profit/(Loss) from continuing operations (11 ± 12)		- 1,190.05	1,343.60
B DISCONTINUING OPERATIONS			
14.i Profit/(Loss) from discontinuing operations (before tax)		-	-
14.ii Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
14.iii Add / (Less) : Tax expense of discontinuing operations		-	-
(a) on ordinary activities attributable to the discontinuing operations		-	-
(b) on gain / (loss) on disposal of assets / settlement of liabilities		-	-
15 Profit/(Loss) from Discontinuing operations (14.i ± 14.ii ± 14.iii)		-	-
C TOTAL OPERATIONS		-	-
16 Profit/(Loss) for the year (13 ± 15)		- 1,190.05	1,343.60
17.I Earnings per share (of ₹ 100/- each)			
(a) Basic			
(i) Continuing operations	26.3.a	- 99.01	- 111.78
(ii) Total operations	26.3.b	- 99.01	- 111.78
(b) Diluted			
(i) Continuing operations	26.3.e	-	-
(ii) Total operations	26.3.f	-	-
17.II Earning per share (excluding extraordinary items) (of ₹ 100/- each)			
(a) Basic			
(i) Continuing operations	26.3.c	- 99.01	- 111.78
(ii) Total operations	26.3.d	- 99.01	- 111.78
(b) Diluted			
(i) Continuing operations	26.3.g	-	-
(ii) Total operations	26.3.h	-	-

See accompanying notes forming part of the financial statements.

In terms of our report of even date attached
For **ROY ATAL & ATAL**
Chartered Accountants
FRN 325672E

For and on behalf of the Board of Directors
MOHAN JHA
Chief Executive Officer & Director

CA. SUNIL KUMAR ATAL
Partner

M. No. : 061729

AMITABHA BANERJEE
Director

M. V. NARASIMHA RAO
Chairman

NAGALAND PULP & PAPER COMPANY LIMITED

(Statement of Profit and Loss without stating EBITDA)

**STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED MARCH 31, 2012**

Particulars	Note No.	For the year ended 31 March, 2012 in lakhs	For the year ended 31 March, 2011 in Lakhs
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	19	124.38	-
Less : Excise duty	19	-	-
Revenue from operations (Net)		<u>124.38</u>	<u>-</u>
2 Other Income	20	38.23	34.33
3. Total Revenue (1 + 2)		<u>162.61</u>	<u>34.33</u>
4 Expenses			
(a) Cost of materials consumed	21.a	26.05	-
(b) Purchases of stock-in-trade	21.b	-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21.c	-	-
(d) Employees benefit expense	22	1,040.91	983.83
(e) Finance costs	23	93.41	-
(f) Depreciation and amortisation expense	11	20.10	44.02
(g) Other expenses	24	172.21	350.08
Total expenses		<u>1,352.66</u>	<u>1,377.93</u>
5 Profit/(Loss) before exceptional and extraordinary items and tax (3 - 5)		- 1,190.05	- 1,343.60
6 Exceptional Items		-	-
7 Profit/(Loss) before extraordinary items and tax (5 + 6)		<u>- 1,190.05</u>	<u>- 1,343.60</u>
8 Extraordinary Items		-	-
9 Profit/(Loss) before tax (7 + 8)		<u>- 1,190.05</u>	<u>- 1,343.60</u>
10 Tax expense :			
(a) Current tax expense for current year		-	-
(b) (Less) : MAT credit (where applicable)		-	-
(c) Current tax expense relating to prior years		-	-
(d) Net current tax expense		<u>-</u>	<u>-</u>
(e) Deferred tax		-	-
		<u>-</u>	<u>-</u>

NAGALAND PULP & PAPER COMPANY LIMITED

**STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED MARCH 31, 2012**

Particulars	Note No.	For the year ended 31 March, 2012 in lakhs	For the year ended 31 March, 2011 in Lakhs
11. Profit/(Loss) from continuing operations (9 + 10)		- 1,190.05	- 1,343.60
B DISCONTINUING OPERATIONS			
12.i Profit/(Loss) from discontinuing operations (before tax)		-	-
12.ii Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
12.iii Add / (Less) : Tax expense of discontinuing operations		-	-
(a) on ordinary activities attributable to the discontinuing operations		-	-
(b) on gain / (loss) on disposal of assets / settlement of liabilities		-	-
13 Profit/(Loss) from Discontinuing operations (12.i ± 12.ii ± 12.iii)		-	-
C TOTAL OPERATIONS		-	-
14 Profit/(Loss) for the year (11 ± 13)		- 1,190.05	- 1,343.60
15.I Earnings per share (of ₹ 100/- each)			
(a) Basic			
(i) Continuing operations	26.3.a	- 99.01	- 111.78
(ii) Total operations	26.3.b	- 99.01	- 111.78
(b) Diluted			
(i) Continuing operations	26.3.e	-	-
(ii) Total operations	26.3.f	-	-
15.II Earning per share (excluding extraordinary items) (of ₹ 100/- each)			
(a) Basic			
(i) Continuing operations	26.3.c	- 99.01	- 111.78
(ii) Total operations	26.3.d	- 99.01	- 111.78
(b) Diluted			
(i) Continuing operations	26.3.g	-	-
(ii) Total operations	26.3.h	-	-

See accompanying notes forming part of the financial statements.

In terms of our report of even date attached
For **ROY ATAL & ATAL**
Chartered Accountants
FRN 325672E

For and on behalf of the Board of Directors
MOHAN JHA
Chief Executive Officer & Director

CA. SUNIL KUMAR ATAL
Partner

M. No. : 061729

AMITABHA BANERJEE
Director

M. V. NARASIMHA RAO
Chairman

NAGALAND PULP & PAPER COMPANY LIMITED

Cash Flow Statement for the year 31st March, 2012

Particulars	For the year ended		For the year ended	
	in Lacs	in Lacs	in Lacs	in Lacs
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		- 1,190.05		- 1,343.60
<i>Adjustments for :</i>				
Depreciation and amortisation	20.10		44.02	
Provision for impairment of fixed assets and intangibles	-		-	
Amortisation of share issue expenses and discount on shares	-		-	
(Profit) / loss on sale / write off of assets	(71.25)		-	
Expense on employee stock option scheme	-		-	
Finance costs	93.41		-	
Interest income	-		-	
Dividend income	-		-	
Net (gain) / loss on sale of investments	-		-	
Rental income from investment properties	(10.37)		-6.54	
Rental income from operating leases	-		-	
Share of profit from partnership firms	-		-	
Share of profit from AOPs	-		-	
Share of profit from LLPs	-		-	
Liabilities / provisions no longer required written back	10.74		- 13.03	
Adjustments to the carrying amount of investments	-		-	
Provision for losses of subsidiary companies	-		-	
Provision for doubtful trade and other receivables, loans and advances	-		-	
Provision for estimated loss on derivatives	-		-	
Provision for warranty	-		-	
Provision for estimated losses on onerous contracts	-		-	
Provision for contingencies	-		-	
Other non-cash charges (specify)	-		-	
Net unrealised exchange (gain) / loss	-		-	
		42.62		24.45
Operating profit / (loss) before working capital changes		(1,147.43)		- 1,319.15
<i>Changes in working capital :</i>				
<i>Adjustments for (Increase) / decrease in operating asset :</i>				
Inventories	10.08		5.10	
Trade receivables	-		5.08	
Short-term loans and advances	(6.11)			
Long-term loans and advances	(0.36)			
Other current assets	(132.60)			
Other non-current assets				
<i>Adjustments for increase / (decrease) in operating liabilities :</i>				
Trade payables	(24.72)		1,338.16	
Other current liabilities	(6,439.58)			

NAGALAND PULP & PAPER COMPANY LIMITED

Cash Flow Statement (Contd.)

Other long-term liabilities	(9.25)	
Short-term provisions	68.64	
Long-term provisions	(8.33)	1,348.34
	<u>(6,542.22)</u>	
	(7,689.65)	<u>29.19</u>
Cash flow from extraordinary items	-	-
Cash generated from operations	(7,689.65)	<u>29.19</u>
Net income tax (paid) / refunds	-	-
Net cash flow from / (used in) operating activities (A)	<u>(7,689.65)</u>	<u>29.19</u>
B. Cash flow from Investing activities		
Capital expenditure on fixed assets, including capital advances	- 42.20	- 24.56
Proceeds from sale of fixed assets	96.57	-
Inter-corporate deposits (net)		
Bank balances not considered as Cash and cash equivalents		
- Placed	-	-
- Matured	-	-
Current investments not considered as Cash and cash equivalents		
- Purchased	-	-
- Proceeds from sale	-	-
Purchase of long-term investments		
- Subsidiaries	-	-
- Associates	-	-
- Joint ventures	-	-
- Business units	-	-
- Others	-	-
Proceeds from sale of long-term investments		
- Subsidiaries	-	-
- Associates	-	-
- Joint ventures	-	-
- Business units	-	-
- Others	-	-
Loans given		
- Subsidiaries	-	-
- Associates	-	-
- Joint ventures	-	-
- Others	-	-
Loans realised		
- Subsidiaries	-	-
- Associates	-	-
- Joint ventures	-	-
- Others	-	-
Interest received		
- Subsidiaries	-	-
- Associates	-	-
- Joint ventures	-	-
- Others	-	-

NAGALAND PULP & PAPER COMPANY LIMITED

Cash Flow Statement (Contd.)

Dividend received			
- Subsidiaries	-		-
- Associates	-		-
- Joint ventures	-		-
- Others	-		-
Rental income from investment properties	10.37		6.54
Rental income from operating leases	-		
Amounts received from partnership firms	-		
Amounts received from AOPs	-		
Amounts received from LLPs	-		
	64.74		- 18.02
Cash flow from extraordinary items	-		-
	64.74		- 18.02
Net income tax (paid) / refunds	-		-
Net cash flow from / (used in) investing activities (B)	64.74		-18.02
 C. Cash flow from financing activities			
Proceeds from issue of equity shares	-		-
Proceeds from issue of preference shares	-		-
Redemption / buy back of preference / equity shares	-		-
Proceeds from issue of share warrants	-		-
Share application money received / (refunded)	5,460.00		-
Proceeds from long-term borrowings	2,136.00		-
Repayment of long-term borrowings	-		-
Net increase / (decrease) in working capital borrowings	-		-
Proceeds from other short-term borrowings	-		-
Repayment of other short-term borrowings	-		-
Finance cost	-		-
Dividends paid	-		-
Tax on dividend	-		-
	7,596.00		-
Cash flow from extraordinary items	-		-
Net cash flow from / (used in) financing activities (C)	7,596.00		-
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	- 28.91		11.17
Cash and cash equivalents at the beginning of the year	62.52		51.35
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	-		-
Cash and cash equivalents at the end of the year	33.61		62.52
Reconciliation of Cash and cash equivalents with the Balance Sheet :			
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	33.61		62.52
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 <i>Cash Flow Statements</i> (give details)	-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16	33.61		62.52

NAGALAND PULP & PAPER COMPANY LIMITED

Cash Flow Statement (Contd.)

Add : Current investments considered as part of Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>)	-	-
Cash and cash equivalents at the end of the year*	33.61	62.52
* Comprises		
(a) Cash on hand	0.16	0.38
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	33.45	62.15
(ii) In EEPC accounts	-	-
(iii) In deposit accounts with original maturity of less than 3 months	-	-
(iv) In earmarked accounts (give details (Refer Note (ii) below)	-	-
(d) Others (specify nature)	-	-
(e) Current investments considered as part of Cash and cash equivalent	-	-
	33.61	62.52

Notes :

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
- (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements.

In terms of our report of even date attached
For **ROY ATAL & ATAL**
Chartered Accountants
FRN 325672E

For and on behalf of the Board of Directors
MOHAN JHA
Chief Executive Officer & Director

CA. SUNIL KUMAR ATAL
Partner

M. No. : 061729
Place : Jorhat
Date : 06-09-2012

AMITABHA BANERJEE
Director

M. V. NARASIMHA RAO
Chairman

NAGALAND PULP & PAPER COMPANY LIMITED

NOTE NOS. - 1 & 2 : NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. Nagaland Pulp & Paper Company Limited (NPPC) was set up for manufacturing writing, printing and Kraft paper with installed capacity of 100 TPD in the backward area of Tuli in Mokokchung District of Nagaland. The Company was set up in 1971 as Joint Venture of Government of Nagaland (GoN) and Hindustan Paper Corporation Limited (HPC) with equities of 12.5% and 87.5% respectively. Project was implemented at a cost of around ₹ 83.73 Cr in 1981. Production commenced on 1st July, 1982, but due to continuous under performance, financial losses and other regional problems; plant got shut from 1st Oct, 1992. Company was referred to BIFR on 7th April, 1992. Financial restructuring was approved by GOI in 1995 and net worth became positive. BIFR discharged it on 13th Nov'1995. However, it was referred to BIFR once again in May, 1998 as net worth became negative in 1997 and BIFR issued winding up order on 4th March'2002. Parliamentary standing Committee on Industry took steps for revival on 15th April, 2002. GoN and NPPC appealed before AAIFR in April'2002 against BIFR's winding up order. Detailed Project Report (DPR) for revival was submitted to DHI in Dec, 2002. The updated DPR with cut off date of 31st August'2006 was approved by the CCEA on 23rd Nov, 2006 and informed DHI on 5th Dec, 2006. Project rehabilitation and revival scheme submitted by Monitoring Agency (IDBI) was sanctioned by BIFR on 27th June'2007 at an estimated cost of ₹ 552.44 Crore.
2. The Draft Rehabilitation scheme prepared and submitted to the GOI through the Holding company Hindustan Paper Corporation Ltd has been considered by PIB in its meeting held on 28-04-2006 and recommended for approval by CCEA. The CCEA approved the scheme vide letter dated 5th December 2006. BIFR in its meeting held on 29.5.07 approved the Rehabilitation Scheme vide its order dated 27.6.2007. As per the scheme sanctioned by BIFR the total cost of the scheme will be ₹ 55244 lakhs inclusive of payment of ₹ 2449 lakhs to pressing creditors. The cost of the scheme will be financed as per details furnished below :

	₹ in lakh
a) Government of India - Equity	25126
b) Hindustan Paper Corpn. Ltd. - Equity	1000
c) Government of India - 5% Non-cumulative Redeemable Preference Shares	3819
d) Term Loan from Banks/FIs (Secured by Govt. of India Guarantee)	25299
Total	55244

The sanctioned scheme also envisages the following financial restructuring:

- a) Reduction of existing paid-up capital from ₹ 12020 lakh to ₹ 1202 lakh by way of reduction of the face value of the existing equity share from ₹ 1000/- per share to ₹ 100/- per share and simultaneously setting off the capital reduction fund of ₹ 10818 lakh against the accumulated losses of ₹ 24983 lakh.
- b) Writing off the existing loan ₹ 2987 lakh & accrued interest ₹ 5262 lakh

NAGALAND PULP & PAPER COMPANY LIMITED

- c) Writing off dues payable to Hindustan Paper Corpn. Ltd. ₹ 4449 lakh
- d) Writing off dues payable to Govt. of Nagaland ₹ 331 lakh
- e) Writing off electricity dues (Arrear & Unit rate difference) payable to Government of Nagaland ₹ 267 lakh
- f) Reduction of Govt. Nagaland's share & equity by 90%
- g) Necessary accounting entries have been passed in the books for the year ended 31.03.2008 to give effect to point Nos. b, c and d above. In respect to point No. e, as the same was disclosed as contingent liability, the same has been removed from the list of contingent liabilities.
- h) In respect of item (a) and (f), Govt. of India, Ministry of Corporate Affairs has approved the capital reduction during the year 2008-09 and Register of Companies, Shillong has registered and notified. Necessary accounting entries giving effect to the capital reduction have been passed in the accounts for the year 2008-09.
- i) While sanctioning the Rehabilitation scheme BIFR considered the loan, interest and other liabilities as on the cut off date 31-08-2006. There has been considerable time between the cut off date and sanctioning of the Rehabilitation scheme by BIFR on 27-06-2007. Both the Boards of HPC and NPPC adopted the accounts for the year 2006-07 before the approval of the Rehabilitation scheme by BIFR. Hence interest/penal interest and other administrative expenses incurred by HPC on behalf of NPPC were debited by HPC and NPPC considered the same in the accounts for the year 2006-07. Subsequently HPC intimated that Government of India had approved to write off the following amounts due by NPPC to HPC as on 31-03-2007. HPC also did not debit NPPC interest/penal interest from 1-04-07 to 27-06-07.

	₹ in lakh
a. Unsecured Loan	2986.63
b. Interest accrued and due	5376.89
c. Interest accrued and not due	461.05
d. Current account with HPC due	4449.00
Total	13273.57

Ministry of Industries & Commerce, Government of Nagaland in its meeting held on 10.9.2004 approved the matters stated in point nos. 2d, 2e & 2f.

3. A delay in the implementation of the project occurred due to the cost escalation experienced on the project front. Therefore the BOD of the company had directed to prepare a revised cost estimate and submit the same to Government of India (GoI) for a fresh approval. A new revised cost estimate for ₹1400.90 crores was submitted to GoI on 31.12.2009. Later, the project cost was further updated to ₹ 1479.54 crores after including certain exigencies. As the revised estimate cost was very high compared to the original sanctioned estimate, the competent authority had directed the company to go for a fresh Techno Economic Feasibility Report (TEFR) for the project with the help of a consultant. The company

NAGALAND PULP & PAPER COMPANY LIMITED

prepared a new report and the same was submitted to DHI on 11.03.2011. As per the new TEFRR (DPR) proposal the project has to be implemented in two phases. The total investment estimated for the 1st phase was ₹ 619 crores (₹ 570 crores plus ₹ 49 crores) and for the second phase is ₹ 260 crores. This was subsequently revised to ₹ 529 crores net of Grant-in-aid (including ₹ 49 crore towards pressing creditors and losses). The revised proposal has been approved by the Department of Heavy Industries (DHI), Ministry of HI&PE and has been put up to Planning Commission for clearance.

4. Claim of the employees for Pay revision arrear for the period 01.01.1992 to 26.06.2007 amounting to ₹ 1618.00 is reflected as contingent liability as the case is pending before Hon'ble Supreme Court of India.
5. Estimated amount of capital commitments remaining to be executed and not provided for is ₹ 1301.37 crores.
6. The company has not received any funds from GOI through HPCL for implementing Voluntary Retirement Scheme (VRS) during the year 2011-12.
7. An advance of ₹ 80 lakhs was paid to M/s Bharat Heavy Plates Limited against an order placed by Hindustan Paper Corporation Limited for supply of Gas Fired Boiler under the Modernisation Scheme taken up by the company during 1987-88 at a cost of ₹ 595.00 lakhs. The scheme has since been abandoned and the matter was taken up with the suppliers for refund of the aforesaid advance. Due to the doubtful nature of realization, provision was made for the full amount during the financial year 1993-94 which is reflected in the books of accounts as a deduction from Capital Works-in-Progress.
8. M/s South Assam Roadways has lodged a claim of ₹ 10.65 lakhs with interest @ 18% per annum towards transportation charges of chlorine cylinders. The claim has been raised pursuant to work order No. DD/PUR/WO/1142 dated 21.12.1989 and subsequent to the permission granted by BIFR to the said company to approach the appropriate forum for recovery of its dues. The said sum of ₹ 10.65 lakhs has been treated as contingent liability and disclosed in the relevant note.

For ROY ATAL & ATAL
Chartered Accountants
FRN 325672E

MOHAN JHA
Chief Executive Officer & Director

CA. SUNIL KUMAR ATAL
Partner

M. No. : 061729
Place : Jorhat
Date : 06-09-2012

AMITABHA BANERJEE
Director

M. V. NARASIMHA RAO
Chairman

NAGALAND PULP & PAPER COMPANY LIMITED

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Going Concern

The Accounts have been prepared on Going Concern basis.

Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Inventories

- 1) Loose Tools, stores spares and Raw Materials are accounted for at cost
- 2) Finished goods are accounted for at lower of the cost (excluding interest, selling and distribution expenses) or net realizable value
- 3) Semi-finished goods are stated at lower of the cost or net estimated realisable value and work-in -progress is valued at material cost.

Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Tangible fixed assets, Depreciation and amortisation Fixed assets are carried at cost less accumulated depreciation. Depreciation is charged in respect of all assets which were brought to use prior to 2.4.1987 on straight line method up to 95% of the capitalized value in terms of Section 205(2)(b) of the Companies Act, 1956. Depreciation in respect of assets brought to use on or after 2.4.1987 is charged on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 (as amended).

Revenue recognition

A) Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales are exclusive of Sales Tax and Value Added Tax.

B) Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is

NAGALAND PULP & PAPER COMPANY LIMITED

established.

Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses

Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Taxes on income

No provision for Current Tax or Deferred has made in the accounts for in view of exemption from income tax u/s 80IE of the Income Tax Act 1961 for a period of 10 years from the date of commencement of commercial production. Also provision for MAT has not been made as the company is a sick industry with a negative Net Worth.

Lease Rent

The Government of Nagaland entered into an agreement to lease out land at Tuli measuring 697.98 acres to the Company for 99 years w.e.f 1.3.1972. Pending execution of the Lease Deed, lease rent at the agreed rate has not been provided in the accounts.

Excise Duty

A. Out of the Excise Duty claim lodged for ₹ 16.72 lakh with the Commissioner of Central Excise (Appeals), Kolkata, claim to the tune of ₹ 7.72 lakh was only admitted. An appeal has been filed with CEGAT, New-Delhi for admitting full value of our claim. Pending Verdict of CEGAT the amount has not been accounted for.

B (i) Against a claim recoverable on Excise Duty for ₹ 19.75 lakh, an amount of ₹ 19.51 lakh was received during 1989-90 and 1994-95 leaving a balance of ₹ 0.24 lakh which was disallowed by the department. The Company, however, disputed and contested before the concerned Excise Authority against such disallowance.

B (ii) Demand notices were received from the Excise Authorities for a sum of ₹ 5.20 lakh against approval of certain price lists on the higher side during the year 1989-90 and 1990-91. Out of the above, the demand for ₹ 3.86 lakh is under 'DENOVO' consideration of Assistant Commissioner, Jorhat and the balance demand for ₹ 1.34 lakh is under consideration before the Commissioner (Appeals), Kolkata. Pending final decision, the disputed demand amounting to ₹ 5.20 lakh has been shown as Contingent Liability.

Impairment of Assets

Even though the company was non-operational for over 18 years and was on the verge of winding up, in view of rehabilitation scheme for the revival of the unit approved by Government of India and Sanctioned by BIFR at a cost of ₹ 552.44 crore, the recovery value of the asset has substantially gone up than the book value and hence there is no impairment of asset.

Provision for Bonus

The company being a sick company under revival, provision for bonus has not been made in the book of accounts.

Assets of small value

Assets purchased and put to use during the year and costing up to ₹ 5000/- in each case are depreciated fully during the year. However, Memorandum Accounts of such assets are maintained.

Income & Expenses Relating to Prior Period

All income and expenses relating to Prior Period up to ₹ 5000/- in each case, are being accounted for directly in the respective heads of Accounts instead of Prior Period Adjustment Account.

NAGALAND PULP & PAPER COMPANY LIMITED

Notes forming part of the financial statements

Note 3 : Share Capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	in Lacs	Number of shares	in Lacs
(a) Authorised				
Equity shares of ₹ 100/- each with voting rights	15,000,000.00	15,000.00	15,000,000.00	15,000.00
Equity shares of ₹ 100 each with differential voting rights				
Compulsorily convertible preference shares of ₹ 100 each				
Optionally convertible preference shares of ₹ 100 each				
Redeemable preference shares of ₹ 100 each				
(b) Issued #				
Equity shares of ₹ 100/- each with voting rights	1,202,007.00	1,202.01	1,202,007.00	1,202.01
Equity shares of ₹ 100 each with differential voting rights				
Compulsorily convertible preference shares of ₹ 100 each				
Optionally convertible preference shares of ₹ 100 each				
Redeemable preference shares of ₹ 100 each				
(c) Subscribed and fully paid up				
Equity shares of ₹ 100/- each with voting rights	1,202,007.00	1,202.01	1,202,007.00	1,202.01
Equity shares of ₹ 100 each with differential voting rights				
Compulsorily convertible preference shares of ₹ 100 each				
Optionally convertible preference shares of ₹ 100 each				
Redeemable preference shares of ₹ 100 each				
Refer Notes (i) to (viii) below				

Note 3 : Share Capital (contd.)

Particulars								
Notes : (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:								
Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes (give details)	Closing Balance
Equity shares with voting rights								
Year ended 31 March, 2012								
- Number of shares	1,202,007.00	-	-	-	-	-	-	1,202,007.00
- Amount ₹ in Lacs)	1,202.01	-	-	-	-	-	-	1,202.01
Year ended 31 March, 2011								
- Number of shares	1,202,007.00	-	-	-	-	-	-	1,202,007.00
- Amount ₹ in Lacs)	1,202.01	-	-	-	-	-	-	1,202.01
Equity shares with differential voting rights	-	-	-	-	-	-	-	-
Compulsorily convertible preference shares	-	-	-	-	-	-	-	-
Optionally convertible preference shares	-	-	-	-	-	-	-	-
Redeemable preference shares	-	-	-	-	-	-	-	-

NAGALAND PULP & PAPER COMPANY LIMITED

Note 3 : Share Capital (contd.)

Particulars

Notes : (ii) Detail of the rights, preferences and restrictions attaching to each class of shares (each class of equity and each class of preference shares) including restrictions on the distribution of dividends and the repayment of capital.

Arrears of fixed cumulative dividends on preference shares as at 31 March, 2012 . NIL (As at 31 March, 2011 NIL)

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates.

Particulars	Equity shares with voting rights	Equity shares with differential voting rights	Compulsorily convertible preference shares	Optionally convertible preference shares	Redmable preference shares
Number of shares					
As at 31 March, 2012					
Hindustan Paper Corporation Ltd., the holding company	1139231.00	-	-	-	-
___ ' the ultimate holding company	-	-	-	-	-
Subsidiaries of the holding company	-	-	-	-	-
Associates of the holding company	-	-	-	-	-
Subsidiaries of the ultimate holding company	-	-	-	-	-
Associates of the ultimate holding company	-	-	-	-	-
As at 31 March, 2011					
Hindustan Paper Corporation Ltd., the holding company	1139231.00	-	-	-	-
___ ' the ultimate holding company	-	-	-	-	-
Subsidiaries of the holding company	-	-	-	-	-
Associates of the holding company	-	-	-	-	-
Subsidiaries of the ultimate holding company	-	-	-	-	-
Associates of the ultimate holding company	-	-	-	-	-

NAGALAND PULP & PAPER COMPANY LIMITED

(iv) Details of shares held by each shareholder holding more than 5% shares

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights	-	-	-	-
Hindustan Paper Corporation Ltd.	1139231.00	94.78%	1139231.00	94.78%
Government of Nagaland	62776.00	5.22%	62776.00	5.22%
Equity shares with differential voting rights	-	-	-	-
Compulsorily convertible preference shares	-	-	-	-
Optionally convertible preference shares	-	-	-	-
Redeemable preference shares	-	-	-	-

Note 3 : Share Capital (contd.)

Particulars

(v) As at 31 March, 2012 NIL shares (As at 31 March, 2011 NIL shares) were reserved for Issuance

(vi) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received In cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date.

Particulars	Aggregate number of shares	
	As at 31st March, 2012	As at 31st March, 2011
Equity shares with voting rights		
Fully paid up pursuant to contract(s) without payment being received in cash	4900.00	4900.00
Fully paid up by way of bonus shares		
Shares bought back	-	-
Equity shares with differential voting rights	-	-
Compulsorily convertible preference shares	-	-
Optionally convertible preference shares	-	-
Redeemable preference shares	-	-

(vii) Calls unpaid by Directors, Officers & Others as on 31.03.2012 ₹ Nil (As on 31.03.2011 ₹ Nil)

(viii) Forfeited shares as on 31.03.2012 ₹ Nil (As on 31.03.2011 ₹ Nil)

NAGALAND PULP & PAPER COMPANY LIMITED

Note 4 : Reserves & Surplus

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Capital reserve	-	-
(b) Capital redemption reserve	-	-
(c) Securities premium account	-	-
(d) Debenture redemption reserve	-	-
(e) Revaluation reserve	-	-
(f) Share options outstanding account	-	-
(g) General reserve	-	-
(h) Foreign currency translation reserve	-	-
(i) Hedging reserve	-	-
(j) Other reserves Capital Subsidy		
Opening balance	15.00	15.00
Add : Additions / transfers during the year	-	-
Less. Utilisations / transfers during the year	-	-
Closing balance	<u>15.00</u>	<u>15.00</u>
(k) Surplus / (Deficit) in Statement of Profit and Loss	-	-
Opening balance		
Add : Profit / (Loss) for the year	(7,203.31)	(5,859.71)
Amounts transferred from : Profit & Loss Account	(1,190.05)	(1,343.60)
General reserve	-	-
Other reserves	-	-
Less : Interim dividend	-	-
Dividends proposed to be distributed to equity shareholders	-	-
Dividends proposed to be distributed to preference shareholders	-	-
Tax on dividend	-	-
Transferred to :		
General reserve	-	-
Capital redemption reserve	-	-
Debenture redemption reserve	-	-
Other reserves	-	-
Closing balance	<u>(8,393.36)</u>	<u>(7,203.31)</u>
Total	<u>(8,378.36)</u>	<u>(7,188.31)</u>

NAGALAND PULP & PAPER COMPANY LIMITED

Note 5 : Long-term borrowings

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Bonds / debentures	-	-
(b) Term loans		
- From banks	-	-
- From other parties	-	-
(c) Deferred payment liabilities	-	-
(d) Deposits	-	-
(e) Loans and advances from related parties		
- Secured	-	-
- Unsecured	935.06	-
(f) Long-term maturities of finance lease obligations	-	-
(g) Other loans and advances (Govt of India)		
- Secured	-	-
- Unsecured	1,294.35	-
Total	2,229.41	-

Note 6 : Other long-term liabilities

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Trade Payables :		
(i) Acceptances	500.10	500.10
(ii) Other than Acceptances	-	-
(b) Others :		
(i) Payables on purchase of fixed assets	-	-
(ii) Contractually reimbursable expenses	-	-
(iii) Interest accrued but not due on borrowings	-	-
(iv) Interest accrued on trade payables	-	-
(v) Interest accrued on others	-	-
(vi) Trade / security deposits received	20.70	30.19
(vii) Advances from customers	6.57	6.57
(viii) Income received in advance (Unearned revenue)	-	-
(ix) Others (specify nature)	-	-
a) Excise Duty	5.18	5.18
b) Professional Tax Nagaland	0.02	0.02
c) Water Charges	15.95	15.95
d) TDS	0.01	0.01
e) Recovery and deduction from Employees	38.32	38.08
f) CST	0.14	0.14
g) Insurance	0.46	0.46
Total	587.44	596.69

NAGALAND PULP & PAPER COMPANY LIMITED

Note 7 : Long-term provisions

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Provision for employee benefits		
(i) Provision for compensated absences	213.06	227.45
(ii) Provision for gratuity (net) (Refer Note 26.1.2)	563.73	557.66
(iii) Provision for post-employment medical benefits	-	-
(iv) Provision for other defined benefit plans (net)	-	-
(v) Provision for other employee benefits (give details)	-	-
(b) Provision - Others:		
(i) Provision for premium payable on redemption of bonds	-	-
(ii) Provision for estimated loss on derivatives	-	-
(iii) Provision for warranty	-	-
(iv) Provision for estimated losses on onerous contracts	-	-
(v) Provision for other contingencies	-	-
(vi) Provision - others- FBT	1.43	1.43
Total	778.22	786.55

Note 8 : Trade payables

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
Trade payables		
Acceptances	18.14	42.86
Other than Acceptances	-	-
Total	18.14	42.86

Note 9 : Other current liabilities

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Current maturities of long-term debt	-	-
(b) Current maturities of finance lease obligations	-	-
(c) Interest accrued but not due on borrowings	-	-
(d) Interest accrued and due on borrowings	-	-
(e) Income received in advance (Unearned revenue)	-	-
(f) Unpaid dividends	-	-
(g) Application money received for allotment of securities and due for refund and interest accrued thereon #	-	-

NAGALAND PULP & PAPER COMPANY LIMITED

(h) Unpaid matured deposits and interest accrued thereon	-	-
(i) Unpaid matured debentures and interest accrued thereon	-	-
(j) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	2.27	0.05
(ii) Payables on purchase of fixed assets	-	-
(iii) Contractually reimbursable expenses	-	-
(iv) Interest accrued on trade payables	-	-
(v) Interest accrued on others	-	-
(vi) Trade / security deposits received	15.66	39.01
(vii) Advances from customers	-	-
(viii) Others -	-	-
a) Current A/c with Company under Same Management	-	6,394.76
b) Recovery and deduction from Employees	1.68	14.64
Total	19.61	6448.46

Note 10 : Short-term provisions

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Provision for employee benefits :		
(i) Provision for bonus		
(ii) Provision for compensated absences	48.38	15.42
(iii) Provision for gratuity (net) (Refer Note 26.1.2)	86.84	51.17
(iv) Provision for post-employment medical benefits	-	-
(v) Provision for other defined benefit plans (net)	-	-
(vi) Provision for other employee benefits	-	-
	135.22	66.58
(b) Provision - Others :		
(i) Provision for tax (net of advance tax)	-	-
(ii) Provision for premium payable on redemption of bonds	-	-
(iii) Provision for estimated loss on derivatives	-	-
(iv) Provision for warranty	-	-
(v) Provision for estimated losses on onerous contracts	-	-
(vi) Provision for other contingencies	-	-
(vii) Provision for proposed equity dividend	-	-
(viii) Provision for proposed preference dividend	-	-
(ix) Provision for tax on proposed dividends	-	-
(x) Provision - others (give details)	-	-
	-	-
Total	135.22	66.58

NAGALAND PULP & PAPER COMPANY LIMITED

Note 11 : Fixed assets

A. Tangible assets	Gross Block									
	Balance as at 1 April, 2011	Addition	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation Increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2012
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
(a) Land - Factory	-	-	-	-	-	-	-	-	-	-
Leasehold	3.38	-	-	-	-	-	-	-	-	3.38
(b) Land - Township	-	-	-	-	-	-	-	-	-	-
Leasehold	0.09	-	-	-	-	-	-	-	-	0.09
(c) Building - Factory	-	-	-	-	-	-	-	-	-	-
Own use	929.44	-	146.12	-	-	-	-	-	-	783.32
Green under operating lease	-	-	-	-	-	-	-	-	-	-
(d) Building - Township	-	-	-	-	-	-	-	-	-	-
Own use	486.18	-	-	-	-	-	-	-	-	486.18
Green under operating lease	-	-	-	-	-	-	-	-	-	-
(e) Plant and Equipment - Factory	-	-	-	-	-	-	-	-	-	-
Owned	4,452.62	8.67	-	-	-	-	-	-	-	4,461.30
Taken under finance lease	-	-	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-	-	-
(f) Plant and Equipment - Township	-	-	-	-	-	-	-	-	-	-
Owned	-	-	-	-	-	-	-	-	-	-
Electrical Fitting and Appliances	24.62	-	-	-	-	-	-	-	-	24.62
Other (Hospital Equipment, Canteen Equipment & Others)	11.04	0.14	-	-	-	-	-	-	-	11.18
Water Supply & Sewerage	16.17	-	-	-	-	-	-	-	-	16.17
Taken under finance lease	-	-	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-	-	-
(g) Furniture and Fixture - Factory	-	-	-	-	-	-	-	-	-	-
Owned	20.86	-	-	-	-	-	-	-	-	20.86
Taken under finance lease	-	-	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-	-	-
(h) Furniture and Fixture - Township	-	-	-	-	-	-	-	-	-	-
Owned	10.83	-	-	-	-	-	-	-	-	10.83
Taken under finance lease	-	-	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-	-	-
(i) Vehicles	-	-	-	-	-	-	-	-	-	-
Owned	41.09	-	-	-	-	-	-	-	-	41.09
Taken under finance lease	-	-	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-	-	-
(j) Office equipment	-	-	-	-	-	-	-	-	-	-
Owned	16.47	-	-	-	-	-	-	-	-	16.47
Taken under finance lease	-	-	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-	-	-
(k) Leasehold improvements	-	-	-	-	-	-	-	-	-	-
Owned	-	-	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-	-	-
(l) Others (specify nature) e.g. Railway siding etc.	-	-	-	-	-	-	-	-	-	-
Owned	28.93	0.09	-	-	-	-	-	-	-	29.02
Computer	-	-	-	-	-	-	-	-	-	-
Electrical Fitting and Appliance	210.58	22.19	-	-	-	-	-	-	-	232.77
Fire Fighting Equipment	95.02	-	-	-	-	-	-	-	-	95.02
Laboratory Equipment	12.65	-	-	-	-	-	-	-	-	12.65
Water Supply & Sewerage	175.63	-	-	-	-	-	-	-	-	175.63
Others	8.21	0.06	-	-	-	-	-	-	-	8.27
Taken under finance lease	-	-	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-	-	-
Total	6,543.82	3,11.5	146.12	-	-	-	-	-	-	6,428.85
Previous year	6,543.82	-	-	-	-	-	-	-	-	6,543.82

NAGALAND PULP & PAPER COMPANY LIMITED

Note 11 : Fixed assets (contd.)

A. Tangible assets	Accumulated depreciation and impairment							
	Balance as at 1 April, 2011	Depreciation/ amortisation expenses for the year	Eliminated/ disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of Impairment losses recognised in statement of profit and loss	Other adjustments	Balance as at 31 March, 2012
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
(a) Land - Factory	-	-	-	-	-	-	-	-
Leasehold	-	-	-	-	-	-	-	-
(b) Land - Township	-	-	-	-	-	-	-	-
Leasehold	-	-	-	-	-	-	-	-
(c) Building - Factory	870.07	3.67	141.68	-	-	-	-	732.06
Own use	-	-	-	-	-	-	-	-
Green under operating lease	-	-	-	-	-	-	-	-
(d) Building - Township	253.66	8.79	-	-	-	-	-	262.45
Own use	-	-	-	-	-	-	-	-
Green under operating lease	-	-	-	-	-	-	-	-
(e) Plant and Equipment - Factory	4,238.52	0.94	-	-	-	-	-	4,239.46
Owned	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-
(f) Plant and Equipment - Township	16.99	0.37	-	-	-	-	-	17.36
Owned	5.05	0.18	-	-	-	-	-	5.23
Electrical Fitting and Appliances	15.48	-	-	-	-	-	-	15.48
Other (Hospital Equipment, Canteen Equipment & Others)	-	-	-	-	-	-	-	-
Water Supply & Sewerage	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-
(g) Furniture and Fixture - Factory	15.47	0.63	-	-	-	-	-	16.10
Owned	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-
(h) Furniture and Fixture - Factory	8.53	0.51	-	-	-	-	-	9.04
Owned	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-
(i) Vehicles	39.04	-	-	-	-	-	-	39.04
Owned	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-
(j) Office equipment	14.91	0.14	-	-	-	-	-	15.05
Owned	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-
(k) Leasehold improvements	-	-	-	-	-	-	-	-
Owned	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-
(l) Others (specify nature) e.g. Railway siding etc.	11.86	4.09	-	-	-	-	-	15.94
Owned	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-
Others (specify nature) e.g. Railway siding etc.	202.42	0.78	-	-	-	-	-	203.20
Owned	92.85	-	-	-	-	-	-	92.85
Data Processing Machine	12.21	-	-	-	-	-	-	12.21
Computer	165.53	-	-	-	-	-	-	165.53
Electrical Fitting and Appliance	7.92	-	-	-	-	-	-	7.93
Fire Fighting Equipment	-	-	-	-	-	-	-	-
Laboratory Equipment	-	-	-	-	-	-	-	-
Water Supply & Sewerage	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Taken under finance lease	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-
Total	5,970.50	20.10	141.68	-	-	-	-	5,848.92
Previous year	5,926.46	44.02	-	-	-	-	-	5,970.48

NAGALAND PULP & PAPER COMPANY LIMITED

Notes forming part of the financial statements

Note 11 : Fixed assets (contd.)

Particulars		
C. Depreciation and amortisation relating to continuing operations :		
Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
Depreciation and amortisation for the year on tangible assets	20.10	44.02
Depreciation and amortisation for the year on intangible assets	-	-
Less : Utilised from revaluation reserve	-	-
Depreciation and amortisation relating to discontinuing operations	-	-
Depreciation and amortisation relating to continuing operations	20.10	44.02

Note 12 : Capital Work in Progress

Particulars	Balance as at 01.04.2011	Addition during the year	Transfer/ Adjustment during the year	Balance as at 31/3/2012	Balance as at 31/3/2011
Township	-	-	-	-	-
W.I.P Land Development	-	-	-	-	-
WIP-Bamboo Plantation	-	-	-	-	-
Cap WIP Plant & Machinery	-	-	-	-	-
WIP -Miscellaneous Fixed Assets	-	-	-	-	-
Preliminary Expenses	-	-	-	-	-
Preoperative Expenses	-	-	-	-	-
Plant-Technical Fees	1046.68	-	-	1046.68	1046.68
Start up Expenses	-	-	-	-	-
Contingency Expenses	-	-	-	-	-
Interest During Construction	-	-	-	-	-
Plant & Machinery:Under erection	-	-	-	-	-
Capital Work In Progress-GAS Pipe Line	-	-	-	-	-
Capital Goods In stock	13.91	11.10	0.05	24.96	13.91
Advance for Capital Works	285.83	-	-	285.83	285.83
Capital Work in Progress-Others	-	-	-	-	-
TOTAL:	1346.42	11.10	0.05	1357.47	1346.42
Less: Provision	80.00	0.00	0.00	80.00	80.00
TOTAL	1266.42	11.10	0.05	1277.47	1266.42
Figures for previous year	1234.08	33.10	8.54	1258.64	1234.08

NAGALAND PULP & PAPER COMPANY LIMITED

Note 13 : Long-term loans and advances

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Capital advances	-	-
(b) Security deposits		
Secured, considered good	0.56	0.20
Unsecured, considered good	-	-
Doubtful	-	-
Less : Provision for doubtful deposits	-	-
(c) Loans and advances to related parties	-	-
(d) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	0.08	-
Doubtful	0.15	0.23
Less: Provision for doubtful loans and advances	-	-
(e) Prepaid expenses - Unsecured, considered good	-	-
(f) Advance income tax (net of provisions) - Unsecured, considered good	-	-
(g) MAT credit entitlement - Unsecured, considered good	-	-
(h) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	-	-
(ii) VAT credit receivable	-	-
(iii) Service Tax credit receivable	-	-
(i) Other loans and advances (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	0.61	0.61
Doubtful	-	-
Less: Provision for other doubtful loans and advances	-	-
Total	1.39	1.03

Note : Long-term loans and advances include amounts due from :

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
Directors	0.15	0.15
Other officers of the Company	0.08	0.08
Firms in which any director is a partner	-	-
Private companies in which any director is a director or member	-	-
	0.23	0.23

NAGALAND PULP & PAPER COMPANY LIMITED

Note 14 : Other non-current assets

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Long-term trade receivables (including trade receivables on deferred credit terms) (Refer Note below)	-	-
(b) Unamortised expenses	-	-
(c) Accruals	-	-
(d) Others	-	-
(i) Insurance claims	-	-
(ii) Receivables on sale of fixed assets	-	-
(iii) Contractually reimbursable expenses	-	-
(iv) Others -UBI Jorhat	3.22	3.22
Total	<u>3.22</u>	<u>3.22</u>

Note 15 : Inventories

(At lower of cost and net realisable value) (As valued & certified by the management)

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Raw materials	5.70	-
(b) Work-in-progress (Refer Note below)	0.44	0.44
(c) Finished goods (other than those acquired for trading)	-	-
(d) Stock-in-trade (acquired for trading)	-	-
(e) Stores and spares	233.33	250.30
Goods-in-transit	3.34	1.94
(f) Loose tools	2.71	2.71
(g) Others	-	-
Chemicals, Oil & Lubricant, Stationery & Other Consumables	5.02	5.22
Total	250.53	260.62
Less : Provision for Non-moving / Slow Moving Items and Loss of Stores	241.05	241.05
Net Value of Inventory	<u>9.48</u>	<u>19.56</u>

Note : Details of inventory of work-in-progress

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
Unfinished Paper	0.44	0.44
	<u>0.44</u>	<u>0.44</u>

NAGALAND PULP & PAPER COMPANY LIMITED

Note 16 : Cash and cash equivalents

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Cash on hand	0.16	0.38
(b) Cheques, drafts on hand	-	-
(c) Balances with banks	-	-
(i) In current accounts	33.45	62.15
(ii) In EEFC accounts	-	-
(iii) In deposit accounts	-	-
(iv) In earmarked accounts	-	-
- Unpaid dividend accounts	-	-
- Unpaid matured deposits	-	-
- Unpaid matured debentures	-	-
- Share application money received for allotment of securities and due for refund	-	-
- Balances held as margin money or security against borrowings, guarantees and other commitments	-	-
- Other earmarked accounts	-	-
(d) Others	-	-
Total	<u>33.61</u>	<u>62.52</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	33.61	62.52

Note 17 : Short-term loans and advances

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Loans and advances to related parties	-	-
(b) Security deposits	-	-
(c) Loans and advances to employees	-	-
Secured, considered good	5.36	2.72
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
(d) Prepaid expenses - Unsecured, considered good	0.60	1.27
(e) Balances with government authorities	-	-
Unsecured, considered good	-	-
(i) CENVAT credit receivable	-	-
(ii) VAT credit receivable	-	-
(iii) Service Tax credit receivable	-	-
(f) Inter-corporate deposits	-	-
(g) Others (specify nature)	-	-
Secured, considered good	-	1.19
Unsecured, considered good	5.34	0.02
Doubtful	-	-
Less : Provision for other doubtful loans and advances	-	-
Total	<u>11.30</u>	<u>5.19</u>

NAGALAND PULP & PAPER COMPANY LIMITED

Note 18 : Other current assets

Particulars	As at 31.03.2012 (₹ In Lakhs)	As at 31.03.2011 (₹ In Lakhs)
(a) Unbilled revenue		
(b) Unamortised expenses		
(c) Accruals		
(d) Others		
(i) Insurance claims	-	-
(ii) Receivables on sale of fixed assets	-	-
(iii) Contractually reimbursable expenses	-	-
(iv) Others		
a) BVFCL	0.21	-
b) Current A/c with Company under Same Management	132.40	-
Total	132.60	-

Note 19 : Revenue from operations

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
(a) Sale of Bamboo Chips	52.92	-
(b) Sale of services	-	-
(c) Other operating revenues	71.47	-
	124.38	-
Less:		
(d) Excise duty	-	-
Total	124.38	-

Note	Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
(i)	Sale of products comprises:		
	Manufactured goods		
	Bamboo Chips	52.92	-
	Total - Sale of manufactured goods	52.92	-
	Traded goods	-	-
	Total - Sale of traded goods	-	-
	Total - Sale of products	52.92	-
(ii)	Sale of services	-	-
	Total - Sale of services	-	-
(iii)	Other operating revenues:		
	Sale of scrap	71.25	-
	Duty drawback and other export incentives	-	-
	Others (specify nature)	0.22	-
	Total - Other operating revenues	71.47	-

NAGALAND PULP & PAPER COMPANY LIMITED

Note 20 : Other income

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
(a) Interest income	-	-
(b) Dividend income	-	-
(c) Net gain on sale of :		
current investments	-	-
long-term investments	-	-
(d) Adjustments to the carrying amount of investments - reversal of reduction in the carrying amount of:		
current investments	-	-
long-term investments	-	-
(e) Net gain on foreign currency transactions and translation (other than considered as finance cost)	-	-
(f) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (i) below)	38.23	34.33
Total	38.23	34.33

Note (i) to Note 20 above other non-operating income

Note	Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
(i)	Other non-operating income comprises:		
	Rental income from investment properties	10.37	6.54
	Rental income from operating leases	-	-
	Profit on sale of fixed assets	-	-
	Share of profit from partnership firms	-	-
	Share of profit from AOPs	-	-
	Share of profit from LLPs	-	-
	Liabilities / provisions no longer required written back	10.74	13.03
	Prior period items (net) (Refer Note (ii) below)		
	Miscellaneous income [net of expenses directly attributable NIL (Year ended 31 March, 2011 - NIL)]		
	Penalty Recovered from Contractor	4.32	-
	Recovery of Electricity Charges	10.93	6.93
	Recovery of Water Charges	0.78	0.56
	Others	1.08	7.27
	Total - Other non-operating income	38.23	34.33
(ii)	Details of Prior period items (net)	-	-
	Prior period income (give details)	-	-
	Prior period expenses (give details)	-	-
	Total	-	-

NAGALAND PULP & PAPER COMPANY LIMITED

Note 21.a : Cost of materials consumed

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
Opening stock	-	-
Add: Purchases	31.75	-
Less: Closing stock	5.70	-
Cost of material consumed	<u>26.05</u>	<u>-</u>
Material consumed comprises: Bamboo & Wood		
Total	<u>26.05</u>	<u>-</u>

Note 21.b : Purchase of traded goods

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
	-	-
Total	<u>-</u>	<u>-</u>

Note 21.c : Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
Inventories at the end of the year :		
Finished goods	0.44	0.44
Work-in-progress	-	-
Stock-in-trade	-	-
	<u>0.44</u>	<u>0.44</u>
Inventories at the beginning of the year :		
Finished goods	-	-
Work-in-progress	0.44	0.44
Stock-in-trade	-	-
	<u>0.44</u>	<u>0.44</u>
Net (increase) / decrease	<u>-</u>	<u>-</u>

NAGALAND PULP & PAPER COMPANY LIMITED

Note 22 : Employee benefits expense

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
Salaries and wages	744.55	702.13
Contributions to provident and other funds (Refer Note 24.1)	134.95	82.85
Provision for Gratuity	92.93	146.78
Expense on employee stock option (ESOP) scheme	-	-
Staff welfare expenses	68.48	52.07
Staff Medical Expenses	-	-
Total	1040.91	983.83

Note 23 : Finance Costs

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
(a) Interest expense on:		
(i) Borrowings	93.41	-
(ii) Trade payables	-	-
(iii) Others	-	-
(b) Other borrowing costs	-	-
(c) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)		
Total	93.41	-

Note 24 : Other expenses

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
Consumption of stores and spare parts	0.05	-
Consumption of loose tools	-	-
Consumption of packing materials	-	-
Increase / (decrease) of excise duty on inventory	-	-
Subcontracting	-	-
Power and fuel	50.42	42.61

NAGALAND PULP & PAPER COMPANY LIMITED

Note 24 : Other expenses (contd.)

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
Water	-	-
Rent including lease rentals	-	-
Repairs and maintenance - Buildings	5.39	4.06
Repairs and maintenance - Machinery	17.36	6.74
Repairs and maintenance - Others	11.07	7.96
Insurance	3.25	4.50
Rates and taxes	-	0.64
Communication		
Travelling and conveyance	16.02	19.14
Printing and stationery	2.02	1.25
Freight and forwarding	-	-
Sales commission	-	-
Sales discount	-	-
Business promotion	-	-
Donations and contributions	-	-
Legal and professional	27.89	26.18
Payments to auditors (Refer Note (i) below)	3.64	2.93
Bad trade and other receivables, loans and advances written off	-	-
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	-
Amortisation of share issue expenses and discount on shares	-	-
Loss on fixed assets sold / scrapped / written off	-	-
Provision for impairment of fixed assets and intangibles (net)	-	-
Net loss on sale of investments	-	-
from current investments	-	-
from long-term investments	-	-
Provision for losses (diminution in value of investments) in subsidiary companies (net)	-	-
Adjustments to the carrying amount of investments (other than subsidiaries) (net)		
current investments		
long-term investments		
Provision for doubtful trade and other receivables, loans and advances (net)		
Provision for estimated loss on derivatives (net)		
Provision for warranty [net of reversal]		
Provision for estimated losses on onerous contracts [net of reversal]		
Provision for contingencies [net of reversal]		

NAGALAND PULP & PAPER COMPANY LIMITED

Note 24 : Other expenses (contd.)

Particulars	For the year ended 31.03.2012 (₹ In Lakhs)	For the year ended 31.03.2011 (₹ In Lakhs)
Prior period items (net) (Refer Note (ii) below)	13.50	-
Miscellaneous expenses		
Advertisement Expenses	0.76	-
Payment to Contract Labour	0.75	0.46
Postage, Telephone & Telegraph	2.15	1.63
Security Expenses	2.21	216.30
Vehicle Running Expenses	10.72	10.78
Meeting Expenses	1.55	-
Recruitment Expenses	1.37	2.65
Others	2.09	2.25
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	0.50	0.44
For taxation matters	0.16	0.14
For company law matters	-	-
For management services	-	-
For other services	-	-
Concurrent Audit Fees	2.50	1.85
Reimbursement of expenses	0.47	0.50
Total	3.64	2.93
(ii) Details of Prior period items (net)		
Prior period expenses (give details)	13.50	-
Reversal of Penalty Recovered from Contractor	-	-
Prior period income (give details)	-	-
Total	13.50	-

Note 25 : Additional Information to the financial statements

25.1 Share application money pending allotment

As at 31 March 2012, the Company has received an amount of 5460 lacs towards share application money towards 54,60,000 equity shares of the Company. The share application money represents 'Non Plan Loan' released by Government of India up to 31.03.2011 to Hindustan Paper Corporation Limited (Holding Company) to meet the expenditure for payment of outstanding salary and wages to employees of this company. The said amount has been transferred from current liabilities to the head of account "share application money pending for allotment" pursuant to resolution no 170.A4/2 taken at 170th meeting of Board of Directors held on 24.06.2011.

The Company has sufficient authorised capital to cover the allotment of these shares

NAGALAND PULP & PAPER COMPANY LIMITED

Particulars	As at 31 March, 2012 (₹ In Lakhs)	As at 31 March, 2011 (₹ In Lakhs)
25.2 Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt		
a. Excise Duty	5.20	5.20
b. Claim by Bharat Heavy Plates & Vessels Ltd.	140.00	140.00
c. Pay-Revision Arrear of Employees from 01.01.1992 to 26.06.2007	1,618.00	1,618.00
d. Income tax payable for the year 07-08 due to restructuring as per BIFR order CBDT to consider to exempt the company from the payment of income tax arising out of restructuring. The matter regarding exemption from income tax has been taken up with Central Board of Direct Taxes.	-	-
e. Claim by M/s Assam Gas Company, Jorhat	1,466.08	1,466.08
f. Claim by M/s South Assam Roadways towards transportaion charges	3.22	3.22
(b) Guarantees	10.65	-
(c) Other money for which the Company is contingently liable	-	-
	As at 31 March, 2012 (₹ In Lakhs)	As at 31 March, 2011 (₹ In Lakhs)
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	-	-
Intangible assets	-	-
(b) Uncalled liability on shares and other investments partly paid	-	-
(c) Other commitments - PMC Services for Revival & Upgradation of the unit	1,301.37	1,301.37

**25.3 Disclosures required under Section 22 of the Micro,
Small and Medium Enterprises Development Act 2006**

Particulars	As at 31 March, 2012 (₹ In Lakhs)	As at 31 March, 2011 (₹ In Lakhs)
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NAGALAND PULP & PAPER COMPANY LIMITED

Particulars	As at 31 March, 2012 (₹ In Lakhs)	As at 31 March, 2011 (₹ In Lakhs)
25.4 Details of fixed assets held for sale		
Building	-	-
Plant and machinery	2.68	23.57
Office equipment	-	-
Vehicles	-	-
Others	-	-
Total	2.68	23.57
25.5 Details of consumption of imported and indigenous items		
	For the year ended 31 March, 2012	
	(₹ In Lakhs)	%
Imported		
Raw materials	0.00	0.00
	(0.00)	(0.00)
Components	0.00	0.00
	(0.00)	(0.00)
Spare parts	0.00	0.00
	(0.00)	(0.00)
Total	0.00	0.00
	(0.00)	(0.00)
25.5 Details of consumption of imported and indigenous items		
	For the year ended 31 March, 2012	
	(₹ In Lakhs)	%
Indigenous		
Raw materials	26.05	99.81%
	(0.00)	0%
Components	0.00	0%
	(0.00)	0%
Spare parts	0.05	0.19%
	(0.00)	0%
Total	26.10	100.00%
	(0.00)	0.00%

Note: Figures in brackets relates to the previous year

NAGALAND PULP & PAPER COMPANY LIMITED

Note 26 : Disclosures under Accounting Standards (contd.)

26.1 a) Employee benefit plans

Defined contribution plans

1) The Company makes Provident Fund to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits, The Company recognised 134.95 Lakhs (Year ended 31 March, 2011 . 82.85 Lakhs) for Provident Fund contributions and Nil (Year ended 31 March, 2011 . Nil) for Superannuation Fund contributions in the Statement of Profit and Loss, The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

2) Liability for Gratuity and Leave Encashment is provided for on the basis of actuarial valuation.

26.2 Related party transactions

Details of related parties

Description of relationship

Names of related parties

Ultimate Holding Company

Hindustan Paper Corporation Ltd.

Holding Company

Hindustan Paper Corporation Ltd.

Ultimate Holding Company

Subsidiaries

Fellow Subsidiaries (to be given only if there are transactions)

Associates

a) Nagaon Paper Mill

b) Cachar Paper Mill

c) Hindustan Newsprint Ltd.

d) Jagdishpur Paper Mills Ltd.

e) Nagaland Pulp & Paper Company Ltd.

Key Management Personnel (KMP)

a) Shri M V Narasimha Rao - Chairman cum Director

b) Shri S N Bhattacharyya, Director

c) Shri Amitabha Banerjee, Director

d) Smt. L. H. Thangi Mannen - Director

e) Shri S. K. Singh - Director

f) Shri Mohan Jha - CEO

g) Shri S. M. Chetri - GM (Project)

Relatives of KMP

NIL

Company in which KMP / Relatives of KMP can exercise significant influence

Note: Related parties have been identified by the Management.

NAGALAND PULP & PAPER COMPANY LIMITED

Note 26 : Disclosures under Accounting Standards (contd.)

Note	Particulars	For the year ended 31 March, 2012 (₹ In Lakhs)	For the year ended 31 March, 2011 (₹ In Lakhs)
26.3	Earnings per share		
	Basic		
26.3.a	Continuing operations		
	Net profit / (loss) for the year from continuing operations	- 1,190.05	-1,343.60
	Less : Preference dividend and tax thereon		
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	-1,190.05	-1,343.60
	Weighted average number of equity shares	1,202,007.00	1,202,007.00
	Par value per share	100.00	100.00
	Earnings per share from continuing operations - Basic in	-99.01	-111.78
26.3.b	Total operations		
	Net profit / (loss) for the year	-1,190.05	-1,343.60
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders	-1,190.05	-1,343.60
	Weighted average number of equity shares	1,202,007.00	1,202,007.00
	Par value per share	100.00	100.00
	Earnings per share - Basic in	-99.01	-111.78
	Basic (excluding extraordinary items)		
26.3.c	Continuing operations		
	Net profit / (loss) for the year from continuing operations	-1,190.05	-1,343.60
	(Add) / Less: Extraordinary items (net of tax) relating to continuing operations	-	-
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	-1,190.05	-1,343.60
	Weighted average number of equity shares	1,202,007.00	1,202,007.00
	Par value per share	100.00	100.00
	Earnings per share from continuing operations, excluding extraordinary items - Basic in	-99.01	-111.78

NAGALAND PULP & PAPER COMPANY LIMITED

Note 26 : Disclosures under Accounting Standards (contd.)

Note	Particulars	For the year ended 31 March, 2012 (₹ In Lakhs)	For the year ended 31 March, 2011 (₹ In Lakhs)
26.3.d	Total operations		
	Net profit / (loss) for the year	-1,190.05	-1,343.60
	(Add) / Less: Extraordinary items (net of tax)	-	-
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders, excluding extraordinary items	-1,190.05	-1,343.60
	Weighted average number of equity shares	1,202,007.00	1,202,007.00
	Par value per share	100.00	100.00
	Earnings per share, excluding extraordinary items - Basic	-99.01	-111.78
	Diluted	-	-
26.3.e	Continuing operations	-	-
26.3.f	Total operations	-	-
26.3.g	Diluted (excluding extraordinary items)	-	-
26.3.h	Total operations	-	-

Note 27 : Previous year's figures

Note	Particulars
27	The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NAGALAND PULP & PAPER COMPANY LIMITED

AUDITORS' REPORT

To,
The Shareholders,
Nagaland Pulp & Paper Company Limited,
Regd. Office : - Paper Nagar, Tuli - 798623,
Nagaland

1. We have audited the attached Balance Sheet of NAGALAND PULP & PAPER COMPANY LIMITED as at 31st March 2012 and the Statement of Profit and Loss for the year ended on that date and also the Cash Flow Statement annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act, 1956, we enclose in Annexure-I a statement on the matters specified in paragraph 4 and 5 of the said order, on the basis of such checks as we considered appropriate and according to the information and explanations given to us.
4. *There were no operations of the company for the last 18 (eighteen) years prior to the current financial year. In the current financial year, the company has produced Bamboo Chips which is not the main product of the company. Even though the company has been continuously incurring losses resulting in negative Net Worth of ₹ 7176.35 lacs as on 31.03.2012 (prior to adjustment of Share application money pending allotment ₹ 5460.00 Lacs) (₹ 5986.30 lacs as on 31.03.2011), the accounts of the company have been prepared on 'going concern' basis considering the Rehabilitation Proposal of Govt. of India for the revival of the company at a cost of ₹ 552.44 crores which was approved by the BIFR during financial year 2007-08. After the expiry of the project implementation period stipulated in the approved Rehabilitation Proposal, the management had approached the Govt. of India with a Revised Rehabilitation Proposal at a cost of ₹ 879.00 crores in 2(two) phases, which has not been approved and the company has been asked to keep the cost within the original sanctioned limit. Considering these facts, we are of the opinion that the Company is un-likely to commence production of its main products within the next 12 (twelve) months.*

NAGALAND PULP & PAPER COMPANY LIMITED

Subject to the above and our comments in Annexure-I referred to in paragraph 3 and the observations on the statements of accounts of the company in Annexure-II, we state that :

- a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report and in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Statement of Profit & Loss and the Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) As explained to us, the company being a Government Company, the provisions of clause (g) of sub-section (i) of section 274 of the Companies Act, 1956 regarding disqualification of Directors are not applicable to the company in view of Notification No. GSR 829(E) dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs, Govt. of India published in the Gazette of India Extraordinary Part II, Section 3, Sub-section (i) dated 21.10.2003.
- f) Subject to our observations as above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon, give the information required by Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India;
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - (ii) In the case of the Statement of Profit and Loss of the losses of the company for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For, **ROY ATAL & ATAL**
Chartered Accountants
FRN : 325672E

(S. K. ATAL)
Partner
M. No. : 061729

Place : Jorhat
Date : 06th September, 2012

NAGALAND PULP & PAPER COMPANY LIMITED

**ANNEXURE-I TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)**

Auditor's comments on the Accounts for the year ended 31st March 2012 under the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act, 1956.

- 1) a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) As informed to us, the process of physical verification of fixed assets has been initiated. The difference with book records, if any and its reconciliation position cannot be commented upon.
c) During the year, the company has dismantled and disposed off a part of Factory Building with book value of ₹ 4.44 lacs as scrap.
- 2) a) As informed to us, the process of physical verification of stock of spare parts, loose tools, raw materials and work in progress has been initiated.
b) The procedure for physical verification of inventory followed is reasonable and adequate in relation to the size of the company and nature of its business.
c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) a) The company has not granted loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (b), (c) and (d) are not applicable.
e) The company has taken unsecured loan, from the Holding Company. The maximum amount involved is ₹ 935.06 lacs and the year end balance is ₹ 935.06 lacs.
f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions are not prima-facie prejudicial to the interest of the company.
g) The interest and the principal amount are repayable by cash in five equal installments commencing from the first anniversary after the drawal of the loan. However, the Government reserves the right to convert the loan into equity.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 5) a) Accounting to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of any party during the year, have been made at prices, which are reasonable, having regard to the prevailing

NAGALAND PULP & PAPER COMPANY LIMITED

market prices at the relevant time.

- 6) The Company has not accepted any deposits from public and consequently the directives issued by the Reserve Bank of India, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Rules formed thereunder are not applicable.
- 7) The Company does have an internal audit system commensurate with the size and nature of its business.
- 8) It has been explained to us that since the company has suspended production w.e.f. October 1992, there is no manufacturing and as such Cost Records under section 209(1) (d) of the Companies Act, 1956 are not maintained. During the year under audit, the company produced Bamboo Chips which is an intermediate product. However, as the criteria regarding Net Worth as on the last day of the immediately preceding financial year or the aggregate value of turnover during the immediately preceding financial year are not satisfied and also neither the company's equity or debt securities are listed nor are in the process of being listed on any stock exchange, The Companies (Cost Accounting Records) Rules, 2011 are not applicable to the company.
- 9)
 - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales Tax, Excise Duty and other statutory dues applicable to it have been generally regularly deposited with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears, as at 31.03.2012 for a period of more than six months from the date they became payable.
 - (c) Disputed statutory dues aggregating to ₹ 5.20 lacs that have not been deposited on account of disputed matters pending before the appropriate authorities are as under :

Sl. No.	Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount (₹ in lacs)
1	Central Excise Act, 1944	Excise Duty Demand	Asst. Commissioner, Jorhat	3.86
			Commissioner (Appeals), Kolkata	1.34

- 10) The accumulated losses of the company exceeds its Net Worth as on 31st March 2012 and the company has incurred cash losses during the current year and in the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- 12) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- 14) The company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

NAGALAND PULP & PAPER COMPANY LIMITED

- 15) According to the information & explanation given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- 16) No term loans have been raised during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- 17) According to the information and explanations given to us, and on overall examination of the Balance Sheet of the company, we report that no funds raised on share-term funds have been used for long term investment and vice versa.
- 18) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The company has not issued any debentures during the year.
- 20) The company has not raised any money by public issue during the year.
- 21) During the course of our examination of the books of accounts of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

For, **ROY ATAL & ATAL**
Chartered Accountants
FRN : 325672E

(S. K. ATAL)
Partner
M. No. : 061729

Place : Jorhat
Date : 06th September, 2012

NAGALAND PULP & PAPER COMPANY LIMITED

**ANNEXURE-II TO THE AUDITORS' REPORT
(Referred to in paragraph 5 of our report of even date)**

- 1) The unit is situated at Tuli on 697.98 acres of Land which is on a 99 years lease commencing from March 1972. Lease Rent in respect of the same has neither been paid nor provided for in the books of accounts.
- 2) Value of inventories (at cost) has been taken at ₹ 250.53 lacs with a corresponding provision for non moving/slow moving items and loss of store of ₹ 241.05 lacs thereby showing a net balance of ₹ 9.48 lacs. This includes a balance of ₹ 0.44 lacs reflected as work-in progress (Unfinished Paper). These have not been physically verified by the management as regards their existence and condition.
- 3) Note- 6 'Other Long Term Liabilities' include an unreconciled balance of ₹ 95,30,681.82 since March 1994.
- 4) During the year, liability/provision on account of Kendriya Vidyalaya School Rent ₹ 10.74 lacs has been written back by the company.
- 5) Long term Loans & Advances in Note 13 includes Loans & Advances to employees ₹ 0.23 lacs out of which ₹ 0.15 lacs are considered doubtful. However, no provision has been made against such doubtful loans and advances.

For, **ROY ATAL & ATAL**
Chartered Accountants
FRN : 325672E

(S. K. ATAL)
Partner
M. No. : 061729

Place : Jorhat
Date : 06th September, 2012

NAGALAND PULP & PAPER COMPANY LIMITED

**COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON
THE ACCOUNTS OF NAGALAND PULP & PAPER COMPANY LIMITED,
NAGALAND FOR THE YEAR ENDED 31ST MARCH, 2012**

The preparation of financial statements of Nagaland Pulp & Paper Company Limited, Nagaland year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 6th September 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Nagaland Pulp & Paper Company Limited for the year ended 31 st March 2012 and as such have no comment to make under Section 619(4) of the Companies Act, 1956.

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

(Nandana Munshi)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board - I
KOLKATA

Place : Kolkata

Dated : 24 September 2012