

BOARD OF DIRECTORS

| | |
|-------------------------------|--|
| Mr. A Issac George | - Chairman |
| Mr. Murali Varadarajan | - Executive Director |
| Dr. P Krishnam Raju | - Independent Director |
| Mr. Illyas Ghouse | - Director (with effect from 12-05-2016) |
| Mr. Syed Ali Naqui | - Director |

| | |
|-----------------|---|
| Auditors | - Brahmayya & Co., 4th Floor, Golden Green Apartment Erramanzil Colony, Somajiguda Hyderabad – 500 082 |
|-----------------|---|

| | |
|--------------------------|---|
| Registered Office | IDA, Phase - II, Patancheru, Medak District - 502 319. Telangana State |
|--------------------------|---|

| | |
|--|---|
| Share Transfer Registrars (for both Physical & Electronic) | XL Softech Systems Limited No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, Ph : 040-23545913/15, Fax : 040-23545914 Email : xlfield@gmail.com |
|--|---|

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circular stating that service of notice/documents etc., can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with Company’s Share Transfer Agent, M/s XL Softech Systems Limited, No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500034

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NOTICE OF THE 31ST ANNUAL GENERAL MEETING

Notice is hereby given that the Thiry First Annual General Meeting of the Shareholders of **NOVOPAN INDUSTRIES LIMITED** will be held at "Paigah House", 156-159, Sardar Patel Road, Secunderabad – 500003, Telangana on **Tuesday, the 20th September, 2016** at 4.30 pm to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March, 2016 and the Balance Sheet as on that date together with the Report of Directors' and Auditor's for the year ended 31st March, 2016.
2. To appoint a Director in the place of Mr. Syed Ali Naqui, Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Brahmayya & Co., Chartered Accountants, Hyderabad (ICAI Registration No.000513S) as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and authorize the Board to fix their remuneration.

Special Business

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, **Mr. Illyas Ghouse (DIN:07480760)** be and is hereby appointed as an **Independent Director** of the Company to hold office for a period of 5 (five) years i.e., 19th September, 2021" who shall not be liable to retire by rotation".

By order of the Board
For Novopan Industries Limited

Syed Ali Naqui
Director
(DIN:01513430)

Place : Hyderabad
Date : 22nd August, 2016

Notes:

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
- b) The instrument appointing the proxy in order to be valid and effective shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- c) Members / Proxies should bring their duly filled in attendance slips sent herewith for attending the meeting.
- d) Members who hold shares in dematerialized form are requested to bring their client ID and DP ID number to facilitate the identification of their attendance at the meeting.
- e) Members whose shareholding is in electronic mode are requested to intimate any change of address and updation of Bank Account details immediately to their respective Depository Participants and whose shareholding is in physical form to intimate such changes to M/s XL Softech Systems Limited - Share Transfer Registrar of the company.
- f) Shareholders seeking any clarification / information on the Annual Accounts are requested to forward his/her queries to the company at least 7 days prior to the meeting so that the required information can be made available at the meeting.
- g) Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participant(s). Members who have not registered their email address with the Company can now register the same by submitting a duly filled-in 'E-communication Registration Form' to M/s.XL Softech Systems Limited or Investor Service Department of the Company. Members holding shares in demat form are requested to register their email address with their Depository Participant(s) only. Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request.
- h) The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address are registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their email address with the Company or Depository

Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.

i) Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means.

The instructions for e-voting are as follows:

- B. Members whose email addresses are registered with the Company / Depository Participant(s) will receive an email from NSDL informing them of their User ID and password. Once the Member receives the email, he or she will need to go through the following steps to complete the e-voting process:
- a. Open email and open the PDF file titled using your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
 - b. Launch your internet browser by typing the following URL: <https://www.evoting.nsd.com>.
 - c. Click on Shareholder – Login.
 - d. Enter the user ID and password (the initial password noted in step (a) above). Click Login.
 - e. The Password change menu will appear. Change the password to a password of your choice. The new password should have a minimum of 8 (eight) digits / characters or combination thereof. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.
 - f. The homepage of e-voting will open. Click on 'e-voting: Active Voting Cycles'.
 - g. Select 'EVEN' (E-Voting Event Number) of Novopan Industries Limited.
 - h. Now you are ready for e-voting as the 'Cast Vote' page opens.
 - i. Cast your vote by selecting the option of your choice and clicking on 'Submit', and also remember to 'Confirm' when prompted.
 - j. Upon confirmation, the message 'Vote cast successfully' will be displayed.
 - k. Once you have voted on a resolution, you will not be allowed to modify your vote.
 - l. Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF / JPG Format) of the relevant Board resolution / authorization letter etc., together with attested specimen signature of the authorized signatory / signatories who are authorized to vote, to the Scrutinizer via e-mail to investor@novopan.in with a copy marked to evoting@nsdl.co.in.
- C. For Members whose email IDs are not registered with the Company / depository participant(s) and who receive the physical postal ballot forms, the following instructions may be noted:
- a. The initial password is provided at the bottom of the Attendance Slip for the AGM.
EVEN (E-Voting Event Number) USER ID PASSWORD/PIN.
 - b. Please follow all the steps from a. to l. mentioned above, to cast your vote successfully.
- D. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) and e voting user manual for Members available in the 'Downloads' section of www.evoting.nsd.com or contact NSDL by email at evoting@nsdl.co.in.
- E. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
- F. If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
- G. The members, whose names appear in the Register of members / list of beneficial owners as on 15th September, 2016, are entitled to vote on the resolutions set forth in this notice.
- a. The e-voting period commences on 17th September, 2016 (Saturday) (9:00 Hours (IST)) and ends on 19th September, 2016 (Monday) (17:00 Hours (IST)). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the relevant date, i.e. 15th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a Member, he or she will not be allowed to change it subsequently.

- b. The voting rights of shareholders shall be in proportion to their shares of the paid up equity shares capital of the company as on the cut-off date of 15th September, 2016.
 - c. A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
 - d. Mr. C Janardhan Reddy, Practicing Company Secretary (Membership No.25282 & Certificate of Practice No.11757) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair & transparent manner.
 - e. The Scrutinizer shall, immediately after the conclusion of voting at General Meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company. Scrutinizer shall within 3 days of conclusion of the meeting submit a consolidated scrutinizer report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing.
 - f. The results along with the Scrutinizers Report shall be placed on the website of the company and on the website of NSDL.
- H. Shareholders are requested to send all communications/clarifications/queries etc., at M/s XL Softech Systems Limited, No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034 the RTA of our Company.

**EXPLANATORY STATEMENT
(Pursuant to Section 102(1) of the Companies Act, 2013)**

The following Explanatory Statement sets out the material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM NO.4

The Board of Directors has appointed Mr. Illyas Ghouse as an Additional Director w.e.f. 12th May, 2016.

In terms of Section 161(1) of the Companies Act, 2013, the aforesaid Additional Director holds office of Director only up to the date of the forthcoming Annual General Meeting.

The company has received a notice pursuant to section 160 of the Companies Act, 2013 along the amount of requisite deposits from the members signifying his intention of propose the appointment of **Mr. Illyas Ghouse (DIN:07480760)** for the office of the **Independent Director** of the Company. The Company has received confirmation in terms of Section 164 of the Companies Act, 2013, Mr. Illyas Ghouse (DIN:07480760) is not disqualified from being appointed as an Independent Director of the Company.

The Company has received a declaration from Mr. Illyas Ghouse (DIN:07480760) that he meets with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013. Mr. Illyas Ghouse (DIN:07480760) possess appropriate skills, experience and knowledge. A copy of the draft letter of appointment for Independent Director, setting out terms and conditions of appointment of Independent Director is available for inspection at the Registered Office of the Company during business hours on any working day.

In the opinion of the Board, Mr. Illyas Ghouse (DIN:07480760) fulfills the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and he is independent of the management.

Brief Profile of Mr. Illyas Ghouse (DIN:07480760)

Mr Ghouse is a graduate in B.Sc., from Bombay University and he was expertise in the fields of General Administrative law, finance, labor laws and business operations apart from Tennis. He was travelled in various countries and was represented India in International Tennis. He has a vision to lead the business in an ethical way helps the company to lead in the better corporate governance. His knowledge and experience in the above fields will help the company in a significant way. Mr Illyas Ghouse is not a relative of the management of the company /Board of Directors.

The Board is of the opinion that his vast knowledge and varied experience will be a great value to the company and hence recommends the Resolutions at item no 4 of this notice for your approval.

None of the Directors, Key Managerial Personnel except Mr. Illyas Ghouse is concerned or interested in the Resolution at 4 of the notice.

Place : Hyderabad
Date : 22nd August, 2016

By order of the Board
For Novopan Industries Limited
Syed Ali Naqui
Director (DIN:01513430)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty First Annual Report and Audited Accounts of your Company, together with the Schedules and Notes thereon, for the Financial Year ended 31st March, 2016.

FINANCIAL RESULTS:

(Rs. in Crores)

| Particulars | 2015-16 | 2014-15 |
|---|---------------|---------|
| Net Turnover | 1.05 | 4.89 |
| Gross Operating Profit (Loss) | (7.14) | (15.87) |
| Less: Interest | 0 | 0 |
| Profit (Loss) Before Dep. & Tax | (7.14) | (15.87) |
| Less: Depreciation | 0.05 | 0.28 |
| Profit/(Loss) Before Extraordinary item | (7.19) | (16.15) |
| Profit/ (Loss) Before Tax | (7.19) | (16.15) |
| Prov for Taxes of earlier years | 1.49 | - |
| Profit (Loss) After Tax | (8.68) | (16.15) |

PERFORMANCE:

As the entire operations of the company has been stopped at all its manufacturing units, there was no revenue from manufacturing activities during the financial year ended 31st March, 2016. However, the Company has executed civil contracts and earned a gross revenue of Rs.1.05 crore during the year as against Rs.4.89 crores during the previous year. Net loss for the year is Rs.8.68 crores, as compared to net loss of Rs.16.15 Crores incurred during the previous year.

OPERATIONS

In line with the Committee's recommendations and decision of the company for the disposal of Plant & Machineries, the Company has obtained the approval from its members and has already disposed of its machineries at all three plants.

DE-LISTING OF EQUITY SHARES OF THE COMPANY

As the members of the company are aware GVK Projects & Technical Services Limited,

promoter of the company (The Acquirer) had made an offer to the public shareholders of the Company for the acquisition and voluntary delisting of fully paid-up equity shares of Rs.10/- each ("Shares") of the Company in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and in accordance with SEBI Delisting Regulations, the Acquirer fixed the exit price at Rs.40/- per Share ("Final Price") calculated by the reverse book building process using the electronic facility of the BSE.

Accordingly, your company had paid final price fixed to the shareholders those who have opted for exit offer process thereby the promoter group's holding in the company increased to 92.05% of equity share capital of the company. Further, w.e.f. 10th November, 2014 the shares are discontinued for trading from the both the listed Stock Exchanges i.e., BSE Ltd and National Stock Exchange of India Ltd.

In accordance with Regulation 21 of the SEBI Delisting Regulations, the Acquirer has provided an exit opportunity (Exit Offer) to the public shareholders who continue to hold shares in the company (Residual Shareholders). The Residual Shareholders of the company could tender their shares to the Acquirer at the Final Price of Rs.40/- per share at any time from November 10, 2014 to till November 9, 2015 (Exit Period), as per the terms and conditions set out in the exit offer letter for the exit offer sent to the Residual Shareholders by the Acquirer.

Promoters are still providing an option to shareholders to exit. If any shareholder is interested in selling / disposing / transferring his/her shares may approach to the Company in writing.

BOARD / COMMITTEE & GENERAL MEETINGS:

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year, the Board of Directors of the Company met four times on 24-06-2015, 20-08-2015, 19-10-2015 & 18-01-2016. The intervening gap between the two consecutive Meetings was within the time gap of 120 days as prescribed under section 173(1) of the Companies Act, 2013.

Attendance of the Board of Directors:

| Name of the Director | Category | Attendance particulars | |
|-----------------------|----------------------|------------------------|----------|
| | | Board Meeting | Last AGM |
| Issac George Anicattu | Director | 4 | Yes |
| Dr. P Krishnam Raju | Independent Director | 4 | No |
| Syed Ali Naqui | Director | 4 | No |
| Murali Varadarajan | Executive Director | 4 | No |
| P Audishesha Reddy * | Independent Director | 4 | Yes |
| Illyas Ghouse @ | Director | 0 | No |
| Y Rama Murty* | Independent Director | 0 | No |

* resigned w e f 19-09-2015

@ Appointed w.e.f.12-05-2016

& Resigned w.e.f. 12.05.2016

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) :
Appointments :

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Syed Ali Naqui will be retiring by rotation at the ensuring Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Illyas Ghouse has been co-opted as an Additional Director on 12th May, 2016 and shall hold the office up to this Annual General Meeting. Your company is in receipt of notice under section 160, 161(1) of the Companies Act, 2013 for his appointment as an Independent Director of the company. The Board recommends the appointment of **Mr. Illyas Ghouse as an Independent Director** of the company to hold office for five consecutive years i.e., upto 19th September, 2021 whose period of office shall not be liable to retire by rotation.

Resignations:

Mr. Y Rama Murty (DIN 00185783) & Mr P Audishesha Reddy (DIN 05300542) have resigned from the office of the Independent Director w.e.f. 19th September,

2015 and 12th May, 2016 respectively. The Board places on record its appreciation for the valuable services rendered by Mr. Y Rama Murty and Mr. P Audishesha Reddy.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and ability confirm that:

- the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year ended 31st March, 2016;
- the Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors prepared the annual accounts for the financial year ended 31st March, 2016, on a going concern basis.

Evaluation of Board's Performance:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committee.

The performance evaluation of the Board was carried out during the year under review. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committee, Board culture execution and performance of specific duties, obligations and governance.

Remuneration Policy:

The Board on recommendation of the Nomination & Remuneration Committee framed a policy at group level for selection and appointment of Directors, Senior Management and their remuneration.

As per the provisions of the company, the Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the company, if any introduced by the Company in future.

Board Committees:**Audit Committee**

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting process, reviewing the Company's established system and processes for internal financial controls, governance and reviewing the Company's Statutory and internal audit activities.

Nomination & Remuneration Committee

In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing "Remuneration Committee" as "Nomination & Remuneration Committee".

The Chairman of the Board of Directors informed that some of the Directors had already relinquished the right of drawing sitting fees as the company has closed its operations during 2010. Considering the financial health of the company the Nomination and Remuneration Committee has recommended that no sitting fees will be paid to Directors and its sub-committee members of the Board and the same is agreed unanimously by the Board of Directors.

NOMINATION AND REMUNERATION POLICY

The objectives of the Policy

- 1) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.

- 2) To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies.
- 3) To carry our evaluation of the performance of Directors,
- 4) To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB SECTION 6 OF SECTION 149

The Independent Directors have submitted the declaration of independence, as required pursuant to section 149(6) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub section 6.

Nomination and Remuneration Committee consists of the following directors namely Dr. P Krishnam Raju, Chairman, Mr. Syed Ali Naqui & Mr. Illyas Ghouse, Members of the Committee.

Brief description of terms of reference:

- Identifying persons who are qualified to become directors and
- Identifying persons who may be appointed as Key Managerial Person, senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;
- Carry on the evaluation of every director's performance;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- Recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity; and

- Any other matter as the Board may decide from time to time.
The Brief Policy for Selection of Directors and determining Directors' independence is annexed to this report.

RELATED PARTY TRANSACTIONS:

All related party transaction entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and also Board for approval. Prior omnibus approval of the Members/Board/Audit Committee is obtained on regular /need basis for the transactions which are of a foreseen and repetitive nature.

None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

DIVIDEND:

In view of closure of operations and losses incurred during the financial year 2015-16, no dividend is recommended by the Board of Directors.

FIXED DEPOSITS:

During the year under review, your company has neither invited nor accepted any deposits from the public.

STATUTORY AUDITORS:

M/s Brahmayya & Co., Chartered Accountants, Hyderabad, Statutory Auditors of the company retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. Your Directors propose the re-appointment of M/s. Brahmayya & Co., as

Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

During the period under review, there are no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the company and its future operations.

SUBSIDIARY / ASSOCIATE COMPANIES:

During the year under review, no company has become/ceased as subsidiary/associate to the company.

PARTICULARS OF EMPLOYEES:

During the period under review, there were no such employees whose particulars are required to be given under the provisions of the Companies Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:

The information relating to Conversion of Energy, Technology Absorption, Foreign Exchange earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is as per Annexure – A and forms part of this report. It may be noted that there was no expenditure on account of technology absorption during the year 2015-16.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **"Annexure - B"**.

ACKNOWLEDGEMENTS:

Your Directors would also like to take this opportunity to express their sincere appreciation for the valuable support of the Customers, Dealers and Traders and the trust and confidence reposed by the valued shareholders in the Company.

By order of the Board
For Novopan Industries Limited
Syed Ali Naqui
Director (DIN:01513430)

Place : Hyderabad
Date : 22nd August, 2016

Annexure-A

Particulars as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo.

| Particulars | Current Year | Previous Year |
|---|---------------------|----------------------|
| A. Disclosure of Particulars with respect to Conservation of Energy, Power and Fuel Consumption: | | |
| 1 ELECTRICITY | | |
| a) Purchased Units (in Lacs) | 0.42 | 1.56 |
| Total Amount (Rs. in Lacs) | 3.23 | 14.16 |
| (including demand charges) | | |
| Rate / Unit (₹) | 7.69 | 9.07 |
| b) Own Generation | | |
| i) Through Diesel Generator | | |
| No of Units in lacs | - | - |
| Units / Litre of Diesel | - | - |
| Cost / Unit (₹) | - | - |
| ii) Through Steam Turbine | NIL | NIL |
| 2 COAL | | |
| Quantity (MT) | NIL | NIL |
| Total Cost (₹ in lacs) | NIL | NIL |
| Average Rate | NIL | NIL |
| 3 OTHERS | | |
| Consumption per unit of Production Electricity (Unit/ Sq. Mtr.) | - | - |
| Coal (Kgs./ Sq. Mtr.) | NIL | NIL |
| B. Disclosure of particulars to foreign exchange earnings and outgo: (Rs.in lacs) | | |
| Foreign Exchange outgo during the current accounting period | NIL | NIL |
| Foreign Exchange Earnings | NIL | NIL |

ANNEXURE B
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31-03-2016

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

FORM MGT-9
I. REGISTRATION AND OTHER DETAILS:

| | | |
|--|---|---|
| CIN | : | L55101TG1984PLC004941 |
| Registration Date | : | 31st August 1984 |
| Name of the Company | : | Novopan Industries Limited |
| Category/Sub category of the Company | : | Company having share capital |
| Address of the Registered Office and | : | IDA, Phase II, Patancheru, Medak District Telangana - 502319/Tel No 040-27902663 |
| Whether Listed company | : | No |
| Name address and contact details of Registrar and Transfer Agent, if any | : | XL Softech Systems Ltd No 3, Sagar Society, Road No.2 Banjara Hills, Hyderabad - 500034 Phone No 040-23542914/15 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be state:-

| Name and Description of main product /service | NIC Code of the product /service | % of total turnover of the company |
|---|----------------------------------|------------------------------------|
| Manufacturing of Particle Boards | 16212 | NIL |

III. PARTICULARS OF HOLDING COMPANY: Not Applicable
IV. SHAREHOLDING PATTERN (Equity share capital Breakup as percentage of Total Equity):
i. Category - wise shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the beginning of the year | | | | % of Change During the year |
|---|---|----------|----------|------------|---|----------|----------|------------|-----------------------------|
| | Demat | Physical | Total | % of Total | Demat | Physical | Total | % of Total | |
| A. PROMOTERS | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | 900 | 0 | 900 | 0.01 | 38077746 | 0 | 38077746 | 97.86 | 97.86 |
| b) Bodies Corp | 38008762 | 0 | 38008762 | 97.68 | 16920 | 0 | 16920 | 0.04 | -97.82 |
| Sub-total(A)(1):- | 38009662 | 0 | 38009662 | 97.69 | 38094666 | 0 | 38094666 | 97.90 | 0.21 |
| 2) Foreign | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A)(2):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 170 | 170 | 0 | 0 | 170 | 170 | 0 | 0 |
| b) Banks / FI | 0 | 340 | 340 | 0 | 0 | 340 | 340 | 0 | 0 |
| Sub-total (B)(1) | 0 | 510 | 510 | 0 | 0 | 510 | 510 | 0 | 0 |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| (i) Indian | 70067 | 8536 | 78603 | 0.20 | 39903 | 7764 | 47667 | 0.12 | -0.08 |
| b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 518321 | 137868 | 656189 | 1.69 | 514225 | 132576 | 646801 | 1.66 | -0.03 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 128778 | 0 | 128778 | 0.33 | 85972 | 0 | 85972 | 0.22 | -0.11 |
| c) Others (NRI) | 7275 | 28936 | 36211 | 0.09 | 7643 | 26694 | 34337 | 0.09 | 0 |
| Sub-total (B)(2) | 724441 | 175340 | 899781 | 2.31 | 647743 | 167034 | 814777 | 2.09 | -0.22 |
| Total Public Shareholding | | | | | | | | | |
| (B)=(B)(1)+ (B)(2) | 724441 | 175850 | 900291 | 2.31 | 647743 | 167544 | 815287 | 2.10 | -0.21 |
| Grand Total(A+B+C) | 38734103 | 175850 | 38909953 | 100 | 38442409 | 167544 | 38909953 | 100 | 0 |

ii) Shareholding of Promoters

| Sl. No. | Shareholders Name | No. of Shares held at the beginning of the year | | | No. of Shares held at the beginning of the year | | | % change in share holding |
|---------|---|---|----------------------------------|--|---|----------------------------------|--|---------------------------|
| | | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1. | G V Krishna Reddy | 100 | 0 | 0 | 5714497 | 14.69 | 0 | 14.69 |
| 2. | G Indira K Reddy | 100 | 0 | 0 | 3809616 | 9.79 | 0 | 9.79 |
| 3. | G V Sanjay Reddy | 100 | 0 | 0 | 8571721 | 22.03 | 0 | 22.03 |
| 4. | G Apama Reddy | 100 | 0 | 0 | 8571721 | 22.03 | 0 | 22.03 |
| 5. | Krishna Ram Bhupal | 100 | 0 | 0 | 5695694 | 14.64 | 0 | 14.64 |
| 6. | Shalini Bhupal | 100 | 0 | 0 | 5714497 | 14.69 | 0 | 14.69 |
| 7. | Shriya Bhupal | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. | G V Keshav Reddy | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. | G Mallika Reddy | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. | GVK Projects & Technical Services Limited | 38009662 | 97.69 | 0 | 16920 | 0.04 | 0 | -97.65 |
| | Total | 38009662 | 97.69 | 0 | 38094666 | 97.90 | 0 | 0.21 |

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

| Sr. No | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | 38009662 | 97.69 | 38009662 | 97.69 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / Decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | | | |
| | Date Reason | | | | |
| | 06.06.2015 Delisting Offer | 32367 | 0.083 | 38042029 | 97.77 |
| | 04.07.2015 Delisting Offer | 2967 | 0.007 | 38044996 | 97.78 |
| | 05.11.2015 Delisting Offer | 948 | 0.002 | 38045944 | 97.78 |
| | 09.12.2015 Delisting Offer | 31802 | 0.081 | 38077746 | 97.86 |
| | 22.01.2016 Delisting Offer | 138 | 0.001 | 38077884 | 97.86 |
| | 04.02.2016 Delisting Offer | 3658 | 0.009 | 38081542 | 97.87 |
| | 09.02.2016 Delisting Offer | 13124 | 0.034 | 38094666 | 97.90 |
| | At the End of the year | | | 38094666 | 97.90 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment : Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager : Nil

B. Remuneration to other directors : Nil

C. Remuneration to Key Managerial Personnel Other Than MD/Manager / WTD :Nil

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : Nil

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Novopan Industries Limited**Report on the Financial Statements**

- 1) We have audited the accompanying financial statements of **Novopan Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

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

Emphasis of Matters

9) We draw attention to the following matter in the notes to the Financial Statements :

Note 25 and Note 26 in the financial statements which indicates that the Company has closed manufacturing activity of particle Board and disposed of the plant and machinery and also declared voluntary retirement to its employees. These conditions, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- 10) As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 11) As required by Section 143 (3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the financial statements;
 - The Company did not have any long-term contracts including derivative contracts as at 31st March, 2016. Therefore, provision for any material foreseeable losses doesn't arise.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Brahmayya & Co.**
Firm's Registration Number: 000513S
Chartered Accountants

(S.Satyanarayana Murthy)

Partner

Membership Number: 023651

Place : Hyderabad

Date : 22nd August, 2016

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of **Novopan Industries Limited** on the financial statements for the year ended March 31, 2016

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) According to the information and explanation given to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the title deeds of immovable properties included in fixed assets register are held in the name of the company.
- (ii) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed in respect of such verification.
- (iii) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of Clause 3(iii)(a), (b) and (c) of the said Order are not applicable to the Company.
- (iv) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company has not granted any loans or made any investments, or provided any guarantees or securities to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- (v) According to the information and explanation given to us and the records of the Company examined by us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, the provisions of Clause 3(v) of the said Order are not applicable to the Company.
- (vi) Since the Company stopped manufacturing activity and is disposed off its undertaking(s), maintenance of cost records under section 148(1) of the Companies Act, 2013 are not applicable.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. As informed to us, the provisions relating to excise duty are not applicable to the Company;
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, value added tax, cess and other material statutory dues were outstanding, at the yearend 31st March, 2016, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax and value added tax, service tax and cess which have not been deposited on account of any dispute. The particulars of dues of income tax, excise duty and customs duty as at March 31, 2016, which have not been deposited on account of a dispute, are as follows:

| Nature of the Dues | Amount Rs. (in Lakhs) | Period to which the amount relates | Forum in which the dispute is pending |
|--|------------------------------|---|---|
| Income tax Act, 1961 | 20.37 | Asst Year 2003-2004 | Income Tax Appellate Tribunal, Hyderabad |
| The Central Excise Act, 1944 | 36.27 | 2006-2007 | Hon'ble High Court of Andhra Pradesh and Telengana |
| | 18.90 | 2003 to 2009 | Custom Excise & Service Tax Appellate Tribunal, Bangalore |
| The Customs Act, 1962 | 66.08 | 2004-2005 | Custom Excise & Service Tax Appellate Tribunal, Bangalore |
| Service Tax, Finance Act, 1994 | 6.40 | 2010-2011 | Custom Excise & Service Tax Appellate Tribunal, Bangalore |
| | 18.07 | 2008-2011 | Custom Excise & Service Tax Appellate Tribunal, Bangalore |
| | 25.22 | 2006-2010 | Commissioner Customs, Central Excise and Service Tax, Hyderabad - 1 |
| | 32.38 | 2005-2010 | Commissioner Customs, Central Excise and Service Tax, Hyderabad - 1 |
| The Employees Provident Funds and Miscellaneous Provisions (Amendment) Act, 1996 | 7.62 | 2006-2009 | Employees Provident Fund Appellate Tribunal, New Delhi |
| Forest Department of Andhra Pradesh - Royalty | 33.19 | 1980-1984 | Forest Department of Andhra Pradesh |

- (viii) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the company has neither obtained / availed any loans or borrowings from financial institutions, banks, Government nor issued any debenture. Accordingly, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- (ix) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the 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/material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, as the managerial personnel of the Company are not paid any remuneration the provisions of section 197 read with Schedule V to the Companies Act is not applicable for the year.
- (xii) In our opinion, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Therefore, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

- (xiii) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the transactions by the Company with related parties are in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the notes to the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **BRAHMAYYA & CO.,**
Firm Regn.No:000513S
Chartered Accountants.
(S.Satyanarayana Murthy)
Partner
Membership No:023651

Place : Hyderabad
Date : 22nd August, 2016

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11.g. of the Independent Auditors' Report of even date to the members of **Novopan Industries Limited** on the financial statements for the year ended March 31, 2016.

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

To the Members of **Novopan Industries Limited**

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

Management's Responsibility for Internal Financial Controls

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **BRAHMAYYA & CO.**,
Firm Regn.No:000513S
Chartered Accountants.
(S.Satyanarayana Murthy)
Partner
Membership No:023651

Place : Hyderabad
Date : 22nd August, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

| Particulars | Note No. | As at 31 st March, 2016 | | As at 31 st MARCH, 2015 | |
|--|----------|------------------------------------|---------------------|------------------------------------|---------------------|
| | | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ |
| Equity and Liabilities | | | | | |
| Shareholders' funds | | | | | |
| Share capital | 3 | 38,90,99,530 | | 38,90,99,530 | |
| Reserves and surplus | 4 | (11,89,28,159) | | (3,20,86,944) | |
| | | | 27,01,71,371 | | 35,70,12,586 |
| Current liabilities | | | | | |
| Trade payables - dues of : | 5 | | | | |
| : micro and small enterprises (Refer Note 24) | | - | | - | |
| : creditors other than micro and small enterprises | | 3,97,93,892 | | 4,74,40,630 | |
| Other current liabilities | 6 | 40,66,293 | | 85,77,795 | |
| | | | 4,38,60,185 | | 5,60,18,425 |
| Total | | | 31,40,31,556 | | 41,30,31,011 |
| Assets | | | | | |
| I. Non-current assets | | | | | |
| Tangible fixed assets | 7 | 27,65,61,405 | | 27,60,76,545 | |
| Non-current investments | 8 | - | | 4,77,900 | |
| Other non-current assets | 9 | 37,66,221 | | 37,66,221 | |
| | | | 28,03,27,626 | | 28,03,20,666 |
| II. Current assets | | | | | |
| Current investments | 10 | 50,00,000 | | 25,00,000 | |
| Inventories | 11 | 2,06,68,665 | | 10,10,30,382 | |
| Trade receivables | 12 | 43,401 | | 43,401 | |
| Cash and Bank Balances | 13 | 41,66,400 | | 26,92,914 | |
| Short-term loans and advances | 14 | 38,22,151 | | 2,17,32,901 | |
| Other current assets | 15 | 3,313 | | 47,10,747 | |
| | | | 3,37,03,930 | | 13,27,10,345 |
| Total | | | 31,40,31,556 | | 41,30,31,011 |
| General Information | 1 | | | | |
| Summary of Significant Accounting Policies | 2 | | | | |

The accompanying Notes form an integral part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

for BRAHMAYYA & CO.

Firm Regn No. : 000513S

Chartered Accountants

(S.SATYANARAYANA MURTHY)

Partner

Membership No:023651

MURALI VARADARAJAN

Executive Director

S A NAQUI

Director

Place : Hyderabad

Date : 22nd August, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

| Particulars | Note No. | Current Year ₹ | Previous Year ₹ |
|---|----------|-----------------------------|------------------------------|
| Revenue | | | |
| Revenue from operations | 16 | 1,04,74,600 | 4,88,67,867 |
| Other income | 17 | 2,79,45,419 | 1,16,60,276 |
| Total Revenue | | <u>3,84,20,019</u> | <u>6,05,28,143</u> |
| Expenses | | | |
| Finance costs | 18 | 1,224 | 5,876 |
| Depreciation | 7 | 5,46,021 | 28,21,235 |
| Other expenses | 19 | 10,97,97,791 | 21,91,85,039 |
| Total expenses | | <u>11,03,45,036</u> | <u>22,20,12,150</u> |
| Loss before tax | | (7,19,05,017) | (16,14,84,007) |
| Tax expense: | | | |
| Current tax | | - | - |
| Earlier Years | | 1,49,16,198 | 20,196 |
| Loss for the year | | <u>(8,68,41,215)</u> | <u>(16,15,04,203)</u> |
| Earnings per equity share | | | |
| Basic and Diluted | 22 | (2.23) | (4.15) |
| General Information | 1 | | |
| Summary of Significant Accounting Policies | 2 | | |

The accompanying notes to Accounts form an integral part of the statement of Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

for BRAHMAYYA & CO.

Firm Regn No. : 000513S

Chartered Accountants

(S.SATYANARAYANA MURTHY)

Partner

Membership No:023651

MURALI VARADARAJAN

Executive Director

S A NAQUI

Director

Place : Hyderabad

Date : 22nd August, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

| Particulars | Current Year (₹) | Previous Year (₹) |
|--|----------------------|-----------------------|
| A. Cash flow from operating activities | | |
| Net Loss before tax | (7,19,25,017) | (16,14,84,007) |
| Adjustments for: | | |
| Depreciation | 5,46,021 | 28,21,235 |
| Interest earned | (8,46,850) | (28,99,413) |
| Provision and Excess Credit Balance credited back | (2,63,74,273) | (48,56,498) |
| Income Tax Refund received | - | (31,99,901) |
| Income from Mutual Funds | (4,19,684) | - |
| Interest paid | 1,224 | 5,876 |
| Bad debts written off | - | 22,40,433 |
| Advances, Debit balances, Deposits and Investments written off | 320 | 12,49,238 |
| Loss on sale of Fixed Assets | - | 6,54,92,936 |
| Investments written off | 4,77,900 | - |
| Loss on assets held for disposal | 3,53,866 | 8,04,35,743 |
| Loss on sale of Raw Materials | 70,54,297 | 92,766 |
| Loss on sale of stores | 3,47,31,795 | - |
| Provision for obsolete Inventory | 5,55,00,000 | 2,45,57,337 |
| Operating Profit before working capital changes | (9,00,401) | 44,55,745 |
| Adjustments for: | | |
| Increase / (Decrease) in Trade payables | (73,95,824) | 4,15,56,732 |
| Increase / (Decrease) in Other current liabilities | (41,81,645) | (11,69,76,697) |
| Increase / (Decrease) in Short term provisions | - | (1,80,326) |
| (Increase) / Decrease in Trade receivables | - | 38,63,368 |
| (Increase) / Decrease in Short term loans & advances | 47,894 | 28,88,723 |
| (Increase) / Decrease in Inventories | 38,38,300 | (33,24,413) |
| (Increase) / Decrease in Other Current Assets and Other non-current assets | - | 14,44,507 |
| Cash generation from Operations | (85,91,676) | (6,62,72,361) |
| Less: Income Tax Paid (net of refund) | 29,46,338 | 51,63,292 |
| Net cash used in operating activities | (56,45,338) | (6,11,09,069) |
| B. Cash flow from Investing activities | | |
| Interest received | 8,46,772 | 33,75,045 |
| Purchase of Investments | (50,00,000) | (25,00,000) |
| Redemption of investments | 29,19,684 | - |
| Purchase of Fixed Assets | (10,30,881) | - |
| Increase in Fixed deposits | (11,423) | (11,651) |
| Proceeds from Sale of Inventory | 50,30,827 | - |
| Proceeds from Sale of Assets | 43,53,646 | 6,02,93,996 |
| Net cash flow from Investing activities | 71,08,625 | 6,11,57,390 |
| C. Cash flow from financing activities | | |
| Interest paid | (1,224) | (5,876) |
| Dividends paid | - | (450,615) |
| Net cash used in financing activities | (1,224) | (456,491) |
| Net increase / (decrease) in cash & cash equivalents | 14,62,063 | (4,08,170) |
| Cash & cash equivalents at the beginning of the year | 25,52,221 | 29,60,391 |
| Cash & cash equivalents at the end of the year | 40,14,284 | 25,52,221 |

As per our report of even date

For and on behalf of the Board of Directors

for BRAHMAYYA & CO.

Firm Regn No. : 000513S

Chartered Accountants

(S.SATYANARAYANA MURTHY)

Partner

Membership No:023651

MURALI VARADARAJAN

Executive Director

S A NAQUI

Director

Place : Hyderabad

Date : 22nd August, 2016

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**1. General Information**

Novopan Industries Limited (“the company”) was incorporated on 31st August, 1984 as per the provisions of the Companies Act, 1956. The Company is in the business of production and sale of Plain & Melamine Faced Particle Boards and undertaking contracts.

The Company was a subsidiary of GVK Projects & Technical Services Limited up to 28th January, 2016.

2. Summary of Significant Accounting Policies**a. Basis of preparation of Financial Statements:**

The financial statements have been prepared to comply in all material respects with accounting principles generally accepted in India and the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 (the Act), read with rule 7 of The companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the Sale of goods or Service rendered and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in India requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

c. Exceptional and Extraordinary Items

(i) **Exceptional Items:** Items of income and expense from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the year, the nature and amount of such items are disclosed separately as exceptional items.

(ii) **Extraordinary Items:** Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and which are not expected to recur frequently or regularly.

d. Revenue Recognition:

(i) The income from sale of goods is recognised as and when sales are made. Sales are inclusive of all Taxes, Duties and other charges and net of Trade Discounts and Rebates.

(ii) Contract income is recognised based on work executed and is exclusive of taxes collected.

(iii) Insurance claims are accounted for on admission by the authorities or on settlement.

e. Fixed Assets:

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss. Cost of acquisition of fixed assets is inclusive of freight, net of duty/tax credits availed, if any, incidental expenses relating thereto and the cost of installation/erection. Financing costs relating to acquisition of fixed assets which takes substantial period of time to make them ready for intended use are also included to the extent they relate to the period upto such assets are ready for their intended use.

f. Depreciation:

Depreciation on tangible fixed assets is provided under written down value method for Patancheru unit and on straight line method for Resin unit as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013 except for the assets individually costing Rs 5,000/- or less, which are fully depreciated in the year of acquisition.

g. Impairment of Assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generation unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

h. Inventories:

- (i) Finished goods are stated at cost or realizable value whichever is less.
- (ii) Work-in- process is stated at Cost.
- (iii) Raw materials, Packing Materials and Stores and Spares are stated at cost on Weighted Average method less provision for obsolescence, if any.

i. Foreign Exchange Fluctuation:

- (i) **Initial recognition:** Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction.
- (ii) **Translation:** At the year end all monetary assets and liabilities in foreign currency are restated at the rate prevailing at the year end.
- (iii) **Exchange Differences:** Any gain or loss on translation or settlement of transaction is recognised in the statement of profit and loss.

j. Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Long term Investments are stated at cost. Provision is made for diminution in value of investments only if such decline is other than temporary. Current Investments are carried at lower of cost and fair value determined on an Individual Investment basis.

k. Borrowing Costs:

- (i) Borrowing costs directly attributable to the acquisition, construction / erection of qualifying assets, construction / erection of an asset that necessarily takes a substantial period of time to make them ready for its intended use are capitalized as part of the cost of the respective asset.
- (ii) All other borrowing costs are charged to revenue as and when incurred.

l. Earnings per share

- (i) **Basic earnings per share:** Basic earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity share holders by weighted average number of equity shares outstanding during the year.
- (ii) **Diluted earnings per share:** Diluted earnings per share is calculated by dividing the net profit or loss for the year after tax attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.

m. Taxes on Income

Tax expense comprising of current and deferred tax, are considered in the determination of the net profit or loss for the year.

- (i) **Current tax:** Provision for current tax, estimated to arise on the profit for the year is made at the current rate of tax in accordance with the Income-tax Act, 1961.
- (ii) **Deferred Tax:** In accordance with the Accounting Standard - 22, Accounting for taxes on income, the company recognises deferred tax liability in the accounts. Deferred tax reflects the impact of timing differences between taxable income and accounting income. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax asset is recognised only to the extent there is virtual certainty that sufficient taxable income will be available in future against which such deferred tax asset can be realised.

n. Provisions and Contingencies

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a probable obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, and such liability that may arise is termed as a contingent liability.

o. Cash Flow Statement:

Cash Flow Statement has been prepared under indirect method as set out in the "Accounting Standard (AS) 3: Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE NO. 3
SHARE CAPITAL

| Particulars | As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|---|------------------------------------|---------------------|------------------------------------|---------------------|
| | Number of shares | ₹ | Number of shares | ₹ |
| Authorised: | | | | |
| Equity Shares of ₹ 10/- each. | 5,00,00,000 | 50,00,00,000 | 5,00,00,000 | 50,00,00,000 |
| Total | 5,00,00,000 | 50,00,00,000 | 5,00,00,000 | 50,00,00,000 |
| Issued, subscribed and paid up: | | | | |
| Equity Shares of ₹10/- each fully paid up | 3,89,09,953 | 38,90,99,530 | 3,89,09,953 | 38,90,99,530 |
| | 3,89,09,953 | 38,90,99,530 | 3,89,09,953 | 38,90,99,530 |
| Total | 3,89,09,953 | 38,90,99,530 | 3,89,09,953 | 38,90,99,530 |

i) Out of the above 16,920 (31.03.2015: 38,008,762) Equity shares are held by GVK Projects & Technical Services Limited.

ii) Details of share holders holding morethan 5% of total number of shares

| Name of the Share Holder | As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|---|------------------------------------|-------|------------------------------------|-------|
| | Number of shares | % | Number of shares | % |
| Shri G V Krishna Reddy | 57,14,497 | 14.69 | - | - |
| Smt G Indira Krishna Reddy | 38,09,616 | 9.79 | - | - |
| Smt G Aparna Reddy | 85,71,721 | 22.03 | - | - |
| Mrs Shalini Bhupal | 57,14,497 | 14.69 | - | - |
| Mr Krishnaram Bhupal | 56,95,694 | 14.64 | - | - |
| Mr G V Sanjay Reddy | 85,71,721 | 22.03 | - | - |
| GVK Projects & Technical Services Limited | 16,920 | 0.04 | 3,80,08,762 | 97.68 |

iii) Reconciliation of Number of Shares Outstanding:

| Particulars | As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|--|------------------------------------|---------------------|------------------------------------|---------------------|
| | Number of shares | ₹ | Number of shares | ₹ |
| Equity Shares | | | | |
| Balance at the beginning of the year | 3,89,09,953 | 38,90,99,530 | 1,19,09,953 | 11,90,99,530 |
| Add: (Refer Note 27) | | | | |
| Conversion of 10% Redeemable | - | - | 1,25,00,000 | 12,50,00,000 |
| Non-Cumulative Preference shares of ₹ 10/-each | - | - | 1,45,00,000 | 14,50,00,000 |
| Conversion of loan during the year | - | - | - | - |
| Balance at the end of the year | 3,89,09,953 | 38,90,99,530 | 3,89,09,953 | 38,90,99,530 |
| Preference Shares | | | | |
| Balance at the beginning of the year | - | - | 2,50,00,000 | 25,00,00,000 |
| Less: Converted to Equity shares of Rs 10/- each (Refer Note 27) | - | - | 2,50,00,000 | 25,00,00,000 |
| Balance at the end of the year | - | - | 2,50,00,000 | 25,00,00,000 |
| Total | 3,89,09,953 | 38,90,99,530 | 3,89,09,953 | 38,90,99,530 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
iv) Rights, preferences and restrictions attached to shares Including declaration of dividend:

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

NOTE NO. 4
RESERVES AND SURPLUS

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|--|--|--|
| Capital Reserves | | |
| Balance at the beginning of the year | 27,480 | 27,480 |
| Balance at the end of the year | <u>27,480</u> | <u>27,480</u> |
| Securities Premium Account | | |
| Balance at the beginning of the year | 27,00,00,000 | 27,00,00,000 |
| Balance at the end of the year | <u>27,00,00,000</u> | <u>27,00,00,000</u> |
| Revaluation Reserve | | |
| Balance at the beginning of the year | 26,05,29,103 | 28,73,28,873 |
| Withdrawal on account of sale revalued land and buildings | - | 2,67,99,770 |
| Balance at the end of the year | <u>26,05,29,103</u> | <u>26,05,29,103</u> |
| General Reserve: | | |
| Balance at the beginning of the year | 4,43,44,268 | 5,01,92,187 |
| Less: Additional depreciation consequent to the adoption of the Schedule II to the Companies act, 2013 | - | 58,47,919 |
| Balance at the end of the year | <u>4,43,44,268</u> | <u>4,43,44,268</u> |
| Central and State Subsidies: | | |
| Balance at the beginning of the year | 15,00,000 | 15,00,000 |
| Balance at the end of the year | <u>15,00,000</u> | <u>15,00,000</u> |
| Surplus in Statement of Profit and Loss | | |
| Balance at the beginning of the year | (60,84,87,795) | (44,69,83,592) |
| Add: Loss for the year | (8,68,41,215) | (16,15,04,203) |
| Balance at the end of the year | <u>(69,53,29,010)</u> | <u>(60,84,87,795)</u> |
| Total | <u>(11,89,28,159)</u> | <u>(3,20,86,944)</u> |

NOTE NO. 5
TRADE PAYABLES

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|---|--|--|
| Dues to : Small and Micro Enterprises * | - | - |
| : Creditors others than Small and Micro Enterprises | 3,97,93,892 | 4,74,40,630 |
| Total | <u>3,97,93,892</u> | <u>4,74,40,630</u> |

* Based on the information available with the company, Refer Note : 24

NOTE NO. 6
OTHER CURRENT LIABILITIES

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|----------------------------------|--|--|
| Liabilities for : expenses | 32,94,611 | 32,23,745 |
| : Other finance | 19,215 | 10,19,453 |
| Deposits refundable | 90,000 | 1,50,000 |
| Advances received from customers | 6,62,467 | 2,77,072 |
| : against sale of fixed assets | - | 39,07,525 |
| Total | <u>40,66,293</u> | <u>85,77,795</u> |

TANGIBLE FIXED ASSETS
NOTE NO. 7

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | |
|-------------|------------------------------|------------------------------|----------------------------------|------------------------------|----------------------------|------------------------------------|------------------|------------------------------|------------------------------|
| | As at 31.03.2015 | Additions during the year | Deductions during the year | As at 31.03.2016 | Up to 31.03.2015 | for the year (Refer Note 33) | On deductions | As at 31.03.2016 | As at 31.03.2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Land | 270,375,661 (359,666,340) | - | - | 270,375,661 (270,375,661) | - | - | - | 270,375,661 (270,375,661) | 270,375,661 (359,666,340) |
| Buildings | 50,983,545 (94,231,737) | 1,030,881 | (43,248,192) | 52,014,426 (50,983,545) | 45,282,661 (51,004,672) | 546,021 (8,669,154) | (14,391,165) | 6,185,744 (5,700,884) | 5,700,884 (43,227,065) |
| Total | 321,359,206 (453,898,077) | 1,030,881 | - | 322,390,087 (321,359,206) | 45,282,661 (51,004,672) | 546,021 (8,669,154) | (14,391,165) | 276,561,405 (276,076,545) | 276,076,545 (402,893,405) |

Note : Depreciation charged to Statement of Profit and Loss is net of Rs Nil (2014-15: Rs 58,47,919/-) transferred to General Reserve being the additional depreciation consequent to the adoption of the Schedule II to the Companies act, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE NO. 8
NON-CURRENT INVESTMENTS

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|---|--|--|
| Non Trade, Unquoted | | |
| NIL (2015: 46,498) Equity Shares of ₹ 10/- each fully paid in Patancheru Envirotech Limited | - | 4,77,900 |
| Total | - | 4,77,900 |
| Aggregate amount of unquoted investments | - | 4,77,900 |

NOTE NO. 9
OTHER NON-CURRENT ASSETS

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|-----------------------------------|--|--|
| Unsecured, Considered Good | | |
| Deposits recoverable | 37,66,221 | 37,66,221 |
| Total | 37,66,221 | 37,66,221 |

NOTE NO. 10
CURRENT INVESTMENTS

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|---|--|--|
| Non Trade, Unquoted | | |
| Investments in Preference Shares: 5,00,000(2015:NIL) Shares of 7% Redeemable Non-Convertible Non-cumulative Preference Shares of Rs 10/- each in Cygnus Real Estates Private Limited | 50,00,000 | - |
| Investments in Mutual funds NIL (2015:1,45,651 units of Rs.10/-each in DWS Cash Opportunities Fund Growth (NAV Rs.18.69 per unit) | - | 25,00,000 |
| Total | 50,00,000 | 25,00,000 |
| Aggregate amount of unquoted investments | 50,00,000 | 25,00,000 |

NOTE NO. 11
INVENTORY

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|---|--|--|
| (as valued and certified by the management) | | |
| Raw materials (at cost) | 12,81,84,287 | 13,73,46,180 |
| Less: Provision for Obsolete Inventory | 10,75,15,622 | 5,54,15,832 |
| Total (a) | 2,06,68,665 | 8,19,30,348 |
| Stores and spares | - | 3,76,55,026 |
| Less: Provision for Obsolete Inventory | - | 2,23,93,292 |
| Total (b) | - | 1,52,61,734 |
| Work-in-progress (c) | - | 38,38,300 |
| Total (a+b+c) | 2,06,68,665 | 10,10,30,382 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE NO. 12
TRADE RECEIVABLES

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|---|--|--|
| Outstanding for a period exceeding six months from due date | | |
| Unsecured, Considered Good | 43,401 | 43,401 |
| Doubtful | <u>15,22,938</u> | <u>15,22,938</u> |
| | 15,66,339 | 15,66,339 |
| Less: Provision for bad and doubtful debts | <u>15,22,938</u> | <u>15,22,938</u> |
| Total | <u>43,401</u> | <u>43,401</u> |

NOTE NO. 13
CASH AND CASH EQUIVALENTS

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|--|--|--|
| Cash Equivalents | | |
| Balances with banks | 40,14,284 | 25,52,221 |
| Other Bank Balances | | |
| Fixed deposits (maturing within 12 months) | <u>1,52,116</u> | <u>1,40,693</u> |
| Total | <u>41,66,400</u> | <u>26,92,914</u> |

NOTE NO. 14
SHORT-TERM LOANS AND ADVANCES

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|---|--|--|
| Unsecured, Considered Good | | |
| Advance tax and Tax deducted at Source (net of Provisions) | 18,68,925 | 1,98,88,114 |
| Tax deducted at Source | 16,11,570 | 14,54,917 |
| Balances with Government Authorities | 38,276 | 89,870 |
| Deposits recoverable | 3,00,000 | 3,00,000 |
| Advance for Expenses | <u>3,380</u> | <u>-</u> |
| Total | <u>38,22,151</u> | <u>2,17,32,901</u> |

NOTE NO. 15
OTHER CURRENT ASSETS

| Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|--|--|--|
| Interest accrued | 3,313 | 3,235 |
| Assets held for disposal at realisable value (Refer Note No 25) | <u>-</u> | <u>47,07,512</u> |
| Total | <u>3,313</u> | <u>47,10,747</u> |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE NO. 16
REVENUE FROM OPERATIONS

| Particulars | Current Year ₹ | Previous Year ₹ |
|-----------------|--------------------|--------------------|
| Contract Income | 1,04,74,600 | 4,88,67,867 |
| Total | 1,04,74,600 | 4,88,67,867 |

NOTE NO. 17
OTHER INCOME

| Particulars | Current Year ₹ | Previous Year ₹ |
|---|--------------------|--------------------|
| Interest Income | 8,46,850 | 28,99,413 |
| Provisions and credit balances written back | 2,63,74,273 | 48,56,498 |
| Prior Period Income | 3,348 | 1,29,667 |
| Income Tax Refunds received | - | 31,99,901 |
| Income from Mutual Funds | 4,19,684 | - |
| Miscellaneous Income | 3,01,264 | 5,74,797 |
| Total | 2,79,45,419 | 1,16,60,276 |

NOTE NO. 18
FINANCE COSTS

| Particulars | Current Year ₹ | Previous Year ₹ |
|------------------|-------------------|--------------------|
| Interest expense | 1,224 | 5,876 |
| Total | 1,224 | 5,876 |

NOTE NO. 19
OTHER EXPENSES

| Particulars | Current Year ₹ | Previous Year ₹ |
|---|---------------------|---------------------|
| Power and fuel | 3,23,075 | 14,16,921 |
| Contract Expenses | 79,53,655 | 3,88,74,194 |
| Contract Labour charges | 3,74,548 | 3,56,705 |
| Repairs to: Buildings | 1,38,345 | - |
| : others | 31,746 | 15,194 |
| Printing and Stationery | 39,532 | 88,492 |
| Communication costs | 64,022 | 1,92,119 |
| Rates and taxes | 4,47,636 | 7,33,061 |
| Advertisement | 10,438 | 57,327 |
| Directors remuneration | - | 80,000 |
| Directors sitting fee | - | 35,956 |
| Payments to Auditor : Statutory Audit | 1,00,000 | 1,00,000 |
| : Tax Audit | 39,900 | - |
| : other services | 20,000 | - |
| Loss on sale of : fixed assets | - | 6,54,92,936 |
| : assets held for disposal (Refer Note No 26) | 3,53,866 | 8,04,35,743 |
| Travelling and Conveyance | 31,680 | 92,893 |
| Legal and Professional Charges | 2,61,387 | 5,58,055 |
| Gardening expenses | 16,19,514 | - |
| Miscellaneous expenses | 2,22,669 | 18,09,732 |
| Loss on sale of : Raw Materials | 70,54,297 | 92,766 |
| : Stores and Spares | 3,47,31,795 | - |
| Provision for Obsolete Inventory | 5,55,00,000 | 2,45,57,337 |
| Investments written off | 4,77,900 | - |
| Bad Debts written off | - | 22,40,433 |
| Advances, Debit balances and Deposits written off | 320 | 12,49,238 |
| Bank charges | 1,466 | 4,764 |
| Prior period expenses | - | 701,173 |
| Total | 10,97,97,791 | 21,91,85,039 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
20. Deferred Tax:

Deferred tax asset, arising on account of carry forward losses is not recognised due to lack of virtual certainty of reversal of the same.

21. Earnings per equity share:

| Basic Earnings per equity share | Current Year | Previous Year |
|---|---------------------|----------------|
| Loss for the periods Rs. | 8,68,41,215 | (16,15,04,203) |
| Weighted average number of equity shares of ₹ 10/- each fully paid up | 3,89,09,953 | 3,89,09,953 |
| Basic Earnings per equity share | (2.23) | (4.15) |

Since, the Company does not have any dilutive securities, the basic and diluted earnings per share are the same.

22. Commitments and Contingent Liabilities not provided for:

| Sl. No. | Particulars | As at 31 st March, 2016 ₹ | As at 31 st March, 2015 ₹ |
|---------|---|---|---|
| I | Towards Bank Guarantee | 1,19,068 | 1,19,068 |
| II | The Company received a demand from Assistant Provident Fund Commissioner (Compliance) for payment of Rs 761,604/- towards Provident Fund due on account of contract labour for the period March 2006 to March 2009 as principle employer. The Company contested the same before Employees Provident Fund Appellate Tribunal, New Delhi. As per the directions of Appellate Tribunal the Company has deposited Rs 300,000/- which is included under "Other Non-current assets. | 7,61,604 | 7,61,604 |
| III | Demands of the Income-tax department, contested by the company | 20,37,265 | 2,00,60,520 |
| IV) | Central Excise Department : | | |
| | a) The Excise Department filed an appeal before Hon'ble CESTAT, Bangalore against refund of Excise Duty of Rs 36.26 lacs on account of abatement of Octroi claimed by the company which was decided in Company's favour. Consequently, Department filed further appeal in this regard before the Hon'ble High Court of Telangana & Andhra Pradesh.. | 36,26,892 | 36,26,892 |
| | b) Commissioner of Customs, Central Excise & Service tax: | | |
| | i) Reversal of Cenvat Credit on Transportation of Finished Goods for the period: July 2004 to March 2009 April 2008 to March 2011 | 18,90,488 24,47,176 | 18,90,488 24,47,176 |
| | ii) Service tax on Corporate guarantee fee for 2006 to 2009 | 25,22,064 | 25,22,064 |
| | iii) Service tax credit on out ward freight | 32,38,317 | 32,38,317 |
| V | Differential customs duty for non compliance of conditions laid down under Project Import Regulations, 1986 | 66,07,799 | 66,07,799 |
| VI | Claims against the Company not acknowledged as debts | | |
| | Royalty and Interest to Forest Department: | 33,19,244 | 33,19,244 |
| | There has been a claim by Forest Department, Government of eastwhile Andhra Pradesh for ₹ 50.83 lacs towards Royalty on account of wood supplied from 1980 to 1984 and for ₹ 13.02 lacs towards interest thereon out of which the Company had accepted the claim to the extent of ₹ 30.65 lacs towards Royalty, which is provided. | | |
| VII | Even though the Company has installed an ETP Plant and not releasing any hazardous pollutants outside factory, a public interest litigation petition was filed before Supreme Court against various industries including our company in Patancheru area. Company has also obtained a certificate from AP Pollution Control Board certifying that the pollution caused by our company is within the tolerable limits of pollution control norms. Therefore, the management is not envisaging any liability in this regard. | | |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

- 23.** The Company has not manufactured any goods during the current year and there are no transactions in foreign currency. Hence, the additional information as required under Clause 5 of Part II of Schedule III to the Companies Act, 2013 is not furnished.
- 24. Disclosure under “Micro, Small and Medium Enterprises Development Act, 2006”:**
As per the information available with the company, there are no dues to micro and small enterprises as on March 31, 2016.
- 25.** Company passed an ordinary resolution during the earlier year to sell/lease/otherwise dispose off / transfer the part or substantially the whole of one or more undertaking(s) of the Company located at Patancheru and Shadnagar. Accordingly, the Company obtained quotations for Plant and Machinery, and assessed the realisable value of office equipment, Computers, Vehicles and Furniture. Based on the above the ultimate realisable value of these assets less sold during the year were shown under “Other Current Assets” as “Assets held for disposal”.
- 26.** The company closed manufacturing activity of particle Board during 2011-12 financial year and has disposed off the plant and machinery. In view of closure of the manufacturing activity, declaring voluntary retirement to its employees and disposal of plant and machinery, the company lost its status of going concern.
- 27.** During the previous year the company had converted 2,50,00,000 – 10% Cumulative Redeemable Preference Shares of Rs. 10/- each into 1,25,00,000 equity shares of Rs.10/-each at a premium of Rs.10/- each and also converted the advance of Rs.29,00,00,000/-received against sale of fixed assets to 1,45,00,000 equity shares of Rs.10/-each at a premium of Rs.10/-each.
- 28. Employee Benefits:**
Since the company has no employees, provision for Gratuity or Leave encashment as required under AS - 15 does not arise.
- 29. Segment Reporting:**
The company at present undertaking only contract business. Hence disclosure of segment information as prescribed by the Accounting Standard 17 “Segment Reporting” is not applicable.
- 30. Related Party Disclosure:**
Disclosures as required by the accounting standard – 18 of the Institute of Chartered Accountants of India are given below:
Holding Company : GVK Projects & Technical services Private Limited upto 28th January, 2016
Key Management Personnel : Mr. Murali Varadarajan, Executive Director
Enterprises in which Directors / their relatives are interested : GVK Jaipur Expressway Pvt Ltd
 Ubiquitous Construction LLP

Details of transactions for the year ended 31 March, 2016 and amounts outstanding as on 31 March, 2016 are as under:

| Name of the related party | Nature of relationship | Nature of transaction | Transactions during the year | Outstanding |
|-------------------------------|---|----------------------------|------------------------------|-----------------|
| GVK Jaipur Expressway Pvt Ltd | Enterprises in which Directors / their relatives are interested | Contract receipts | 1,04,74,600 (4,88,67,867) | - - |
| Ubiquitous Construction LLP | Enterprises in which Directors / their relatives are interested | Sale of Land and Buildings | - (2,58,55,000) | - (2,33,550) |

- 31.** In the opinion of the Board of Directors of the company, the current assets, loans and advances are expected to realize in the ordinary course of business approximately the value at which they are stated in accounts.
- 32.** The balances in personal accounts are subject to confirmation and reconciliation.
- 33.** Figures of the previous year have been regrouped / rearranged to conform to those of the current year.

As per our report of even date

for BRAHMAYYA & CO.
 Firm Regn No. : 000513S
 Chartered Accountants

For and on behalf of the Board of Directors

(S.SATYANARAYANA MURTHY)
 Partner
 Membership No:023651

MURALI VARADARAJAN
 Executive Director

S A NAQUI
 Director

 Place : Hyderabad
 Date : 22nd August, 2016



**FORM NO MGT-11
PROXY FORM**

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

NOVOPAN INDUSTRIES LIMITED

CIN: L55101TG1984PLC004941

Regd. Office: IDA, Phase II, Patancheru, Medak District – 502319, Telangana, India.

31st Annual General Meeting held on Tuesday, the 20th September, 2016 at 4.30 PM

Name of the Member _____

Registered Address : _____

E mail : _____

Folio No /Client ID: D P ID:

I/We, being the member(s) of _____ shares of the above
named company, hereby appoint

Name :

E mail:

Address :

Signature :

Or failing him / her

Name :

E mail:

Address :

Signature:

NOVOPAN INDUSTRIES LIMITED

CIN: L55101TG1984PLC004941

Regd. Office: IDA, Phase II, Patancheru, Medak District – 502319, Telangana, India

Attendance slip

31st Annual General Meeting held on Tuesday, the 20th September, 2016 at 4.30 PM

Registered Folio no / DP ID No / Client ID No:

| | | | | | | | | | | | | | | | | | | | | |
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Number of Shares held

| | | | | | | | | | | | |
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I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 31st Annual General Meeting of the Company at Paigah House,
156-159, Sardar Patel Road, Secunderabad – 500003.

Name of the member / proxy

Signature of member/proxy