



**L.N. MALIK & COMPANY**  
**CHARTERED ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of **Coral News Prints Ltd**

**Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of Coral News Prints Ltd ("the company") which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and Cash flow 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 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 & presentation of the Standalone financial statements that's give a true & fair view & are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting & auditing standards & the matters which are required to be included in the audit report under the provisions of the Act & the Rules made there under.



We conducted our audit in accordance with the Standards on Auditing specified u/s. 143 sub section 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial controls relevant to the Company's preparation of the Standalone financial statements that gave a true & 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 Company's Directors as well as evaluating the overall presentation of the Standalone financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the accounting standards, of the financial position of the company as at 31<sup>st</sup> March 2017 and its **loss** and its cash flows for the year ended on that date.

### Report on Other legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.



2. As required by section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, statement of Profit and Loss and the cash flow statements dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified u/s. 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the Directors as on March 31,2017 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31,2017 from being appointed as a director in term of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness or such controls, refer to our separate report in "**Annexure B**":and
- g) 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:
  - i) The company has disclosed the impact of Pending Litigations on its Financial Position in its Standalone financial statements- **Refer Note 28** to the Standalone Financial Statements.
  - ii) In our opinion and as per the information and explanations provides to us, the company has not entered into any long term contracts including derivative contracts, requiring provision under applicable laws or Accounting Standards, for material foreseeable losses , and



- iii) There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.
- iv) The Company have holding or dealings in specified bank notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016, ("refer to notes to accounts no. 29 to the standalone financial statements)

For L.N. MALIK & CO.  
Chartered Accountants  
FRN: 015992N



Place: New Delhi  
Date: 26.05.2017

L.N. MALIK  
Partner  
M.No. 010423

## " ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the company on the Standalone financial statements for the year ended 31<sup>st</sup> March 2017, we report that:

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- 2) (a) In Our Opinion and accordance to the information and explanations given to us, the company is maintaining proper records of its inventories showing full particulars.
- (b) As informed to us, the Inventory has been physically verified at the year end by the management and no material discrepancies were noticed on such verification in our opinion this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its business.
- 3) 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) to (c) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the records of the company, the company has not made any loans, investment, guarantee and security during the year which are covered under section 185 & 186 of the Companies Act 2013, hence para 3 (iv) is not applicable.
- 5) The Company has not accepted any deposits from the public.
- 6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the act, in respect of the activities carried on by the company.
- 7) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amount deducted/ accrued in the books of account in respect of undisputed statutory dues including provident



fund, income tax, sales tax, value added tax, duty of custom, service tax, cess and other material statutory dues have been regularly deposited during the year by the company with the appropriate authorities. The company has not deposited previous year dues of related to Provident fund and TDS with appropriate authorities having an arrear of Rs 3,73,062/- w.r.t Provident fund and Rs 12,374 /- w.r.t TDS , as on 31.03.2017.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrear as at 31<sup>st</sup> March 2017 for a period of more than six month from the date they become payable.

- (b) According to the information and explanations given to us, the details of dues of Income tax , sales tax and water cess which have not been deposited as on 31<sup>st</sup> March ,2017 on account of disputes are given below :

S.No	Name of Statue	Nature of Dues	Amount (Rs.)	Period to which the amount relate	Forum where Dispute is pending
1.	Income tax Act,1961	Income Tax	2,16,322	A.Y 1996-97	Hon'ble Delhi High Court
2	Income tax Act,1961	Income Tax	2,69,105	A.Y 1996-97	Hon'ble Delhi High Court
3.	Centals Sales Tax Act And Sales tax Act of Various States	Sales Tax	6,46,883	A.Y 2003-04	Addll comm (Appeals)
4.	UPPCB	Water Cess	13,89,212	various years	UPPCB

8) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of loans or borrowing to a financial institution, bank and government;-

- a) Term loan from PICUP has been Settled For OTS (One Time Settlement) vide letter Dated -13-10-2011 for an amount of Rs. 200 Lacs .Against this the company has paid Rs.30 Lacs in FY-2011-12 & Rs.170.86 Lacs till 31.03.2013 including finance charges.

As per letter Dated 07.02.2013 received From PICUP, the company has to pay RC Collection charges @10% of OTS amount , within one month time as per the rules of PICUP. The Company has informed the PICUP that as per their information there are no recovery certificates pending against any of the Guarantors & requested them to issue NO objection certificate but PICUP has requested No Due certificates from various Tehsils/ DM in respect of dues against guarantors which are still awaited.

Due to the above facts, finalization of recovery of RC collection charges is still pending & hence no provision has been made in the books of accounts. However as per explanation given to us, the company is in process of obtaining No Dues Certificate from PICUP.



- b) The company had already paid OTS amount of UPFC loan in the previous years. However in respect of the DADP interest demanded by UPFC (i.e. Rs. 51.83 lacs) vide its letter dated 24.03.2011, against which the company has requested for a waiver of 75% vide its letter dated 04.08.2011 in respect of which BIFR board has directed waiver of 50% of DADP demand as per its order dated 23.05.2012.

Hence as per the BIFR Board's order DADP demand would come out to Rs. 25.92 Lacs.

Further on the basis of BIFR direction, the company has requested for a waiver of 50% of DADP amount vide letter dated 09.02.2013 but UPFC rejected the request vide letter dated 04.03.2013 stating that waiver cannot be granted as per approved guidelines of the corporation.

However UPFC vide its letter dated 10.2.2014 has asked the company to submit fresh OTS with 10% amount of outstanding principal as earnest money within 15 days of issue of this letter.

The company has filed its objection against this letter & requested to follow the BIFR Order for waiver of 50% of DADP interest.

BIFR vide its order dated 12.11.2014 has approved the draft Rehabilitation Scheme of the company & waived of 50% of the DADP amounting which stood at Rs. 25.92 lacs against which the company has paid Rs.21.82 lacs till 31.03.2016. Against this order of BIFR, the UPFC has approached AIFR.

However the ministry of finance has appointed 1st December, 2016 as the date on which provisions of sick industrial companies (special provisions) Repeal Act, 2003 shall come into force. Therefore the SICA is repealed wef from 1st December, 2016. The BIFR and AIFR stand dissolved with effect from 1st December, 2016 and all the proceeding before them stand abated. Therefore the outstanding of the company with UPFC shall be revised. As per information and explanation given to us & the company not received any letter from UPFC for recovery of Dues till the date our Audit Report.

- Place: New Delhi  
Date: 28.05.2017
- c) No confirmation of closing balance was available in respect of interest due to UPFC & due to above facts no provision of DADP interest on UPFC loan was made in the books of accounts during the year.
- Further the company has not issued any debentures.
- 9) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loan during the year.
- 10) According to the information and explanations given to us, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- 11) According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for



managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- 12) In our opinion and according to the information and explanations given to us, the company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 13) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the companies Act where applicable and details of such transactions has been disclosed in the financial statements as required by the applicable accounting standards.
- 14) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- 16) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: New Delhi  
Date: 26.05.2017

For L.N. MALIK & CO.  
Chartered Accountants  
FRN: 015992N



M.No. 010423



## **Annexure- B to the Auditors Report.**

### **Report on the Internal Financial Controls under Clause (i) of sub section (3) of Section 143 of the Companies Act, 2013. ( " the Act")**

We have audited the internal financial controls over financial reporting of Coral Newsprints Limited ( " the company") as on 31s March, 2017 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**

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 control over financial reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial control over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial control over financial reporting ( the " guidance note") and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the guidance notes 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



### Meaning of Internal Financial Controls over Financial Reporting.

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement 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 asset of the company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparations of financial statements in accordance with generally accepted accounting principles, and receipts and expenditure of the company are being made only in accordance with authorization of management and the director of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and may 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 over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, 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 31<sup>st</sup> March, 2017, based on the internal controls over financial reporting criteria established by the company considering the essential components of internal controls stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We are not responsible for preparing the Standalone financial statements in accordance with accounting standards & the matters which are required to be included in the Standalone financial statements. Our report under the provisions of the Act & the Rules made there under.

Place: New Delhi

Date: 26.05.2017

For L.N. MALIK & CO.  
Chartered Accountants

FRN: 015992N

L.N. MALIK

Partner

M.No. 010423

