



34<sup>th</sup>

ANNUAL REPORT

2016-17

# COMPANY INFORMATION

## BOARD OF DIRECTORS

RUSHAL PATEL	: CHAIRMAN
PAWANJITSINGH NEGI	: INDEPENDENT DIRECTOR
NIKHIL RAJPURIA	: INDEPENDENT DIRECTOR
NISHANT KUMAR	: INDEPENDENT DIRECTOR
RIMA MEHTA	: INDEPENDENT DIRECTOR

## COMPANY SECRETARY

UDIT VORA

## BANKERS

STATE BANK OF INDIA  
INDIAN OVERSEAS BANK  
BANK OF BARODA

## REGISTERED OFFICE

802 Avdhesh House, Nr. Devang Park, Opp. Gurudwara,  
S.G. Highway, Thaltej, Ahmedabad-380 054  
Tel.: +91 79 2685 5714  
Email : armspaperltd@gmail.com  
CIN: L21098GJ1983PLC006041

## STATUTORY AUDITORS

M/S. J. R. PUROHIT & Co.  
Chartered Accountants  
Ahmedabad

## REGISTRAR & SHARE TRANSFER AGENTS

LINK INTIME INDIA PVT. LTD.,  
506-508, Amarnath Business Centre-1 (ABC-1),  
Besides Gala Business Centre, Nr St Xavier's  
College Corner, Off C G Road , Ellisbridge.  
Ahmedabad-380 006  
Phone No. +91 79 26465179/86/87  
Email : ahmedabad@linkintime.co.in

## LISTING

BSE LIMITED (SCRIP CODE 532397)

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## NOTICE

**NOTICE** is hereby given that the 34<sup>th</sup> Annual General Meeting of the Members of **M/S. ARMS PAPER LIMITED** will be held on **Friday, the 29<sup>th</sup> day of September, 2017** at 3:30 pm at **Indian Agro and Recycled Paper Mill Association, 802, 8<sup>th</sup> Floor, Avdhesh House, Opp. Guru Govind Gurudwara, Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054** to transact the following business:-

### ORDINARY BUSINESS :

- 1] To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2017 and Statement of Profit and Loss for the year ended on that date together with Directors' and the Auditors' Report thereon.
- 2] To appoint a Director in place of Shri Pawanjitsingh Negi (DIN 02729393), who retires by rotation and being eligible, offers himself for re-appointment.
- 3] To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s. J. R. Purohit & Co. (Firm Registration No. 111841W), Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company to hold office commencing from the conclusion of this Annual General Meeting of the Company till the Conclusion of next Annual General Meeting of the Company, at a remuneration as may be decided by the Board of Directors of the Company as per the recommendation of the Audit Committee".

**For and on behalf of the Board of Directors**

**Place : Ahmedabad** **Udit Vora**  
**Date : 30<sup>th</sup> August, 2017** **Company Secretary**

### NOTES :

- 1] **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- 2] The Register of Members and the Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September, 2017 to 29<sup>th</sup> September, 2017 (both days inclusive).
- 3] Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
- 4] Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
- 5] Members holding shares in physical form are requested to notify the change in their addresses, Bank details etc., if any, to the Company at the registered office of the Company or to M/s. Link Intime India Private Limited - Registrar & Share Transfer Agents, by quoting their folio numbers. Members holding shares in electronic mode may update such details with their respective Depository Participants [DPs].
- 6] Members holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company or its Registrar & Share Transfer Agent which will be made available on request and in case of shares held in dematerialized form, the nomination has to be lodged with their DPs'.
- 7] Members of the Company who have multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificates to the Registrar & Share Transfer Agents **M/s. Link Intime India Private Limited** or to the Registered Office of the Company for consolidation of all such shareholdings into one account to facilitate better service.
- 8] Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their questions to the Company Secretary of the Company so as to reach at least seven days before the date of the meeting, so that the information may be made available at the meeting, to the best extent possible.
- 9] In all correspondence with the Company or with its Share Transfer Agents, members are requested to quote their folio number and in case their shares are held in the dematerialized form, they must quote their DP ID and Client ID.
- 10] The shares of the Company are in compulsory demat segment. Those members who still continue to hold shares in physical form, are requested to get their shares dematerialized at the earliest.
- 11] Securities and Exchange Board of India has made it mandatory for every participant in the securities/capital market to furnish Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders

# Arms Paper Limited

(including joint holders) holding shares in physical form are requested to submit copy of their PAN Card for the purpose of transfer to our Registrar & Share Transfer Agents, M/s.Link Intime India Private Limited.

- 12] Members are requested to bring the copy of the Annual Report at the meeting.

## 13] Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to its members facility to exercise their right to vote at the 34<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business(es) contained therein may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 25<sup>th</sup> September, 2017 (09:00 a.m.) and ends on 27<sup>th</sup> September, 2017 (05:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in

dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup> September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip/Address Slip.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant "Arms Paper Limited" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**For and on behalf of the Board of Directors**

**Place : Ahmedabad**  
**Date : 30<sup>th</sup> August, 2017**

**Udit Vora**  
**Company Secretary**

\* **Details of the Director seeking appointment / re-appointment in the ensuing Annual General Meeting.**

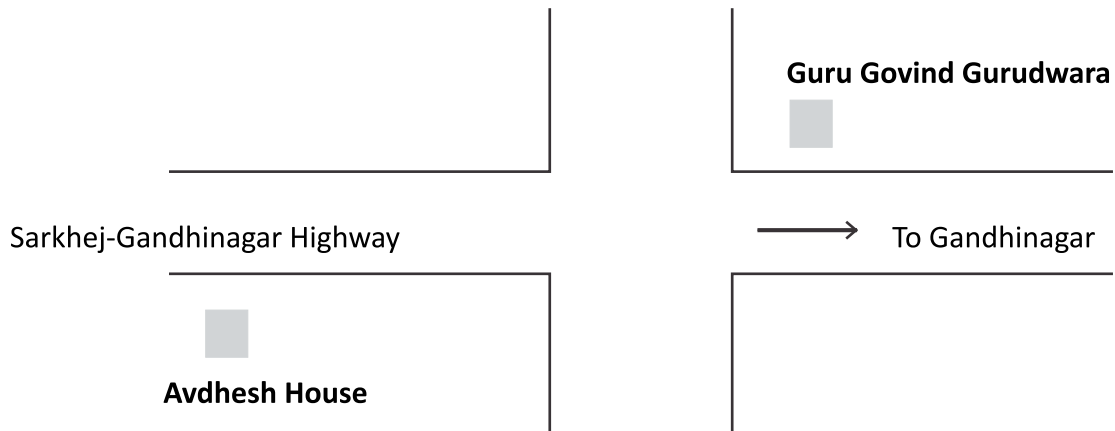
Sr. No.	Name of Director	DIN	Date of Appointment	Qualifications	Experience
1.	Pawanjitsingh Negi	02729393	13/05/2013	B.Com. LL.B	37 Years

## Route Map to the venue of AGM

**Venue : Indian Agro and Recycled Paper Mills Association**

802, Avdhesh House, 8<sup>th</sup> Floor Avdhesh House  
Opp. Shri Guru Govind Gurudwara,  
Sarkhej – Gandhinagar Highway,  
Thaltej, Ahmedabad – 380054

**Landmark :** Opposite Guru Govind Gurudwara, Ahmedabad.



**DIRECTORS' REPORT**

To,  
The Members,  
ARMS PAPER LIMITED,  
AHMEDABAD

Your Directors take pleasure in presenting the 34<sup>th</sup> Annual Report of your Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2017.

**1. FINANCIAL HIGHLIGHTS:**

Your company's performance for the financial year 2016-17 is summarized below:-

	<b>2016-17</b>	<b>2015-16</b>
	<b>(` in lacs)</b>	<b>(` in lacs)</b>
Total Revenue	1549.03	5348.10
Total Expenses	1553.56	5350.39
<b>Profit (Loss) Before Taxes</b>	<b>(4.04)</b>	<b>(2.29)</b>
Net Tax Expense	(0.22)	0.05
<b>Profit/(Loss) for the period(After Tax)</b>	<b>(3.82)</b>	<b>(1.69)</b>

**2. OPERATIONS:**

Your Company has earned total revenue of Rs. 1549.03 Lacs as compared to Rs. 5348.10 Lacs in the previous year. The total expenditure incurred during the year was Rs. 1553.56 Lacs as compared to Rs. 5350.39 Lacs in the previous year. The Net Loss after taxation during the year under review is Rs. 3.82 Lacs as compared to previous year's Loss of Rs. 1.69 Lacs in the previous year. Your Directors are exploring various new business opportunities that will enable the Company to improve its financial position.

**3. DIVIDEND:**

With a view to conserve the resources, your Directors do not recommend any dividend on the equity share capital of the Company for the year ended 31<sup>st</sup> March, 2017.

**4. PUBLIC DEPOSITS:**

Your Company has not accepted any deposits from public during the year under review.

**5. DIRECTORS :**

Shri Pawanjitsingh Negi, Director retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**6. COMPOSITION AND NUMBER OF MEETINGS OF THE BOARD:**

The Board of Directors of the Company consists of well

qualified and experienced persons having expertise in their respective areas. It has appropriate combination of **1 Non-Executive Chairman, 3 Independent Directors and 1 Woman Director** as required pursuant to the provisions of Section 149 of the Companies Act, 2013.

The Board meets at regular interval with gap between two meetings not exceeding 120 days. Additional meetings are held as and when necessary. During the year under the review, the Board met 6 times on the following dates: 28<sup>th</sup> May, 2016, 16<sup>th</sup> July, 2016, 12<sup>th</sup> August, 2016, 12<sup>th</sup> November, 2016, 13<sup>th</sup> February, 2017 and 31<sup>st</sup> March, 2017.

**7. COMPOSITION OF AUDIT AND RISK MANAGEMENT COMMITTEE:**

In compliance with the requirement of Section 177 of the Companies Act, 2013, the Board of Directors has constituted the Audit & Risk Management Committee. The members of the Audit & Committee possess financial/accounting expertise and exposure.

The Audit Committee comprises of the Independent Directors of the Company under the Chairmanship of Mr. Pawanjit Singh Negi. The other independent directors of the Committee are Mr. Nishant Kumar and Mr. Nikhil Rajpuria.

For the Financial year 2016-17, the Audit Committee met 4 times on the following dates: 28<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 12<sup>th</sup> November, 2016 and 13<sup>th</sup> February, 2017.

The recommendations given by the Audit Committee are considered and reviewed by the members of the Board of the Company. However, there is no such case, where the Board dissented or did not accept the recommendation of the Audit Committee.

**8. DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of Section 134 (3) of the Companies Act, 2013, in relation to the financial statements for FY 2016-17 the Board of Directors state that:

- In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2017 and of the profits for the year ended 31<sup>st</sup> March, 2017;
- the Directors have taken proper and sufficient care for maintenance of adequate accounting records

in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- d) the financial statements have been prepared on a going concern basis.
- e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

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

The Composition of the Nomination & Remuneration Committee is as under:

- 1. Shri Pawanjit Singh Negi – Independent Director
- 2. Shri Nishant Kumar - Independent Director
- 3. Shri Nikhil Rajpuria - Independent Director
- 4. Shri Rushal Patel - Director

The Nomination & Remuneration Committee considers the requirement of the skill on the Board, integrity of the persons having standing in their respective field/ profession and who can effectively contribute to the Company's business and policy decisions, recommend the appointment to the Board for approval.

The Committee has approved a policy with respect to the appointment and remuneration of the Directors and Senior Management personnel.

#### 10. STATUTORY AUDITORS AND THEIR REPORT:

M/s. J. R. Purohit & Co., Chartered Accountants, the Statutory Auditors of the Company who were appointed at the 31<sup>st</sup> Annual General Meeting of the Company to hold office till 36<sup>th</sup> Annual General Meeting are subject to ratification. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the rules framed there under for ratification as Statutory Auditors of the Company. As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditors have also confirmed that they hold a

valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. furnished a certificate regarding their eligibility for re-appointment as Statutory Auditors of the Company, pursuant to Section 139 (1) of the Companies Act, 2013 read with rules. The Board of Directors recommends their re-appointment.

The Auditors' Report does not contain any qualification, reservation or any adverse remark.

#### 11. CORPORATE GOVERNANCE REPORT:

Pursuant to Regulation 15 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance and Management Discussion & Analysis Report are not applicable to the Company, as the paid up equity share capital of the Company is less than Rs. 10 Crore and net worth of the Company is less than Rs. 25 Crores as on the last date of Financial year 2016-17.

#### 12. INTERNAL AUDITORS:

Pursuant to the provisions of Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014, your Company has appointed M/s S. Khemka & Co., Chartered Accountants, as the Internal Auditors of the Company for conducting internal audit for the financial year 2016-17.

#### 13. SECRETARIAL AUDIT REPORT:

Pursuant to Section 204 read with Section 134(3) of the Companies Act, 2013, the Board of Directors has appointed Ms. Viral Garachh., Company Secretary, Ahmedabad as Secretarial Auditor of the Company for FY 2016-17. The Secretarial Audit Report provided by Ms. Viral Garachh. is annexed with the Board's report as **Annexure A**.

#### 14. SECRETARIAL AUDITORS' REMARKS

Ms. Viral Garachh, Company Secretary who was appointed as Secretarial Auditor for the Company for conducting audit for the year 2016-17, has given following qualifications in her report

"The Company has not complied with the provisions of section 203 of the Companies Act, 2013 with regards to appointment of the key managerial personnel.

The Company has not complied with section 93 of the Companies Act, 2013, with regards to filing of form MGT-10 which is required to be filed for change in the position of the holding of the promoter and promoter group for more than 2%."

## 15. MANAGEMENT'S VIEW ON REMARKS

With reference to the remarks provided in the Secretarial Audit Report, Board of Directors of the Company has considered the remarks and has decided to comply with the remarks mentioned in the report in the due course. With respects to non appointment of Key Managerial Personnel, your Directors were not able to find any suitable candidate for the post and thus the position of KMP remains vacant. Your Directors will strive harder to find a suitable candidate and will comply with the law.

## 16. CODE OF CONDUCT:

The Company has adopted a Code of Business Conduct based on the business principles of the Company. The Board has laid down the code of conduct for all Board members and Senior management of the Company. The code of conduct has been posted on the website of the company. All Board members and Senior management personnel affirms the compliance with the code on an annual basis in the prescribed format.

## 17. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of Independence as prescribed under the applicable provisions of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 18. DEMATERIALIZATION:

The Equity shares of the Company are in compulsory demat segment and are available for trading in the depository system of both National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL). 52,14,972 nos. of equity shares forming 94.61% of the equity share capital of the Company stands dematerialized on 31<sup>st</sup> March, 2017.

## 19. LISTING OF SHARES:

The Equity Shares of the Company are listed on the BSE Limited, the nation-wide Stock Exchange.

## 20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the financial year, no transactions fall under the purview of Section 188 of the Companies Act, 2013, hence it is not applicable.

## 21. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Provisions of Corporate Social Responsibility (CSR) are currently not applicable to the Company.

## 22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details relating to conservation of energy, technology absorption, foreign exchange earnings and outgo prescribed under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 are not applicable to the Company.

## 23. PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

## 24. THE EXTRACT OF THE ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT 9 as required under Section 134 (a) of the Companies Act, 2013, is attached as **Annexure B** to this Report.

## 25. APPRECIATION AND ACKNOWLEDGEMENTS:

The Board of Directors places on record their appreciation for the continued support and confidence received from its Bankers and employees of the Company.

For and on behalf of the Board of Directors

Place : Ahmedabad  
Date : 11<sup>th</sup> August, 2017

Rushal Patel  
Chairman  
(DIN-06575447)



**‘ANNEXURE A’****SECRETARIAL AUDIT REPORT****For the financial year ended March 31, 2017**

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To

**The Members****Arms Paper Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Arms Papers Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under.
- IV. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d. Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

I have also examined compliance with the applicable clauses of the following:

- I. Secretarial Standards issued by The Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the Company with Bombay Stock Exchange;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

The Company has not complied with the provisions of section 203 of the Companies Act, 2013 with regards to appointment of the key managerial personnel.

The Company has not complied with section 93 of the Companies Act, 2013, with regards to filing of form MGT-10 which is required to be filed for change in the position of the holding of the promoter and promoter group for more than 2%.

Except the above qualification, following observation came to the notice during the audit of the Company:

The Promoters had intimated the Company for reclassification of promoter under regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and passed the resolution in general meeting, however no further actions were taken by the company.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

## Arms Paper Limited

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Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

Place : **Ahmedabad**  
Date : **August 11, 2017**

**Viral A Garachh**  
Company Secretary,  
ACS No. 39943  
C P No.: 15293

This report to be read with my letter of even date which is annexed as annexure and forms an integral part of the report

### **'ANNEXURE A'**

To

**The Members**  
**Arms Paper Limited**

My report of even date is to be read along with this letter:

1. Maintenance of the secretarial records is the responsibility of the management of the Company. My responsibility is to be express as opinion on these secretarial records based on my audit.
2. I have followed the audit practice and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. I believe that the processes and the practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Whenever required I have obtained the management representation about the compliance of laws, rules and regulation and happening of the events etc.
5. The compliance of the provisions of corporate and other applicable law, Rules, Regulation, Standard is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.4) Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

Place : **Ahmedabad**  
Date : **August 11, 2017**

**Viral A Garachh**  
Company Secretary,  
ACS No. 39943  
C P No.: 15293