

## **Madhya Bharat Papers Limited**

### **Board of Directors**

Shri Raghuvansh Lal Kapur  
Smt. Deepa Maheshwari  
Shri Abhas Sen  
Shri Jaydeep Chitlangia  
(*Managing Director*)  
Shri Vinod Kumar Khanna  
(*Executive Director &  
Company Secretary*)

### **Chief Financial Officer**

Shri Jagdish Dua

### **Auditors**

G.P. Agrawal & Co.  
*Chartered Accountants*

### **Principal Banker**

State Bank of India

### **Regd. Office and Mills**

Village Birgahni  
Rly. & Post Champa-495 671  
Dist. Janjgir-Champa  
Chhattisgarh  
CIN : L21012CT1980PLC001682

### **Head Office**

113, Park Street  
4<sup>th</sup> Floor, North Block  
Kolkata-700 016

## Madhya Bharat Papers Limited

### DIRECTORS' REPORT

Your Directors present the 38<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2018.

#### Financial Results

(₹ in lakhs)

Particulars	2017-18		2016-17	
Profit/(Loss) before Depreciation & Tax		(1601.86)		(1192.00)
Less : Depreciation	106.94		107.31	
Provision for taxation				
Deferred Tax liabilities	(643.27)	(536.34)	(445.05)	(337.75)
Net Profit/(Loss)		(1065.52)		(854.25)
Add : Balance Brought Forward from Previous year		535.16		1389.41
Balance Carried Forward		(530.36)		535.16

#### Operations/State of Company's Affairs & Future Outlook

The Company decided to shift its raw material from agro-residues to recycled waste paper to comply with the directions of Central Pollution Control Board (CPCB) and Chhattisgarh Environment Conservation Board (CECB). Due to paucity of funds, the Company could implement it slowly which affected its quality, quantity and profitability. The Company has incurred huge losses amounting to ₹ 1683.12 lakhs before tax adjustments (previous year loss of ₹ 1297.29 lakhs).

The production during the year was 7232 tonnes (8596 tonnes previous year) due to curtailment of operations arisen out of environmental laws, shortfall in working capital and capital expenditure for switchover of raw material to recycled waste paper.

#### Changes in the Nature of Business, if any

There was no change in the nature of business of the Company during the year.

#### Dividend

In view of accumulated losses, no dividend is recommended by the Directors for the financial year ended 31<sup>st</sup> March, 2018.

#### Reserves

Due to inadequacy of profit, no general reserve is created for the year ended 31<sup>st</sup> March, 2018.

#### Share Capital

The paid up equity share capital as on 31<sup>st</sup> March, 2018 was ₹ 3.41 crores. During the year under review the Company has not issued any shares or any convertible instruments.

#### Borrowings

The total borrowings stood at ₹ 4250.22 lakhs as at 31<sup>st</sup> March, 2018 as against ₹ 3608.74 lakhs as on 31<sup>st</sup> March, 2017, an increase of ₹ 641.48 lakhs.

#### Deposits

The Company has not accepted any deposits from public, and as such, there are no outstanding deposits in terms of Companies (Acceptance of Deposits) Rules, 2014.

#### Internal financial control systems and their adequacy

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of operations. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.



---

### **Audit Committee**

The composition and terms of reference of the Audit Committee have been furnished in the Corporate Governance Report. There have been no instances where the Board has not accepted the recommendations of the Audit Committee.

### **Nomination & Remuneration Committee**

The composition and terms of reference of the Nomination & Remuneration Committee have been furnished in the Corporate Governance Report forming part of this report.

### **Stakeholders Relationship Committee**

The composition and terms of reference of the Stakeholders Relationship Committee have been furnished in the Corporate Governance Report forming part of this report.

### **Extract of Annual Return**

Extract of the Annual Return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 is enclosed as **Annexure 1**.

### **Board Meetings**

During the year under review, four Board Meetings were convened and held. The details of which are given in Corporate Governance Report.

### **Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo**

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure 2**.

### **Risk Management**

The Company's policy on risk management includes identifying types of risk and its assessment, risk handling as well as risk monitoring and reporting.

The detail of the policy as approved by the Board of Directors is available on the Company's website [www.mbpl.in](http://www.mbpl.in).

### **Corporate Social Responsibility**

The provisions of Section 135 of the Companies Act, 2013 are not attracted to the Company.

### **Details of Vigil Mechanism / Whistle Blower Policy**

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior, the Company has adopted vigil mechanism policy. The detail of the policy is available on the Company's website [www.mbpl.in](http://www.mbpl.in).

### **Directors and Key Managerial Personnel (KMP) details**

In accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Shri Jaydeep Chitlangia (DIN: 00094002) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Approval of shareholders is being sought for the re-appointment of Shri Vinod Kumar Khanna as a Whole-time Director of the Company with effect from 13<sup>th</sup> August, 2018 for a period of 3 years, which the board recommends.

The Board has complied with Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for continuation of appointments of Shri Abhas Sen and Shri Raghuvansh Lal Kapur who have attained the age of 81 years and 85 years respectively.

## **Madhya Bharat Papers Limited**

---

All Independent Directors have given the declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “SEBI Regulations”).

There were no other changes in Directors or Key Managerial Personnel.

### **Annual Evaluation**

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013 and relevant regulations of SEBI Regulations, annual evaluation of the performance of the Board, its committees and of individual directors has been made. The manner in which evaluation was carried out has been explained in the Corporate Governance Report.

### **Managerial Remuneration**

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of managerial personnel and employees of the company is attached as **Annexure 3**.

### **Particulars of Contracts or Arrangements made with Related Party**

All related party transactions that were entered into during the financial year under review were at 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. Accordingly there are no transactions to be reported in Form AOC-2. Therefore a nil report is attached herewith as **Annexure 4**.

All related party transactions are placed before the Audit Committee and also the Board for approval. The detail of the policy on Related Party Transactions as approved by the Board of Directors and Audit Committee is available on the Company’s website [www.mbpl.in](http://www.mbpl.in).

### **Particulars of Loans, Guarantees or Investments**

It is the Company’s policy not to give loans directly, or indirectly, to any person (other than to employees under contractual obligations) or to other body corporate or give any guarantee or provide any security in connection with a loan to any other body corporate or person. The Company does not make any new investment in securities of any other body corporate.

### **Remuneration Policy**

The policy of the Company on director’s appointment and remuneration, including criteria for determining qualifications, independence and other matters as provided under Section 178(3) of the Companies Act, 2013 is annexed to this Report as **Annexure 5**.

The Company’s criteria for payment of remuneration to the Non Executive Directors is available on the Company’s website [www.mbpl.in](http://www.mbpl.in).

### **Directors’ Responsibility Statement**

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, the directors state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit and loss of the Company for the year on that date;



- 
- (iii) the Directors have taken proper and sufficient care for the 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;
  - (iv) the Directors have prepared the annual accounts on a 'going concern' basis.
  - (v) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively.
  - (vi) the Directors devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **Corporate Governance**

The Independent Directors and Non-Executive Director received sitting fees for attending the Board and Committee meetings of the Directors. The sitting fees paid to the directors are within the limits prescribed under the Companies Act, 2013 and Rules thereon.

The Corporate Governance Report for the financial year ended 31<sup>st</sup> March, 2018 giving the details as required under SEBI Regulations, is given separately as **Annexure 6** and forms part of this Report of the Directors. The requisite certificate from the Statutory Auditors of the Company is enclosed as **Annexure 7** and forms a part of this Report of the Directors.

The company has laid down a Code of Conduct which is applicable to all members of the Board and Senior Management of the Company. A declaration signed by the Managing Director regarding compliance with the Code of Conduct is attached as **Annexure 8** and certificate pursuant to Regulation 17(8) of the SEBI Regulations is attached as **Annexure 9**.

### **Statutory Auditors**

M/s G.P. Agrawal & Co. (Firm Registration No.302082E), Chartered Accountants were appointed as Statutory Auditors of the Company at the 37<sup>th</sup> AGM held on 21<sup>st</sup> September, 2017 for a term of five years subject to ratification by the members at every subsequent AGM held after that AGM. Due to recent changes in the provisions of the Act, the ratification of appointment of Statutory Auditors is no longer required at every AGM. Based on this, the matter is not included in the Notice convening 38<sup>th</sup> AGM in line with the Companies Amendment Act, 2017.

The Auditor has observed that "The Company has recognized Deferred Tax Assets amounting to Rs 643.28 lakhs, even though there is no virtual certainty of future taxable profits. This has resulted in understatement of Accumulated Losses by aforesaid amount and overstatement of Deferred Tax assets to the same extent." However on the said statement of the Auditors, the Directors are confident of utilizing the Deferred Tax Assets.

### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company had appointed M/s A. K. Labh & Co, Practicing Company Secretaries to undertake the secretarial audit of the Company. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2018 is attached as **Annexure 10**. There are no qualifications or observations or remarks made by the Auditors in their Report. Hence no comments or explanations by the board are required.

The Company has appointed Ms. Rashmi Sharma of M/s Rashmi Sharma & Co., Practicing Company Secretary to undertake the Secretarial Audit for the FY 2018-19.

### **Cost Records**

Company is required to maintain Cost Records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained.

## **Madhya Bharat Papers Limited**

---

Pursuant to provisions of Companies Act, 2013 and the Rules thereunder, requirement of Cost Audit is not applicable to the Company.

### **Investor Education & Protection Fund**

The provisions of Section 125(2) of the Companies Act, 2013 are not applicable to the Company as there was no dividend declared and paid in the last financial year.

### **Stock Exchange Listing**

The Equity Shares of the Company are listed at the Calcutta Stock Exchange Limited. The Company confirms payment of listing fee to the Calcutta Stock Exchange Limited for the year 2018-19.

### **Business Responsibility Reporting**

The provisions of SEBI Regulations with respect to Business Responsibility Reporting are not applicable to the Company and therefore the company has not undertaken Business Responsibility Reporting.

### **Material Changes and Commitments**

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year to which the financial statements relate and the date of the report.

### **Significant and Material Orders Passed by the Regulators or Courts**

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013**

The Company as a Group has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. During the year under review, no complaints were reported to the Board.

### **Management Discussion and Analysis Report**

As required under Regulation 34(2) of the SEBI Regulations, the Management Discussion and Analysis Report is attached as **Annexure 11** and forms an integral part of this Report.

### **Subsidiary, Joint Ventures & Associate Companies**

The Company does not have any Subsidiary/ Joint Venture/ Associate Companies.

### **Acknowledgement**

The Board of Directors would like to thank the Company's customers, employees, shareholders, bankers, suppliers and all other associated with the Company for their continued support.

On behalf of the Board

### **Regd. Office:**

Village Birgahni,  
Rly & Post Champa- 495 671,  
Dist. Janjgir-Champa  
Chhattisgarh.  
CIN: L21012CT1980PLC001682  
Dated: 13<sup>th</sup> August, 2018

**R.L. KAPUR**  
*Director*  
(DIN: 00002483)

**JAYDEEP CHITLANGIA**  
*Managing Director*  
(DIN: 00094002)



**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31<sup>st</sup> March 2018**

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : L21012CT1980PLC001682
- ii) Registration Date : 14<sup>th</sup> November, 1980
- iii) Name of the Company : MADHYABHARAT PAPERS LIMITED
- iv) Category/Sub-Category of the Company : Public Company Limited by Shares
- v) Address of the Registered office and contact details : P.O. Champa, Dist. Janjgir-Champa-495671 Chhattisgarh.  
Phone: 09203906288
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Maheshwari Datamatics Private Limited,  
: 23, R N Mukherjee Road,  
5<sup>th</sup> Floor, Kolkata-700001  
Contact No. (033) 2243 5029

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

(Contributing 10% or more of the total turnover of the company)

Sl. No.	Name and Description of main products / services	NIC Code of the product/service	% to total turnover of the company
1	Writing & Printing Paper	1701	100%

**III. PARTICULARS OF SUBSIDIARY, JOINT VENTURES & ASSOCIATE COMPANIES :-**

Sl. No.	Name & Address of the Company	CIN/GLN	Subsidiary/Joint Venture/Associate	% of Shares held	Applicable Section
1	Not Applicable				

# Madhya Bharat Papers Limited

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	1902737	-	1902737	55.7987	1902993	-	1902993	55.8062	0.0075
b) Central Government									
c) State Government									
d) Bodies Corporate	45400	-	45400	1.3314	45400	-	45400	1.3314	-
e) Banks / Financial Institutions									
f) Any Other									
<b>Sub-Total (A) (1)</b>	1948137	-	1948137	57.1301	1948393	-	1948393	57.1376	0.0075
(2) <b>Foreign</b>									
NRI-Individuals									
Other-Individuals									
Bodies Corporate									
Banks / Financial Institutions									
Any Other (Specify)									
<b>Sub-Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>									
(A) = (A)(1)+(A)(2)	1948137	-	1948137	57.1301	1948393	-	1948393	57.1376	0.0075
<b>B. Public Shareholding</b>									
(1) <b>Institutions</b>									
a) Mutual Funds									
b) Banks / Financial Institutions	1255856	-	1255856	36.8286	1255856	-	1255856	36.8286	-
c) Central Government(s)									
d) State Government(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) Foreign Institutional Investors									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B) (1)</b>	1255856	-	1255856	36.8286	1255856	-	1255856	36.8286	-
(2) <b>Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	62200	17100	79300	2.3255	61200	17100	78300	2.2962	(0.0293)
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	25849	59658	85507	2.5076	26849	59402	86251	2.5294	0.0218
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	41200	-	41200	1.2082	41200	-	41200	1.2082	-
c) Others (specify)									
1. Non Resident Indians									
2. Clearing Member									
3. OCB									
4. Trust									
5. Foreign Portfolio Investor									
<b>Sub-total(B) (2)</b>	129249	76758	206007	6.0413	129249	76502	205751	6.0338	(0.0075)
<b>Total Public Shareholding (B)</b>									
(B) = (B) (1) + (B) (2)	1385105	76758	1461863	42.8699	1385105	76502	1461607	42.8624	(0.0075)
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	3333242	76758	3410000	100	3333498	76502	3410000	100	-





**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of company	% of Shares Pledged/ encumbered to total shares	
1	Sudeep Chitlangia	490000	14.3695	-	490000	14.3695	-	-
2	Jaydeep Chitlangia	430000	12.6100	-	430000	12.6100	-	-
3	Sheela Chitlangia	274737	8.0568	-	274737	8.0568	-	-
4	Archana Chitlangia	250000	7.3314	-	250000	7.3314	-	-
5	Nikhilesh Chitlangia	190000	5.5718	-	190000	5.5718	-	-
6	Shreya Chitlangia	85000	2.4927	-	85000	2.4927	-	-
7	Radheshyam Chitlangia (HUF)	80000	2.3460	-	80000	2.3460	-	-
8	Akhilesh Chitlangia	50000	1.4663	-	50000	1.4663	-	-
9	Abhishek Chitlangia	43500	1.2757	-	43500	1.2757	-	-
10	Sunita Chitlangia	9500	0.2786	-	9756	0.2861	-	0.0075
11	Chitlangia Medical Society	45400	1.3314	-	45400	1.3314	-	-
	<b>Total</b>	<b>1948137</b>	<b>57.1301</b>	<b>-</b>	<b>1948393</b>	<b>57.1376</b>	<b>-</b>	<b>0.0075</b>

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

Sl. 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.	Sunita Chitlangia				
	At the beginning of the year	9500	0.2786		
	As on 30.09.2017 - Transfer	128	0.0038	9628	0.2823
	As on 30.12.2017 - Transfer	128	0.0038	9756	0.2861
	At the end of the year			9756	0.2861

## Madhya Bharat Papers Limited

### iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	For Each of the Top 10 Shareholders	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	<b>IDBI Bank Ltd.</b>				
	At the beginning of the year	562937	16.5084	562937	16.5084
	At the end of the year			562937	16.5084
2	<b>IFCI Ltd.</b>				
	At the beginning of the year	277436	8.1360	277436	8.1360
	At the end of the year			277436	8.1360
3	<b>ICICI Bank Ltd.</b>				
	At the beginning of the year	227150	6.6613	227150	6.6613
	At the end of the year			227150	6.6613
4	<b>State Bank of India</b>				
	At the beginning of the year	136515	4.0034	136515	4.0034
	At the end of the year			136515	4.0034
5	<b>Lower Vyapar Pvt.Ltd.</b>				
	At the beginning of the year	48700	1.4282	48700	1.4282
	At the end of the year			48700	1.4282
6	<b>Urmila Desai</b>				
	At the beginning of the year	41200	1.2082	41200	1.2082
	At the end of the year			41200	1.2082
7	<b>Bank of Baroda</b>				
	At the beginning of the year	29628	0.8689	29628	0.8689
	At the end of the year			29628	0.8689
8	<b>Punjab National Bank</b>				
	At the beginning of the year	22190	0.6507	22190	0.6507
	At the end of the year			22190	0.6507
9	<b>Steadfast Commercial Co.Ltd.</b>				
	At the beginning of the year	15000	0.4399	15000	0.4399
	At the end of the year			15000	0.4399
10	<b>Gopaldas Bagree</b>				
	At the beginning of the year	10000	0.2933	10000	0.2933
	At the end of the year			10000	0.2933



v) **Shareholding of Directors and Key Managerial Personnel :**

Sl. No	For each of the Directors and KMP	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
<b>Details of Directors</b>					
1	<b>Jaydeep Chitlangia</b>				
	a) At the beginning of the year	430000	12.6100	430000	12.6100
	b) Changes during the year	-	-	-	-
	c) At the end of the year	430000	12.6100	430000	12.6100
2	<b>Deepa Maheshwari</b>				
	a) At the beginning of the year	500	0.0147	500	0.0147
	b) Changes during the year	-	-	-	-
	c) At the end of the year	500	0.0147	500	0.0147
3	<b>Abhas Sen</b>				
	a) At the beginning of the year	-	-	-	-
	b) Changes during the year	-	-	-	-
	c) At the end of the year	-	-	-	-
4	<b>Raghuvansh Lal Kapur</b>				
	a) At the beginning of the year	-	-	-	-
	b) Changes during the year	-	-	-	-
	c) At the end of the year	-	-	-	-
5	<b>Vinod Kumar Khanna</b>				
	a) At the beginning of the year	850	0.0249	850	0.0249
	b) Changes during the year	-	-	-	-
	c) At the end of the year	850	0.0249	850	0.0249
<b>Details of Key Managerial Personnel (KMP)</b>					
1	<b>Jagdish Dua</b>				
	a) At the beginning of the year	200	0.0059	200	0.0059
	b) Changes during the year	-	-	-	-
	c) At the end of the year	200	0.0059	200	0.0059

## Madhya Bharat Papers Limited

### V. INDEBTEDNESS

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

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	638.99	2659.26	-	3298.25
ii) Interest due but not paid	-	310.49	-	310.49
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>638.99</b>	<b>2969.75</b>	<b>0.00</b>	<b>3608.74</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	1827.67	-	1827.67
- Reduction	(181.69)	(1004.49)	-	(1186.18)
<b>Net Change</b>	<b>(181.69)</b>	<b>823.18</b>	<b>0.00</b>	<b>641.49</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	457.30	3481.00	-	3938.30
ii) Interest due but not paid	-	311.93	-	311.93
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>457.30</b>	<b>3972.93</b>	<b>0.00</b>	<b>4250.22</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Jaydeep Chitlangia, Managing Director	Vinod Kumar Khanna Whole-time Director	Total Amount
1.	Gross Salary:			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3369012	2172000	5541012
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	32400	-	32400
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-	-
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil
5.	Others, please specify – Club membership	14813	-	14813
	<b>Total (A)</b>	<b>3416224</b>	<b>2172000</b>	<b>5588224</b>
	<b>Ceiling as per the Act</b>	<b>8400000</b>	<b>8400000</b>	<b>16800000</b>



**B. Remuneration to other directors:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Abhas Sen	Raghuvansh Lal Kapur	Deepa Maheshwari	
1	Independent Directors Fee for attending board/ committee meetings	70000	70000	-	140000
	<b>Total (1)</b>	70000	70000	-	140000
2	Other Non-Executive Directors Fee for attending board/ committee meetings, commission others, please specify	N.A.	N.A.	70000	70000
	<b>Total (2)</b>	-	-	70000	70000
	<b>Total (B) – (1+2)</b>	70000	70000	70000	210000

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of KMP
		Jagdish Dua, CFO
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	773000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	318800
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL
2.	Stock Option	NIL
3.	Sweat Equity	NIL
4.	Commission - as % of profit - others, specify...	NIL
5.	Others, please specify:	NIL
	<b>Total</b>	<b>1091800</b>

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding Fees imposed	Authority [RD /NCLT/Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

### Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule – 8(3) of the Companies (Accounts) Rules, 2014 and forming part of Directors' Report:

#### A. CONSERVATION OF ENERGY

(a) **Energy Conservation measures taken:**

Change of various pumps and motors in Paper Machine and Pulp Mill have assisted in energy conservation. Further energy conservation measures are being identified to conserve and optimize the use of energy through improved operational methods and other means.

(b) **Impact of the above measures:**

The Company has been able to optimize electricity.

(c) **Total energy consumption and energy consumption per unit of production:** Form- A enclosed.

#### B. TECHNOLOGY ABSORPTION:

**Efforts made in technology absorption as per Form-B:** Form-B enclosed.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(a) The Company has not exported any of its products during the year.

(b) Total foreign exchange used and earned during the year	(₹ in lakhs)
(i) CIF value of imports	575.19
Expenditure in foreign currency	10.34
(ii) Foreign exchange earned	–



## FORM - A

### Form for disclosure of particulars with respect to conservation of energy

Particulars	Unit	2017-18	2016-17
<b>A. Power and Fuel Consumption</b>			
1 Electricity			
a) Purchased Power			
Units	Kvah	798518	777615
Total Amount	Rs.	9279150	12183350
Rate	Rs/Kvah	11.62	15.67
b) Own Generation			
i) Through Diesel Generator			
Units	Kwh	-	105
Units per Unit of Diesel Oil	Kwh/Ltr	-	10.50
Cost/Unit	Rs/Kwh	-	5.90
ii) Through Turbine Generator (3.1 MW)			
Units	Kvah	8878372	10515221
Units per Unit of Coal	Kvah /MT	903	805
Cost per unit	Rs/Kvah	3.03	3.11
2 Coal			
For Steam & Power Generation in Paper Div.			
a) Grade - F & E			
Quantity	MT	23731	26282
Total Cost	Rs.	64811395	66649799
Average Cost	Rs/MT	2731	2536
b) Washery Reject			
Quantity	MT	-	562
Total Cost	Rs.	-	435727
Average Cost	Rs/MT	-	775
c) Fire Wood			
Quantity	MT	2.50	-
Total Cost	Rs.	7139	-
Average Cost	Rs/MT	2856	-
d) Charcoal			
Quantity	MT	2.9	9.6
Total Cost	Rs.	64623	213021
Average Cost	Rs/MT	22056	22190
3 Furnace Oil			
4 Diesel Oil			
Quantity	Ltr	-	10
Total Cost	Rs.	-	620
Average Cost	Rs/Ltr	-	62
<b>B. Consumption per Unit of Production</b>			
Electricity	Kvah/MT	1357	1314
Coal	MT/MT	3.33	3.12
Diesel Oil	Ltr/MT	-	-

**FORM-B**

**Form for disclosure of particulars with respect to Technology Absorption**

**RESEARCH AND DEVELOPMENT**

**1. Specific areas in which R&D carried out by the Company.**

The R & D activities of the Company are aimed at improvement of quality of its products, cost control and reduction of pollutants.

**2. Benefits Derived**

The products of the Company were in reasonable demand.

**3. Future Plan of Action**

Further improvement in quality, reduction in costs and reduction of pollutants.

**4. Expenditure on R & D: Nil**

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts made**

The Company is taking all necessary steps to improve the designing of various equipments for achieving optimum results and is trying to absorb various technologies available in the industry.

**2. Benefits**

The Company could not enjoy any benefits as the plant was not in full operation.

**3. Particulars of technologies imported during the last 5 years: Nil**

**Annexure 3**

**MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES**

**A) Details of every employee of the Company as required under Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31<sup>st</sup> March, 2018:**

<b>Particulars</b>	<b>Details</b>
(i) The ratio of each Director to the median remuneration of the employees of the Company for the financial year  *Only sitting fee paid for attending Board/Committee meeting.	<b>Non Executive Directors*</b> Mr. Abhas Sen : 0.27 Mr. Raghuvansh Lal Kapur : 0.27 Mrs. Deepa Maheshwari : 0.27  <b>Executive Directors</b> Mr. Jaydeep Chitlangia : 14.63 Mr. Vinod Kumar Khanna : 9.46
(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Non Executive Directors : Nil Managing Director : 12% Executive Director : Nil Chief Financial Officer : 2.56%
(iii) The percentage increase in the median remuneration of employees in the financial year	2.18%
(iv) The number of permanent employees on the rolls of the Company	217 permanent employees as on March 31, 2018
(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increment of Non-ManAGERIAL Personnel- 4.28% Average increment of Managerial Personnel- 6.14% No exceptional increase given in the managerial remuneration.
(vi) Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid during the year is as per the Remuneration Policy of the Company.





**B) Details of top ten employees of the Company in terms of remuneration drawn as required under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31<sup>st</sup> March, 2018 :**

Sl No.	Employee Name	Designation	Remuneration received (Amount in ₹)	Qualification	Total experience in years	Date of commencement of employment	Age	Previous employment	Number of Equity shares held in the Company
1.	Jaydeep Chitlangia	Managing Director	3407213	B.Com	28	01.01.1990	55	-	430000
2.	Vinod Kumar Khanna	Executive Director & Company Secretary	2172000	M.Com,LLB, FCA, FCS, FCMA	41	19.10.1982	63	Neptune Paper Mills Ltd	850
3.	C R Pattanayak	Regional Manager	1192724	Civil Engineer	19	01.01.2008	42	Aster Teleservice	Nil
4.	Jagdish Dua	Chief Financial Officer	1091800	B.Com	35	01.02.1991	51	Shree Kaladhri Agency	200
5.	Mausum Mukherjee	Senior Systems Manager	1089770	B.Sc	25	01.08.1996	46	Calcutta Fan Ltd	Nil
6.	Ramesh Kumar Periwal	Assistant General Manager (Purchase)	877892	B.Com	30	20.08.1988	49	-	Nil
7.	Amitava Addy	Administrative Officer	671940	B.Com	36	18.05.1982	57	-	Nil
8.	Sarmistha Pal	Secretary to MD	568464	M.A.	19	18.03.2013	47	Maruti Suzuki India Ltd	Nil
9.	M K Mundhra	Commercial Manager	547875	B.Com	35	01.01.2013	57	-	50
10.	Ramesh Kumar Maurya	Engineer in Power Plant	452790	Diploma in Mechanical	21	10.09.2012	42	Abhinav Steels Limited	Nil

**Annexure 4**

**Form No. AOC-2**

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis**

**NIL**

- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts/arrangements/transactions
- Salient terms of the contracts or arrangements or transactions including the value, if any
- Justification for entering into such contracts or arrangements or transactions
- Date(s) of approval by the Board
- Amount paid as advances, if any
- Date on which the special resolution was passed in general meeting as required under first proviso to Section 188

## Madhya Bharat Papers Limited

---

### 2. Details of material contracts or arrangement or transactions at arm's length basis NIL

- a) Name(s) of the related party and nature of relationship
- b) Nature of contracts/arrangements/transactions
- c) Duration of the contracts/arrangements/transactions
- d) Salient terms of the contracts or arrangements or transactions including the value, if any
- e) Date(s) of approval by the Board, if any
- f) Amount paid as advances, if any

**For and on behalf of the Board**

**Regd. Office:**

Village Birgahni,  
Rly & Post Champa-495 671,  
Dist. Janjgir-Champa  
Chhattisgarh.  
CIN: L21012CT1980PLC001682  
**Dated: 13<sup>th</sup> August, 2018**

**R.L. KAPUR**  
*Director*  
(DIN: 00002483)

**JAYDEEP CHITLANGIA**  
*Managing Director*  
(DIN: 00094002)

### Annexure 5

#### Remuneration Policy:

##### a) Remuneration Policy for Non Executive Directors/ Independent Directors

Levels of remuneration to directors are determined such that they attract, retain and motivate directors of the quality and ability required to run the company successfully. With changes in the corporate governance norms, the role of the Non-Executive Directors (NEDs) and the degree and quality of their engagement with the Board and the Company has undergone significant changes over a period of time.

Under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations"), every company to publish its criteria of making payments to NEDs in its Annual Report. Alternatively, this may be put up on the Company's website and reference may be drawn thereto in its Annual Report. Section 197 of the Companies Act, 2013 and Clause 49(II)(C) require the prior approval of the shareholders of a company for making payment to its NEDs.

Further, in order to be consistent with globally accepted governance practices, the company has ushered in flexibility in respect of payment of remuneration to NEDs. It has linked the remuneration paid to NEDs to their attendance at the meetings of the Board or Committees thereof, their contributions at the meetings or otherwise, and on their position in various Committees of the Board, whether as the Chairman or Member.

All board level compensation (including to the NEDs) is approved by the shareholders and disclosed separately in the financial statements. Appropriate disclosures are also made in the Annual Report of the company. The board approves the commission paid to the directors.

In addition, the company also pays a sitting fee on a per meeting basis to the NEDs for attending the meetings of the board and other committees.

##### b) Remuneration Policy for Executive Directors

The remuneration policy for the executive directors has been formulated, considering the following key principles including but not limited to the basic principle to have long term relationship with the Company:

#### **Key Principles:**

- Linked to strategy: A substantial portion of the executive director's remuneration is linked to success in developing and implementing the Company's strategy.
- Performance related: A part of the total remuneration varies with performance, aligning with the shareholder's interest.



- 
- Long term: The structure of remuneration is designed to reflect the long term nature of the Company and significance of the protection of interest of the shareholders.
  - Fair treatment: Total overall remuneration takes account of both the external market and company's condition to achieve a balanced "fair outcome".

**Elements of the Remuneration structure of Executive Directors:**

The remuneration to key managerial personnel shall include:

- Fixed Salary
- Perquisites and Allowances
- Other benefits in accordance with the market practice and industry analysis.

Annual remuneration reviews shall be based on individual performance, company performance, market environment and future plans.

The remuneration to any one Managing Director or Whole Time Director or Manager shall not exceed five percent of the net profits of the Company and if there is more than one such director total remuneration shall not exceed ten percent of the net profits of the Company to all such directors and manager together. The total remuneration to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of that financial year.

In case of no profits, or inadequate profits, the Company shall pay remuneration to its managing or whole-time director or manager in accordance with the provisions of Schedule V of the Companies Act 2013.

**c) Remuneration Policy for Key Managerial Personnel (KMP)**

The remuneration to Key Managerial Personnel of the Company i.e. Managing Director/Chief Executive Officer/ Whole Time Director, Company Secretary and Chief Financial Officer as defined under Companies Act, 2013 read with related rules issued thereon, will be fixed after taking into account educational and professional qualification, experience & expertise of the personnel and the competitive market practices.

**Key Principles:**

- Remuneration should be sufficient to attract, retain and motivate best non-executive talent suits to the requirement of the Company.
- Remuneration practice should be consistent with the recognized best standard practices for Key Managerial Personnel.

**Elements of the Remuneration structure of KMP's:**

The remuneration to key managerial personnel shall include:

- Fixed salary
- Perquisites and Allowances
- Other benefits in accordance with the market practice

Annual remuneration reviews shall be based on individual performance, company performance, market environment and future plans.

**d) Remuneration Policy for Senior Management Personnel and other Executives:**

The remuneration to Senior Management personnel shall be fixed considering internal, external and individual equity; and also procedural equity.

Remuneration to Senior Management Personnel shall include –

- Fixed Salary
- Perquisites and Allowances
- And other benefits in accordance with the market practice

Annual remuneration reviews shall be based on individual performance, company performance, market environment and future plans.

# Madhya Bharat Papers Limited

## REPORT ON CORPORATE GOVERNANCE

Annexure 6

### 1. Company's Philosophy on Corporate Governance

The Company is committed to good corporate governance and aims at achieving increased levels of transparency and accountability to its shareholders and other key stakeholders.

### 2. Board of Directors

#### a) Composition of the Board

The Board of Directors consists of:

- One Managing Director
- Two Non-Executive Independent Directors
- One Non-Executive Woman Director
- One Executive Director

None of the Directors are related to each other.

#### b) Board meetings held during the year ended 31<sup>st</sup> March 2018

During the year under review, four Board meetings were held on 12<sup>th</sup> May, 2017, 14<sup>th</sup> August, 2017, 08<sup>th</sup> December, 2017 and 14<sup>th</sup> February, 2018.

#### c) Attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies:

Name of the Director	DIN	Category of Directorship	No. of Board Meetings attended	Attendance in previous AGM on 21.09.2017	No. of Directorship held in other Public Limited Companies	No. of membership/ chairmanship in other Board/Committee	
						Chairman	Member
Mr. Jaydeep Chitlangia	00094002	Managing Director-Promoter	4	Yes	1	-	-
Mr. Abhas Sen	01450642	Non-Executive, Independent	4	No	-	-	-
Mr. Raghuvansh Lal Kapur	00002483	Non-Executive, Independent	4	No	-	-	-
Mrs. Deepa Maheshwari	00550697	Non-Executive	4	No	-	-	-
Mr. Vinod Kumar Khanna	00123393	Executive	4	Yes	1	-	-

\* Only Audit Committee and Stakeholders Relationship Committee are considered

#### d) Information placed before the Board of Directors

As required under the Regulation 17(7) read with Part – A of Schedule-II of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 all the informations were placed before the Board.

#### e) Shareholding of Non-Executive Directors

Mrs. Deepa Maheshwari holds 500 shares in the Company and no other Non-Executive Directors hold any shares in the Company.

#### f) Code for Prevention of Insider Trading practices and Fair Disclosures

As per SEBI (Prohibition of Insider Trading) Regulations 2015, the Company Secretary is the Compliance Officer and is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, preclearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board.



---

Further in terms of Amended Regulation, the Company has also adopted a Code of Conduct for Prevention of Insider Trading under SEBI (Prohibition of Insider Trading) Regulations, 2015 as well as a Code of Fair Disclosure. All the Directors on the Board, Officers, designated employees at Senior Management and connected persons at all locations who could be privy to unpublished price sensitive information of the Company are governed by this Code.

**g) Details of Familiarization Programme imparted to Independent Directors**

The Company has adopted familiarization programs for Independent Directors by way of Presentations at the quarterly Board Meeting which covers their roles, rights, responsibilities in the Company, nature of industry in which the company operates and the business model of the company.

**3. Audit Committee**

**a) Composition**

The Audit Committee comprises of Mr. Abhas Sen, Non-Executive Independent Director and Chairman of the Committee, Mr. Raghuvansh Lal Kapur, Non-Executive Independent Director and Mrs. Deepa Maheshwari, Non-Executive Woman Director. The Managing Director is permanent invitee in all meetings of the Committee. The Company Secretary acts as the Secretary of the Committee.

**b) Brief Description of Terms of Reference of the Audit Committee:**

**A. The Audit Committee shall act in accordance with the terms of reference specified under Section 177 of the Companies Act, 2013 and as per the provisions of Regulation 18(3) read with Schedule II, Part C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which shall inter alia include:**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any Related Party Transactions;
  - g. Modified opinion(s) in the draft audit report;
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing with the management, the statement of users/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

## Madhya Bharat Papers Limited

---

7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review the functioning of the whistle blower mechanism;
  19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- B. The Audit Committee shall mandatorily review the following information:**
1. management discussion and analysis of financial condition and results of operations;
  2. statement of significant related party transactions (as defined by the audit committee), submitted by management;
  3. management letters / letters of internal control weaknesses issued by the statutory auditors;
  4. internal audit reports relating to internal control weaknesses; and
  5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  6. statement of deviations:
    - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**c) Meetings and Attendance**

Four meetings were held during the year on 12<sup>th</sup> May, 2017, 14<sup>th</sup> August, 2017, 08<sup>th</sup> December, 2017 and 14<sup>th</sup> February, 2018.

Name of Director	No. of meetings held	No. of meetings attended
Abhas Sen	4	4
Raghuvansh Lal Kapur	4	4
Deepa Maheshwari	4	4



---

#### 4. Nomination and Remuneration Committee

##### a) Composition:

The Nomination and Remuneration Committee comprises of Mr. Abhas Sen, Non-Executive Independent Director and Chairman of the Committee, Mr. Raghuvansh Lal Kapur, Non-Executive Independent Director and Mrs. Deepa Maheshwari, Non-Executive Woman Director.

##### b) Brief Description of Terms of Reference of the Nomination and Remuneration Committee as per Regulation 19(4) read with Schedule II, Part D of SEBI Regulations, which shall inter alia include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

##### c) Meetings and Attendance:

There was no meeting during the year.

##### d) Performance Evaluation criteria for Independent Directors:

The following are the evaluation criteria for the Performance Evaluation of the Independent Directors:

- Compliance with Articles of Association, Companies Act & other laws
- Compliance with ethical standards & code of conduct of Company
- Assistance in implementing corporate governance practices
- Rendering independent, unbiased opinion
- Attendance & presence in meetings of Board & Committees
- Attendance & presence in general meetings
- Disclosure of independence, if exists
- Review of integrity of financial information & risk management
- Safeguard of stakeholders' interests
- Updation of skills and knowledge (Awareness program through presentation at the Board and Committee meetings)
- Information regarding external environment
- Raising of concerns to the Board
- Safeguarding interest of whistle blowers under vigil mechanism
- Reporting of frauds, violation etc.
- Safeguard of confidential information

## Madhya Bharat Papers Limited

### Details of remuneration to Directors per annum :

Name of Directors	Basic Salary (₹)	Perquisites/ Allowances (₹)	Sitting Fees (₹)	Total (₹)
Jaydeep Chitlangia	3369012	665538	-	4034550
Abhas Sen	-	-	70000	70000
Raghuvansh Lal Kapur	-	-	70000	70000
Deepa Maheshwari	-	-	70000	70000
Vinod Kumar Khanna	2172000	430223	-	2602223

#### Notes:

- The company does not pay any commission or performance linked incentives to any of its Directors.
- Non Executive directors are paid only sitting fees to attend Board/ Committee meetings.

### 5. Performance Evaluation of Board:

Pursuant to the provisions of the Companies Act, 2013 and as per requirement of Regulation 17(10) of SEBI Regulations, the Board has adopted the criteria for evaluation of its own performance, its committees and individual directors and carried out the required annual evaluation.

In respect of each of the evaluation factors, various aspects covering general parameters in respect of all the directors and its committees have been considered.

Self-appraisal by the directors, based on their delegated specific responsibilities has also been carried out.

### 6. Stakeholders Relationship Committee

#### a) Composition

The Stakeholders Relationship Committee consists of Mr. Abhas Sen, Non-Executive Independent Director and Chairman of the Committee, Mr. Raghuvansh Lal Kapur, Non-Executive Independent Director and Mr. Jaydeep Chitlangia, Managing Director.

#### b) Terms of Reference:

The Committee performs amongst other the role/functions as set out in SEBI Regulations and includes:

- To consider, review and redress grievances of shareholders, debenture-holders and other security holders of the Company;
- To consider and resolve the grievances of the Shareholders / Investors like transfer of shares, debentures, non receipt of annual report, non receipt of declared dividends;
- To deal with all aspects relating to issue and allotment of shares and debentures and / or other securities of the Company;
- To consider and approve subdivision, consolidation, transfer and issue of duplicate shares and debenture certificate;
- To delegate any of the powers mentioned above to the Company Executives;
- Authority to take a decision in any other matter in relation to the above functions/powers;
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.





### c) Meetings and Attendance

There were two meetings held on 14<sup>th</sup> September, 2017 and 23<sup>rd</sup> November, 2017 and attended by all 3 members.

#### Compliance Officer

Mr. Vinod Kumar Khanna, Executive Director & Company Secretary is the Compliance Officer.

#### Shareholders' Complaints

There was no complaint from its shareholders during the year.

## 7. Annual General Meeting

Details of last three Annual General Meetings (AGMs):

Year	Location	Date and Time	Special Resolution passed
2014-15	Village Birgahni, Rly & Post Champa- 495 671, Dist. Janjgir-Champa, Chhattisgarh	24 <sup>th</sup> September, 2015 11.00 a.m.	Adoption of new Articles of Association of the Company.
2015-16	Same as above	23 <sup>rd</sup> September, 2016 11.00 a.m.	–
2016-17	Same as above	21 <sup>st</sup> September, 2017 11.00 a.m.	–

- No Special Resolution was passed by the Company last year through Postal Ballot.
- No Special Resolution is proposed to be conducted through Postal Ballot in the ensuing Annual General Meeting.

## 8. Disclosures

- a) The Company has entered into a few transactions with the related parties, the details whereof have been given in notes to the accounts and which have been reviewed by the Audit Committee of the Company. However, these are not prejudicial to the interest of the Company. The Company has framed a policy to deal with Related Party Transactions (RPTs) which has been posted on the Company's website [www.mbpl.in](http://www.mbpl.in).
- b) There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interest of the Company at large.
- c) Senior Management has made the disclosures to the Board and confirmed that they had no material, financial and commercial transactions that could have a potential conflict with the interest of the company at large.
- d) No penalties or strictures have been imposed on the Company by any Stock Exchange or SEBI or any other statutory authority for non-compliance of any matter relating to capital markets during the last three years.
- e) The Company has adopted whistle blower policy which has been posted on the Company's website. No personnel has been denied access to the audit committee. The detailed policy is available in company's website: [www.mbpl.in](http://www.mbpl.in)
- f) The Company has followed the applicable guidelines of Accounting Standards as specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- g) All Board members are experienced and professionals, acquainted with business knowledge, obviating the need for formal training. However, with respect to Executive Directors and KMPs the Company arranged need-based training to help them discharge their responsibilities in the most effective way.

## Madhya Bharat Papers Limited

---

- h) The status of compliance with the discretionary requirements under the Listing Regulations is provided below:
- **Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are published in newspapers and are also posted on the Company's website. The complete Annual Report is sent to every shareholder of the Company.
  - **Audit Opinion:** The Auditor has observed that "The Company has recognized Deferred Tax Assets amounting to Rs 643.28 lakhs, even though there is no virtual certainty of future taxable profits. This has resulted in understatement of Accumulated Losses by aforesaid amount and overstatement of Deferred Tax assets to the same extent." However on the said statement of the Auditors, the Directors are confident of utilizing the Deferred Tax Assets.

### 9. Means of Communication

- Quarterly results are normally published in Financial Express in English and Dainik Bhaskar in Hindi.
- Latest quarterly financial results are displayed on its website [www.mbpl.in](http://www.mbpl.in)
- No presentations were made to institutional investors or analysts.

### 10. General Shareholder Information

#### I. Annual General Meeting

- Date and Time : 28<sup>th</sup> September, 2018 at 11.00 a.m.  
Venue : Village Birgahni, Rly & Post Champa-495 671,  
Dist. Janjgir-Champa, Chhattisgarh.

#### II. Financial Calendar for the year 2018-19 (tentative)

- Results for first quarter : 2<sup>nd</sup> week of August  
Results for second quarter : 2<sup>nd</sup> week of November  
Results for third quarter : 2<sup>nd</sup> week of February  
Annual Audited Results : Last week of May

#### III. Book Closure Date : 22<sup>nd</sup> September, 2018 to 28<sup>th</sup> September, 2018 (both days inclusive).

#### IV. Dividend Payment Date : Not Applicable

#### V. Listing on Stock Exchange : The Calcutta Stock Exchange Ltd., Kolkata. 7, Lyons Range, Kolkata-700 001.

The Company has paid the listing fees for the year 2018-19

#### VI. Stock Code Details

Name of Stock Exchange	Stock Code
The Calcutta Stock Exchange Ltd.	10023013

#### VII. Market Price Data

No transactions were recorded at the aforesaid Stock Exchange during the year.

#### VIII. Share Transfer System

Maheshwari Datamatics Pvt.Ltd. are the Share Transfer Agents/Registrars (both for physical as well as demat segments) of the Company. The Company follows a fortnightly cycle for processing and updating share transfers and accordingly all valid transfers are effected within a fortnight.

**IX. Distribution of Shareholding as on 31<sup>st</sup> March, 2018**

No. of shares of ₹ 10 each	No. of Shareholders	% of shareholders	No. of shares Held	Shareholding %
1 – 500	211	80.2281	34787	1.0201
501 – 1000	16	6.0837	13050	0.3827
1001 – 2000	6	2.2814	9614	0.2819
2001 – 4000	6	2.2814	16600	0.4868
4001 – 5000	2	0.7605	10000	0.2933
5001 – 10000	3	1.1407	26556	0.7788
10001 & above	19	7.2243	3299393	96.7564
Total	263	100.00	3410000	100.00

**X. Categories of Shareholding as on 31<sup>st</sup> March, 2018**

Categories of Shareholders	No. of shares Held	Shareholding %
Indian Promoters	1948393	57.1376
Banks/Financial Institutions	1255856	36.8286
Private Corporate Bodies	78300	2.2962
Indian Public	127451	3.7376
Total	3410000	100.00

**XI. Dematerialisation of Equity Shares**

The Company's shares are available for dematerialization with NSDL and CDSL. The ISIN allotted to the Company's equity shares is INE697E01017. As on 31.03.2018, 97.76% of total equity share capital is held in dematerialised form with NSDL and CDSL.

**XII. Outstanding GDR/Warrants and Convertible Instruments:** Not Applicable.

**XIII. Plant Location** : Village Birgahni, Rly & Post Champa-495 671  
Dist. Janjgir-Champa, Chhattisgarh.

**XIV. Address for Correspondence:**  
Registrar : Maheshwari Datamatics Pvt.Ltd.,  
23, R.N. Mukherjee Road, Kolkata-700 001.  
e-mail: mdpldc@yahoo.com

Company- Registered Office : Madhya Bharat Papers Ltd.,  
Village Birgahni, Rly & Post Champa-495 671  
Dist. Janjgir-Champa, Chhattisgarh.

E-mail id for investor grievances : mbplcal@vsnl.net

On behalf of the Board

**Regd. Office :**

Village Birgahni,  
Rly & Post Champa-  
Chhattisgarh.  
L21012CT1980PLC001682

**Dated: 13<sup>th</sup> August, 2018**

**R.L. KAPUR**  
*Director*  
(DIN: 00002483)

**JAYDEEP CHITLANGIA**  
*Managing Director*  
(DIN: 00094002)

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of  
Madhya Bharat Papers Limited**

We have examined the compliance of conditions of Corporate Governance by Madhya Bharat Papers Limited for the year ended 31<sup>st</sup> March, 2018, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges for the period from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018 and the relevant provisions of chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above-mentioned Listing Agreement/Listing Regulations as applicable.

As required by the Guidance Note issued by the Institute of Chartered Accountant of India, we have to state that as per the records maintained, there was no Investor's Grievances remaining unattended/pending for more than 30 days as at 31<sup>st</sup> March, 2018 except those under litigation, disputes or court orders.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For G. P. AGRAWAL & CO.**  
Chartered Accountants  
(F.R.No. 302082E)

**CA. RAKESH KUMAR SINGH**  
Partner  
Membership No. 066421

Place: Kolkata  
Dated: 13<sup>th</sup> August, 2018

**Annexure 8**

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Board has adopted a Code of Conduct for its Directors and Senior Management of the Company and the same is available on the Company's website.

I confirm that the Company has received from the Senior Management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct, as applicable to them, during the financial year ended 31<sup>st</sup> March, 2018

**JAYDEEP CHITLANGIA**  
Managing Director  
(DIN: 00094002)

Kolkata,  
Dated: 28<sup>th</sup> May, 2018



*Certificate under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

**CERTIFICATION**

Pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2018 and that to the best of our knowledge and belief, we state that:
  1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Business Conduct as adopted by the Company.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- D. We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
  1. Significant changes, if any, in internal control over financial reporting during the year;
  2. Significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For **Madhya Bharat Papers Limited**

**JAYDEEP CHITLANGIA**  
Managing Director  
(DIN: 00094002)

Place: Kolkata  
**Date: 28<sup>th</sup> May, 2018**

**JAGDISH DUA**  
Chief Financial Officer

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2018**

*[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,**

**Madhya Bharat Papers Limited**

Vill. – Birgahni, Rly & Post - Champa

Dist. – Janjgir-Champa

Chhattisgarh

Pin- 495671

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by *Madhya Bharat Papers Limited* having its Registered Office at Vill. – Birgahni, Rly & Post – Champa, Dist. – Janjgir-Champa, Chhattisgarh, Pin- 495671 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2018 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.

**Auditors' Responsibility**

Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers' and the agents of the Company during the said audit.

We have followed the audit practices and processes as were appropriate to the best of our understanding 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 records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

We have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Board during the period under scrutiny. We have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statutes as mentioned hereinafter.

Wherever required we have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of compliance procedures on test basis.

Our report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.



---

**We report that,** we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (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) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**We further report that,** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Acts:

1. Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996;
2. Indian Boilers Act, 1923;
3. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;
4. The Petroleum Act, 1934 and The Petroleum Rules, 2002; and
5. Explosives Act, 1884

to the extent of their applicability to the Company during the financial year ended 31.03.2018 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

## Madhya Bharat Papers Limited

---

### We further report that :

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.
- (b) 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.
- (c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- (d) 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.

For **A. K. LABH & Co.**  
Company Secretaries

( **CSA. K. LABH** )  
Practicing Company Secretary  
FCS – 4848 / CP No.- 3238

Place : Kolkata  
Dated : 28.05.2018

---

## Annexure 11

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Overall Review

Accounting year 2017-18 was a difficult year for our Company. The Company continues to be affected by adverse factors due to environmental laws, shortfall in working capital and capital expenditure for switchover to 100% recycled waste paper.

#### Industry Structure & Development

The consumption of paper is closely linked to the economic development of a country. In India, the government's sustained focus on literacy and expansion in organized retail are expected to positively affect paper consumption and demand. The per capita paper consumption in India stands a little above 13 kgs compared with average global consumption of 57 kgs. India's paper consumption has grown at an average rate of 7% in the last 5 years. The industry accounts for approximately 4% of the world's production of paper.

During the year, Company has achieved only 43.83% capacity utilization.

#### Opportunities

- (a) Pan India presence.
- (b) Close proximity of the plant to the collieries of South Eastern Coalfields Ltd. for procurement of coal.
- (c) Government's thrust for improving education and literacy in the country.
- (d) Strong customer base and dealers/distributors network.
- (e) Scope of export of paper due to shortage/ manufacturing restrictions in China

#### Threats

- (a) Increasing coal and logistic cost
- (b) Increasing competition from electronic media and digital communication alternatives.
- (c) Sourcing of waste paper – majority of waste paper is imported and efforts needed to increase collection through awareness in the country to make industry self sufficient.





## Performance

During the year 2017-18, revenue decreased from ₹ 3863.04 lakhs to ₹ 3547.40 lakhs i.e. decrease of 8.17% and incurred loss of ₹ 1683.12 lakhs before tax adjustments compared with previous year's loss of ₹ 1297.29 lakhs.

## Outlook

The consumption of paper continues to grow in the developing economy of India and therefore, the Company's outlook for future growth is reasonably good on implementation of project based on recycled waste paper.

## Risks and Concerns:

The Company has implemented Risk Mitigation Policy which is being monitored from time to time at all operational levels.

## Internal Financial Control systems and their adequacy

The Company has in place adequate internal control procedures commensurate with its size and operations. The Board of Directors, responsible for the internal control system, sets the guidelines, verifying its adequacy, effectiveness and application. The Audit Committee of the Company periodically reviews the existing internal control systems and takes necessary steps for updation / modification of the same as and when considered necessary.

The Company's internal control framework is designed to ensure management efficiency, measurability and verifiability, reliability of accounting and management information and compliance with all applicable laws and regulations.

## Financial Performance & Analysis highlights

₹ in lakhs

Particulars	2017-18	2016-17
Sales	3547.40	3863.04
PBIDT	(1089.61)	(832.92)
Interest	486.56	357.06
Profit/(Loss) after Interest	(1576.18)	(1189.98)
Depreciation	106.94	107.31
Other Comprehensive Income	(25.68)	(2.01)
Provision for Taxation		
- Deferred Tax	(643.28)	(445.05)
Net Profit/(Loss)	(1065.52)	(854.25)

## Human Resource Development/Industrial Relations

The Company firmly believes that Human Resources are invaluable assets for any Organization. The effective deployment of capital and furtherance of Company's business are intimately dependent on the quality of human resources. There is, therefore, a continuous review by the Management of the potentiality of the people employed and enhancement of their contribution to the Company through training and development programmes. Industrial relations with the employees remain cordial throughout the year under review. The total manpower strength as on 31<sup>st</sup> March, 2018 was 217.

## Cautionary Statement

Statement in the "Management's Discussion and Analysis" section describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulation, tax regimes, economic developments within India and other factors such as litigation and labour negotiations.

# Madhya Bharat Papers Limited

---

## INDEPENDENT AUDITORS' REPORT

To the Members of Madhya Bharat Papers Limited

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Madhya Bharat Papers Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS 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 of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, 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.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 financial position of the Company as at 31st March, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Qualified Opinion

Refer Note no. 6 of the financial statement regarding recognized Deferred Tax Assets for the year amounting to Rs. 643.28. lacs, even though there is no virtual certainty of future taxable profits. This has resulted in understatement of Accumulated losses by aforesaid amount and overstatement of Deferred Tax Assets to the same extent.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid Ind AS



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 financial position of the Company as at 31<sup>st</sup> March, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Other Matters**

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these Ind AS financial statements, are based on the audited financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the previous auditors whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 12th May, 2017 and 25th May, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion on the Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

### **Report on other Legal and Regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("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, based on our audit, we report to the extent applicable 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 purposes of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts.
  - d) Except for the possible effects of the matter described in above Para of Basis for Qualified Opinion, in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder.
  - e) On the basis of the written representations received from the Directors as on 31st March, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018 from being appointed as a director in terms 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 of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the Rule 11 of the Companies (Audit and Auditors) rules, 2014, as amended, 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 Ind AS financial statements - Refer Note 31 (1) to the financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, which were required to be transferred to the Investor education and Protection Fund by the Company.

For G.P. Agrawal & Co.  
Chartered Accountants  
Firm's Registration No .302082E

(CA. Rakesh Kumar Singh)  
Partner  
Membership No. 066421

Date: 28th day of May, 2018  
Place of Signature: Kolkata

## **Madhya Bharat Papers Limited**

---

### **“Annexure A” to the Independent Auditors’ Report**

Statement referred to in paragraph ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of **Madhya Bharat Papers Limited** on the Ind AS financial statements for the year ended 31st March, 2018.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, 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 the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) According to the information and explanations given to us, the inventories have been physically verified during the year by the management. In our opinion, no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, clauses (iii) (a), (iii)(b) and (iii) (c) of paragraph 3 of the said order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of section 185 & 186 of the Act, with respect to the loans and investment made.
- (v) The Company has not accepted any deposit within the meaning of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. The directives issued by the Reserve Bank of India are not applicable to the Company.
- (vi) To the best of our knowledge and according to the information given to us, the Central Government has prescribed maintenance of cost records under section 148(1) of the Act for the products of the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.
- (vii) (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other statutory dues to the appropriate authorities during the year. There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no statutory dues as at 31<sup>st</sup> March, 2018 which have not been deposited on account of dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of loans or borrowings to financial institutions, bankers and the government. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer and further public offer (including debt instrument). To the best of our knowledge and belief and according to the information and explanations



---

given to us, term loans availed by the company were applied for the purpose for which the loans were obtained.

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the company has paid/ provided for managerial remunerations in accordance with the requisite approvals mandated by the provisions of Sec. 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable.

For G.P. Agrawal & Co.  
Chartered Accountants  
Firm's Registration No .302082E

(CA. Rakesh Kumar Singh)  
Partner  
Membership No. 066421

Date: 28th day of May, 2018  
Place of Signature: Kolkata

## **Madhya Bharat Papers Limited**

---

### **Annexure - B to the Independent Auditor's Report**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 Madhya Bharat Papers Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS 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 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 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 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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.

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 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 authorizations of management and directors of the company; and



- 
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial 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**

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 2018, 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 G.P. Agrawal & Co.  
Chartered Accountants  
Firm's Registration No .302082E

(CA. Rakesh Kumar Singh)  
Partner  
Membership No. 066421

Date: 28th day of May, 2018  
Place of Signature: Kolkata

# Madhya Bharat Papers Limited

## Balance Sheet as at 31<sup>st</sup> March, 2018

₹ in lakhs

Sl. No.	Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>I ASSETS</b>					
<b>(1) Non - current assets</b>					
(a)	Property, plant and equipment	4	6116.28	6171.61	6103.92
(b)	Capital work-in-progress		79.10	79.10	79.10
(c)	Financial assets				
(i)	Investments	5	55.78	101.00	31.82
(d)	Deferred tax assets (net)	6	449.23	6700.38	-
				6,351.71	-
<b>(2) Current assets</b>					
(a)	Inventories	7	1076.22	1082.70	800.86
(b)	Financial assets				
(i)	Trade and other receivables	8	156.46	77.66	25.48
(ii)	Cash and cash equivalents	9	4.40	14.92	15.02
(iii)	Bank balances other than cash and cash equivalents	10	30.25	41.16	35.21
(iv)	Other financial assets	11	187.72	270.61	236.69
(c)	Other current assets	12	92.30	1547.35	36.69
				75.89	1562.94
	<b>Total Assets</b>		<b>8247.73</b>	<b>7914.65</b>	<b>7364.79</b>
<b>II EQUITY AND LIABILITIES</b>					
<b>(1) Equity</b>					
(a)	Share capital	13	341.00	341.00	341.00
(b)	Other equity	14	513.72	854.72	2433.49
				1920.24	2774.49
<b>Liabilities</b>					
<b>(2) Non - current liabilities</b>					
(a)	Financial liabilities				
(i)	Borrowings	15(i)	2895.38	2066.45	1250.12
(ii)	Other financial liabilities	16	1270.10	1299.56	915.86
(b)	Provisions	17	29.86	24.21	1.60
(c)	Deferred tax liabilities (net)	6	-	207.64	653.76
(d)	Other non-current liabilities	18	188.69	4384.03	-
				-	3597.86
<b>(3) Current liabilities</b>					
(a)	Financial liabilities				
(i)	Borrowings	15(ii)	696.66	730.58	563.93
(ii)	Trade and other payables	19	1221.26	942.93	667.41
(iii)	Other financial liabilities	16(ii)	243.78	179.88	121.10
(b)	Other current liabilities	20	837.22	535.93	381.59
(c)	Provisions	23(ii)	10.06	3008.98	34.93
				7.23	2396.55
	<b>Total Equity and Liabilities</b>		<b>8247.73</b>	<b>7914.65</b>	<b>7364.79</b>
	Corporate information	1			
	Significant accounting policies and estimates	2-3			
	Other disclosures	31			
	The accompanying notes 1 to 31 are an integral part of the financial statements.				

As per our report of even date attached.

**For G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

**(CA. Rakesh Kumar Singh)**

Partner

Membership No. 066421

**Jagdish Dua**

Chief Financial Officer

**V. K. Khanna**

Executive Director &

Company Secretary

DIN - 00123393

**R. L. Kapur**

Director

DIN - 00002483

**Jaydeep Chitlangia**

Managing Director

DIN - 00094002

Place of Signature: Kolkata

Date: 28th May, 2018




**Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2018**
**₹ in lakhs**

Sl. No.	Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
I	Revenue from operations	21	3547.40	3863.04
II	Other income	22	51.41	117.60
<b>III</b>	<b>Total income (I+II)</b>		<b>3598.81</b>	<b>3980.64</b>
<b>IV</b>	<b>Expenses:</b>			
	Cost of materials consumed	23	2400.47	2512.93
	Excise duty on sale of goods		28.14	233.74
	Changes in inventories of finished goods and work-in-progress	24	(55.14)	(226.70)
	Employee benefits expense	25	509.01	432.36
	Finance costs	26	486.56	357.07
	Depreciation and amortisation expense	27	106.94	107.31
	Other expenses	28	1805.95	1861.22
	<b>Total expense</b>		<b>5281.93</b>	<b>5277.93</b>
<b>V</b>	<b>Loss before exceptional items and tax (III-IV)</b>		<b>(1683.12)</b>	<b>(1297.29)</b>
<b>VI</b>	Exceptional items		-	-
<b>VII</b>	<b>Loss before tax (V-VI)</b>		<b>(1683.12)</b>	<b>(1297.29)</b>
<b>VIII</b>	<b>Tax expense</b>	29		
	Current tax		-	-
	Deferred tax		(643.28)	(445.05)
			<b>(643.28)</b>	<b>(445.05)</b>
<b>IX</b>	<b>Loss for the year (VII-VIII)</b>		<b>(1039.84)</b>	<b>(852.24)</b>
<b>X</b>	<b>Other comprehensive income</b>	30		
	(i) Items that will not be reclassified to profit or loss		(39.27)	(3.08)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		13.59	1.06
	<b>Total other comprehensive income</b>		<b>(25.68)</b>	<b>(2.01)</b>
<b>XI</b>	<b>Total comprehensive income for the year (IX + X)</b> <b>(Comprising of loss and other comprehensive income for the year)</b>		<b>(1065.52)</b>	<b>(854.25)</b>
<b>XII</b>	<b>Earnings per equity share (Nominal value per share ₹ 10/-)</b> <i>[Refer Note No. 31(1)]</i>			
	- Basic (₹)		<b>(30.49)</b>	<b>(24.99)</b>
	- Diluted (₹)		<b>(30.49)</b>	<b>(24.99)</b>
	<b>Number of shares used in computing earnings per share</b>			
	- Basic		3410000	3410000
	- Diluted		3410000	3410000
	Corporate information	1		
	Significant accounting policies and estimates	2-3		
	Other disclosures	31		
	The accompanying notes 1 to 31 are an integral part of the financial statements.			

As per our report of even date attached.

**For G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

**(CA. Rakesh Kumar Singh)**

Partner

Membership No. 066421

**Jagdish Dua**

Chief Financial Officer

**V. K. Khanna**

Executive Director &

Company Secretary

DIN - 00123393

**R. L. Kapur**

Director

DIN - 00002483

**Jaydeep Chitlangia**

Managing Director

DIN - 00094002

**Place of Signature: Kolkata**

**Date: 28th May, 2018**

## Madhya Bharat Papers Limited

### Cash Flow Statement for the year ended 31<sup>st</sup> March, 2018

₹ in lakhs

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>A. Cash flow from operating activities</b>		
Profit/ (loss) before exceptional items and extra ordinary items and tax	(1683.12)	(1297.29)
Adjustments to reconcile profit before exceptional items and extra ordinary items and tax to net cash flow provided by operating activities :		
Finance costs	486.56	357.07
Depreciation and amortisation expense	106.94	107.31
Loss on sale/discard of property, plant and equipment	0.75	-
Fair value loss/(gain) on financial instruments through profit or loss	44.74	(69.20)
Dividend income	-	(0.01)
Profit on sale of non-current investment	-	(4.80)
Interest income	(50.18)	(9.30)
	588.81	381.07
Operating profit before working capital changes	(1094.31)	(916.22)
Adjustments to reconcile operating profit to cash flow provided by changes in working capital :		
Increase /(decrease) in trade and other payables	278.33	275.54
Decrease/(increase) in non current financial assets	0.48	4.82
Increase /(decrease) in non current other financial liabilities	(29.46)	383.70
Increase /(decrease) in other current financial liabilities	63.90	58.78
Increase /(decrease) in other non current liabilities	188.69	-
Increase /(decrease) in other current liabilities	301.30	154.34
Increase /(decrease) in provision for employee benefits	(30.79)	(8.17)
Decrease/(increase) in inventories	6.48	(281.84)
Decrease/(increase) in trade and other receivables	(78.80)	(52.18)
Decrease/(increase) in other financial assets	77.37	(26.30)
Decrease/(increase) in other current assets	(16.41)	(39.20)
	761.09	469.49
Cash used in operations	(333.22)	(446.73)
Tax expense	-	-
<b>Cash flow before exceptional and extraordinary items</b>	(333.22)	(446.73)
Exceptional item	-	-
<b>Net cash used in operating activities (A)</b>	(333.22)	(446.73)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets	(56.14)	(175.00)
Sale of fixed assets	3.78	-
Fixed deposits redeemed from bank	10.91	-
Fixed deposits made with bank	-	(5.95)
Dividend income	-	0.01
Interest received	55.70	1.66
<b>Net cash generated from/(used in) investing activities (B)</b>	14.25	(179.28)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	832.21	819.32
Repayment of long-term borrowings	(3.28)	(2.99)
Proceeds/(repayment) of short-term borrowings (net)	(33.92)	166.65
Interest paid	(482.86)	(354.45)
Other borrowing costs	(3.70)	(2.62)
<b>Net cash generated from financing activities (C)</b>	308.45	625.91
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	(10.52)	(0.10)
Opening cash and cash equivalents	14.92	15.02
<b>Closing cash and cash equivalents for the purpose of Cash Flow Statement</b>	4.40	14.92



---

**Notes:**

- 1) The above Cash Flow Statement has been prepared under the ‘ ‘ Indirect Method ‘ ‘ as set out in the Indian Accounting Standard (IND AS) 7 on Statement of Cash Flows.
- 2) Proceeds/(repayment) of/from Commercial paper and other Short-term borrowings qualify for disclosure on net basis.
- 3) Cash and cash equivalents do not include any amount which is not available to the Company for its use.
- 4) Cash and cash equivalents as at the Balance Sheet date consists of:

(₹ in lakhs)

	As at 31st March, 2018	As at 31st March, 2017
a) Balance with banks on current accounts	2.40	12.82
b) Cash on hand	2.00	2.10
<b>Closing cash and cash equivalents for the purpose of Cash Flow Statement</b>	<u><b>4.40</b></u>	<u><b>14.92</b></u>

- 5) As breakup of Cash and cash equivalents is also available in Note No. 9, reconciliation of items of Cash and cash equivalents as per Cash Flow Statement with the respective items reported in the Balance Sheet is not required and hence not provided.
- 6) Figure in brackets represent cash outflow from respective activities.

The accompanying notes 1 to 31 are an integral part of the financial statements.

---

As per our report of even date attached.

**For G. P. AGRAWAL & CO.**

*Chartered Accountants*

Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

**(CA. Rakesh Kumar Singh)**

*Partner*

Membership No. 066421

**Jagdish Dua**

*Chief Financial Officer*

**V. K. Khanna**

*Executive Director &*

*Company Secretary*

DIN - 00123393

**R. L. Kapur**

*Director*

DIN - 00002483

**Jaydeep Chitlangia**

*Managing Director*

DIN - 00094002

**Place of Signature: Kolkata**

**Date: 28th May, 2018**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

**(a) Equity share capital**

<b>For the year ended 31st March, 2018</b>		<b>For the year ended 31st March, 2017</b>	
<b>(₹ in lakhs)</b>		<b>(₹ in lakhs)</b>	
Balance as at 1st April, 2017	Changes in equity share capital during the year	Balance as at 1st April, 2016	Changes in equity share capital during the year
341.00	-	341.00	-
Balance as at 31st March, 2018		Balance as at 31st March, 2017	
341.00		341.00	

**(b) Other equity**

<b>Particulars</b>	<b>Reserves and surplus</b>			<b>Other Comprehensive Income</b>	<b>Total other equity</b>
	<b>Capital reserves</b>	<b>Capital redemption reserve</b>	<b>General reserve</b>		
<b>Balance as at 1st April, 2017</b>	0.03	450.00	594.06	535.15	1579.24
<b>Changes in equity during the year ended 31st March, 2018</b>	-	-	-	(1039.84)	(1039.84)
Profit for the year	-	-	-	(25.68)	(25.68)
Other comprehensive income/(loss) for the year	-	-	-	-	-
<b>Balance as at 31st March, 2018</b>	<b>0.03</b>	<b>450.00</b>	<b>594.06</b>	<b>(530.37)</b>	<b>513.72</b>
<b>Balance as at 1st April, 2016</b>	0.03	450.00	594.06	1389.40	2433.49
<b>Changes in equity during the year ended 31st March, 2016</b>	-	-	-	(852.24)	(852.24)
Profit for the year	-	-	-	(2.01)	(2.01)
Other comprehensive income/(loss) for the year	-	-	-	-	-
<b>Balance as at 31st March, 2017</b>	<b>0.03</b>	<b>450.00</b>	<b>594.06</b>	<b>535.15</b>	<b>1579.24</b>

The accompanying notes 1 to 31 are an integral part of the financial statements.

As per our report of even date attached.

**For G. P. AGRAWAL & CO.**

*Chartered Accountants*

Firm's Registration No. - 302082E

**(CA. Rakesh Kumar Singh)**  
*Partner*

Membership No. 066421

**Place of Signature: Kolkata**  
**Date: 28th May, 2018**

**Jagdish Dua**  
*Chief Financial Officer*

**V. K. Khanna**  
*Executive Director & Company Secretary*  
DIN - 00123393

**R. L. Kapur**  
*Director*  
DIN - 00002483

**Jaydeep Chitlangia**  
*Managing Director*  
DIN - 00094002

For and on behalf of the Board of Directors



---

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

**NOTES ON ACCOUNTS**

**1 CORPORATE INFORMATION:**

Madhya Bharat Papers Limited (“the Company”) is a Public Company Limited by shares incorporated in India and is engaged in the business of manufacture of Writing and Printing Papers based on Rice Straw and Waste paper as its main raw material.

The Company’s shares are listed on The Calcutta Stock Exchange Ltd.

Its registered office is situated at Village Birgahni, Champa - 495671, Chhattisgarh (India). The financial statements for the year ended March 31, 2018 were approved for issue by the Board of Directors on 28th May, 2018.

**2 SIGNIFICANT ACCOUNTING POLICIES:**

**2.1 Statement of Compliance with Ind AS**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2017. Up to the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company’s first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2016. Details of the exceptions and optional exemptions availed by the Company and principal adjustments along with related reconciliations are detailed in Note 35 (17) (First-time Adoption).

**2.2 Basis of preparation**

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All amount disclosed in the financial statements including notes thereon have been rounded off to the nearest rupees in lakh as per the requirement of Schedule III to the Act, unless stated otherwise.

**2.3 Use of estimates**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. 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 if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

## Madhya Bharat Papers Limited

---

### 2.4 Operating Cycle

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 the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements. Based on the for the purpose of current or non-current classification of assets and liabilities. nature of products and their realization in cash and cash equivalents, the company has ascertained operating cycles as 12 months for its manufacturing business.

### 2.5 Revenue recognition

Revenue is recognised to the extent it is probable that economic benefits would flow to the Company and the revenue can be reliably measured, regardless of when the revenue proceeds is received from customers.

Revenue is measured at the fair value of the consideration received/receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

The financial statements of the Company have been prepared on the concept of going concern and on accrual basis except the Excise and other claims / refunds which are being adjusted in the books as and when settled.

Sales value is inclusive of Excise Duty but exclusive of Sales Tax/VAT.

### 2.6 Property, plant and equipment (PPE) and Capital work-in-progress (CWIP)

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of PPE recognised as at 1st April, 2016 measured as per the previous GAAP

Impairment losses, if any, are recognised when carrying amount of asset exceeds its recoverable amount. Reversal of such loss is also accounted whenever situation so warrants, in accordance with the Indian Accounting Standard .

Capital work in Progress be assessed, reviewed and diminished adequately from time to time.

Pre-operative expenses relating to expansion / new projects are capitalised and allocated to building, plant & machinery, etc. on value basis.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Depreciation on items of PPE is provided on a straight line method to allocate their cost, net of their residual value over the estimated useful life of the respective asset as specified in Schedule II to the Companies Act, 2013.

The estimated useful lives of PPE of the Company are as follows:

(i) Building	-	30-60 years
(ii) Plant and equipment	-	15 years
(iii) Furniture and fixtures	-	10 years
(iv) Vehicles	-	8 years
(v) Office equipment	-	5 years
(vi) Computers & Audio visuals	-	3 years
(v) Electrical installations	-	10 years

Depreciation on revaluation of Fixed Assets has been reduced from Revaluation Reserve account.

Each item of PPE individually costing ₹ 5,000/- or less is depreciated over a period of one year from the date the said assets is available for use.

The residual value of an item of PPE is not more than 5% of the original cost of the respective asset.



---

Assets taken on lease other than leasehold land and building are not capitalised. Lease rentals are charged to revenue.

Right to use the Resorts is considered as Leasehold building and amount paid is amortised over the tenure of the right. Lease hold building are depreciated over the tenure of the lease hold right. Lease hold land are depreciated over the tenure of the lease hold right.

## **2.7 Investments**

Investments have been stated at cost and provision for diminution in the value of long term Investments is made only if such a decline is other than temporary in the opinion of the management.

### **Inventories**

Inventories are valued at lower of cost and net realisable value. For this purpose cost has been arrived at on the basis of weighted average cost formula. The cost of finished goods, WIP comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Provision for obsolescence is made wherever necessary.

## **2.8 Foreign currency transactions**

Foreign currency transactions in respect of current assets and current/long term liabilities other than those incurred for acquisition of fixed assets, the overall net loss, if any, on conversion at the exchange rates prevailing on the date of the Balance Sheet, is charged to revenue but the overall net gain, if any, is not accounted for. In respect of liabilities incurred for acquisition of fixed assets, the net gain or loss on such conversion, is adjusted in the carrying value of the related assets.

## **2.9 Employee Benefits**

Post retirement employee benefits:

Post retirement benefits like Provident Fund and Defined Contribution Superannuation schemes, in the nature of defined contribution plans, are maintained by the Company. Contributions required are recognised in the Statement of Profit & Loss on an accrual basis and funded with recognised funds set up for the purpose.

Defined Benefit plan like Gratuity is also maintained by the Company. Liabilities under the defined benefit schemes are determined through independent year end actuarial valuation and charge is recognised in the books. For schemes, where recognised funds have been set up, annual contributions determined as payable in the actuarial valuation report are contributed. Actuarial gains and losses are recognised in the Statement of Profit & Loss.

The Company recognises in the Statement of Profit & Loss, gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs.

Other Employee Benefits:

Other employee benefits are accounted for on accrual basis. Liabilities for compensated absence are determined based on independent year end actuarial valuation and charge is recognised in the Statement of Profit & Loss. Short term employee benefits are recognised on an undiscounted basis whereas long term employee benefits are recognised on a discounted basis.

## **2.10 Borrowing Costs**

Borrowing Costs, attributable to the acquisition of qualifying assets upto the date it is ready to put to use, are capitalised. Other borrowing costs are charged to statement of profit and loss.

## **2.11 Government Grants**

Government Grants of the nature of project subsidy are credited to Capital Reserves as it is not specified

---

## **Madhya Bharat Papers Limited**

---

to particular item / asset. In the case where any grant received in relation to specified Item / asset, such amount is adjusted with the specified item / asset, other government grants which are revenue nature, credited to Statement of Profit & Loss under the the head “Other Income”.

### **2.12 Taxes**

Taxes on income comprises of current taxes and deferred taxes.

Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

### **2.13 Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating lease. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term or on another systematic basis if it is more representative of the time pattern of the user’s benefit.

### **2.14 Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognised in the accounts when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required is settled the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimates required to settle the obligation at the reporting date. This estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent Assets are neither recognised nor disclosed in the financial statements.

## **3 USE OF CRITICAL ESTIMATES, JUDGEMENTS AND ASSUMPTIONS:**

The preparation of the financial statements requires the use of accounting estimates, which, by definition would seldom equal the actual results. Management also needs to exercise judgement and make certain assumptions in applying the Company’s accounting policies and preparation of financial statements.

The use of such estimates, judgements and assumptions affect the reported amounts of revenue, expenses, assets and liabilities including the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the future periods.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.





---

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

In the process of applying the Company's accounting policies, management has made the following judgements, which have most significant effect on the amounts recognised in the financial statements.

**(i) Estimated useful life of Property, plant and equipment**

PPE represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology.

**(ii) Recognition of deferred tax assets for carried forward tax losses and unused tax credit**

Deferred tax assets are recognised for unused losses (carry forward of prior years' losses) and unused tax credit to the extent that it is probable that taxable profit would be available against which the losses could be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**(iii) Estimation of Defined benefit obligations**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial year end.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the actuary considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

Note No. : 4 Property, plant and equipment and Capital work-in-progress

(₹ in lakhs)

Particulars	Property, Plant and Equipment										Capital work-in-progress @	
	Land (Free hold)	Land (Lease hold)	Buildings	Plant and equipment	Furniture & Fixtures	Vehicles	Office equipment	Computers	Total			
<b>Gross block (Deemed cost)</b>												
Gross carrying amount as at 1st April, 2017	4060.51	3.23	451.87	1735.42	2.41	17.14	4.32	4.03	6278.92	79.10		
Additions during the year	-	-	-	49.65	0.14	5.50	0.85	-	56.14	-		
Reclassification made during the year	-	-	-	-	-	(7.79)	-	-	(7.79)	-		
Disposals/deductions during the year	-	-	-	-	-	14.85	5.17	4.03	6327.27	79.10		
<b>Gross carrying amount as at 31st March, 2018</b>	<b>4060.51</b>	<b>3.23</b>	<b>451.87</b>	<b>1785.07</b>	<b>2.55</b>	<b>14.85</b>	<b>5.17</b>	<b>4.03</b>	<b>6327.27</b>	<b>79.10</b>		
<b>Depreciation /amortisation/ impairment as at 1st April, 2017</b>												
Accumulated depreciation / amortisation / impairment as at 1st April, 2017	-	0.04	18.08	85.39	-	2.52	0.79	0.49	107.31	-		
Depreciation/ amortisation for the year	-	0.04	19.27	85.15	-	1.60	0.79	0.09	106.94	-		
Impairment for the year	-	-	-	-	-	-	-	-	-	-		
Reclassification made during the year	-	-	-	-	-	-	-	-	-	-		
Disposals/deductions during the year	-	-	-	-	-	(3.26)	-	-	(3.26)	-		
<b>Accumulated depreciation / amortisation / impairment a s at 31st March, 2018</b>	<b>-</b>	<b>0.08</b>	<b>37.35</b>	<b>170.54</b>	<b>-</b>	<b>0.86</b>	<b>1.58</b>	<b>0.58</b>	<b>210.99</b>	<b>-</b>		
<b>Net carrying amount as at 31st March, 2018</b>	<b>4060.51</b>	<b>3.15</b>	<b>414.52</b>	<b>1614.53</b>	<b>2.55</b>	<b>13.99</b>	<b>3.59</b>	<b>3.45</b>	<b>6116.28</b>	<b>79.10</b>		
<b>Gross block (Deemed cost)</b>												
Gross carrying amount as at 1st April, 2016	4060.51	3.23	450.18	1562.32	2.41	17.14	4.32	3.82	6103.92	79.10		
Additions during the year	-	-	1.69	173.10	-	-	-	0.21	175.00	-		
Reclassification made during the year	-	-	-	-	-	-	-	-	-	-		
Disposals/deductions during the year	-	-	-	-	-	-	-	-	-	-		
<b>Gross carrying amount as at 31st March, 2017</b>	<b>4060.51</b>	<b>3.23</b>	<b>451.87</b>	<b>1735.42</b>	<b>2.41</b>	<b>17.14</b>	<b>4.32</b>	<b>4.03</b>	<b>6278.92</b>	<b>79.10</b>		
<b>Depreciation /amortisation/ impairment as at 1st April, 2016</b>												
Accumulated depreciation / amortisation as at 1st April, 2016	-	0.04	18.08	85.39	-	2.52	0.79	0.49	107.31	-		
Depreciation/ amortisation for the year	-	-	-	-	-	-	-	-	-	-		
Impairment for the year	-	-	-	-	-	-	-	-	-	-		
Reclassification made during the year	-	-	-	-	-	-	-	-	-	-		
Disposals/deductions during the year	-	-	-	-	-	-	-	-	-	-		
<b>Accumulated depreciation / amortisation / impairment as at 31st March, 2017</b>	<b>-</b>	<b>0.04</b>	<b>18.08</b>	<b>85.39</b>	<b>-</b>	<b>2.52</b>	<b>0.79</b>	<b>0.49</b>	<b>107.31</b>	<b>-</b>		
<b>Net carrying amount as at 31st March, 2017</b>	<b>4060.51</b>	<b>3.19</b>	<b>433.79</b>	<b>1650.03</b>	<b>2.41</b>	<b>14.62</b>	<b>3.53</b>	<b>3.54</b>	<b>6171.61</b>	<b>79.10</b>		
<b>Net carrying amount as at 1st April, 2016</b>	<b>4060.51</b>	<b>3.23</b>	<b>450.18</b>	<b>1562.32</b>	<b>2.41</b>	<b>17.14</b>	<b>4.32</b>	<b>3.82</b>	<b>6103.92</b>	<b>79.10</b>		

@ Plant and equipment / Civil work - in - progress.

Notes :

(a) The Company has entered into various agreements in respect of land under finance lease arrangements. The lease agreements include renewal and escalation clause and do not provide the Company a right to sub-lease. For most of lease agreements, original lease term is 30 years subject to maximum of 90 years from the date of inception. These leasehold land have been mortgaged in favour of banks and other entities for securing the borrowings.

(b) For Property, plant and equipment existing as on 1st April, 2016 i.e. date of transition to Ind As, the Company has used GAAP carrying value as deemed cost.



**Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)**

(₹ in lakhs)							
Particulars	Face value	Number of Shares	As at 31st March, 2018	Number of Shares	As at 31st March, 2017	Number of Shares	As at 1st April, 2016
<b>(i) Equity instruments</b> Designated at fair value through profit or loss Fully paid up :							
<b>Quoted</b>							
Sarda Plywood Industries Ltd.	₹ 10	55,100	55.65	55,100	100.37	55,100	27.44
Simplex Infrastructures Ltd.	₹ 10	-	-	-	-	1,500	3.75
Pro Sports Management Ltd.	₹ 1000	-	-	50	0.50	50	0.50
<b>Total (A)</b>			<u>55.65</u>		<u>100.87</u>		<u>31.69</u>
<b>(ii) Post Office National Saving Certificates</b> (Measured at amortised cost) <b>Unquoted</b> (Deposited with government authorities)			0.13		0.13		0.13
<b>Total (B)</b>			<u>0.13</u>		<u>0.13</u>		<u>0.13</u>
<b>Total C = (A + B)</b>			<u>55.78</u>		<u>101.00</u>		<u>31.82</u>
Aggregate amount of quoted investments			23.39		23.89		24.02
Aggregate market value of quoted investments			55.65		100.87		31.69
Aggregate investment carried at amortized cost			0.13		0.13		0.13
Aggregate investment designated at fair value through profit or loss			55.65		100.87		31.69

## Madhya Bharat Papers Limited

Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

Note No. : 6 Deferred tax Assets (net)

As at 31st March, 2018

(₹ in lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Reclassified from equity to profit or loss	Recognized in other comprehensive income	Closing Balance
<b>Tax effect of items constituting deferred tax assets</b>					
Carried forward tax losses / unabsorbed depreciation	1418.38	573.71	-	-	1992.09
Expenses allowable on payment basis	18.70	(32.29)	-	13.59	-
Others	-	29.30	-	-	29.30
	<u>1437.08</u>	<u>570.72</u>	<u>-</u>	<u>13.59</u>	<u>2021.39</u>
<b>Tax effect of items constituting deferred tax liabilities</b>					
Property, plant and equipment	1609.88	(41.07)	-	-	1568.81
Investment	23.95	(23.95)	-	-	-
Others	10.89	(7.54)	-	-	3.35
	<u>1644.72</u>	<u>(72.56)</u>	<u>-</u>	<u>-</u>	<u>1572.16</u>
<b>Net deferred tax liabilities / assets</b>	<b>(207.64)</b>	<b>643.28</b>	<b>-</b>	<b>(13.59)</b>	<b>449.23</b>

As at 31st March, 2017

(₹ in lakhs)

Particulars	Opening Balance	Recognized in profit or loss	Reclassified from equity to profit or loss	Recognized in other comprehensive income	Closing Balance
<b>Tax effect of items constituting deferred tax assets</b>					
Carried forward tax losses / unabsorbed depreciation	955.38	463.00	-	-	1418.38
Expenses allowable on payment basis	21.62	(3.98)	-	1.07	18.70
	<u>977.00</u>	<u>459.02</u>	<u>-</u>	<u>1.07</u>	<u>1437.08</u>
<b>Tax effect of items constituting deferred tax liabilities</b>					
Property, plant and equipment	1618.10	(8.22)	-	-	1609.88
Investment	0.56	23.39	-	-	23.95
Others	12.10	(1.21)	-	-	10.89
	<u>1630.76</u>	<u>13.97</u>	<u>-</u>	<u>-</u>	<u>1644.72</u>
<b>Net deferred tax assets / (liabilities)</b>	<b>(653.76)</b>	<b>445.05</b>	<b>-</b>	<b>1.07</b>	<b>(207.64)</b>

In assessing the realisability of the deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realized.

The ultimate realisation of the deferred tax assets, carried forward losses and unused tax credits is dependent upon the generation of future taxable income during the periods in which the temporary difference become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and the planning strategies in making this assessment. Based on the historical taxable income and projection of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realise the benefits of those recognised deductible differences carried forward losses and portion of unused tax credits.



Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

(₹ in lakhs)

Note No.	Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>7</b>	<b>Inventories (Valued at lower of cost and net realisable value, unless stated otherwise)</b>			
	(a) Raw materials	264.92	319.22	252.57
	Add : Goods-in-transit	<u>-</u>	<u>10.02</u>	<u>9.65</u>
		264.92	329.24	262.23
	(b) Work-in-progress			
	Writing & printing papers	100.99	141.90	41.39
	(c) Finished goods			
	Writing & printing papers	518.94	422.89	296.70
	(d) Stores and spares	191.37	185.24	194.23
	Add : Goods-in-transit	<u>-</u>	<u>3.42</u>	<u>6.32</u>
		191.37	188.67	200.55
		<u><b>1076.22</b></u>	<u><b>1082.70</b></u>	<u><b>800.86</b></u>
<b>8</b>	<b>Trade and other receivables (carried at amortized cost)</b>			
	<b>Current (Unsecured, considered good)</b>			
	Trade receivables	156.46	77.66	25.48
		<u><b>156.46</b></u>	<u><b>77.66</b></u>	<u><b>25.48</b></u>
<b>9</b>	<b>Cash and cash equivalents</b>			
	(a) Balances with banks			
	On current accounts	2.40	12.82	12.74
	(b) Cash on hand	2.00	2.10	2.28
		<u><b>4.40</b></u>	<u><b>14.92</b></u>	<u><b>15.02</b></u>
<b>10</b>	<b>Bank balances other than cash and cash equivalents</b>			
	Fixed deposits pledged with excise authorities and bank			
	Current portion of original maturity period more than 12 months	30.25	41.16	35.21
		<u><b>30.25</b></u>	<u><b>41.16</b></u>	<u><b>35.21</b></u>
<b>11</b>	<b>Other financial assets</b>			
	(i) <b>Current (Unsecured, considered good) Carried at amortized cost</b>			
	(a) Advances to employees	2.10	1.30	1.50
	(b) Advance to others	155.91	224.78	204.65
	(c) Security deposits	23.35	32.67	26.30
	(d) Interest accrued but not due on	6.36	11.87	4.23
		<u><b>187.72</b></u>	<u><b>270.61</b></u>	<u><b>236.69</b></u>
<b>12</b>	<b>Other current assets (Unsecured, considered good)</b>			
	(a) Advances other than capital advances			
	Other advances			
	Advances to suppliers and others	85.15	58.18	7.08
	Cenvat, Vat and other taxes / duties	<u>2.10</u>	<u>11.10</u>	<u>14.99</u>
		87.25	69.28	22.07
	(b) Others			
	Prepaid expenses	5.05	6.61	8.38
	Others	-	-	6.24
		<u><b>92.30</b></u>	<u><b>75.89</b></u>	<u><b>36.69</b></u>

# Madhya Bharat Papers Limited

## Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

### Note No. : 13 Share capital

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of shares (₹ in lakhs)	No. of shares (₹ in lakhs)	No. of shares (₹ in lakhs)	No. of shares (₹ in lakhs)	No. of shares (₹ in lakhs)	No. of shares (₹ in lakhs)
<b>(a) Authorised</b>						
Equity shares of par value ₹ 10/- each	25000000	2500.00	25000000	2500.00	25000000	2500.00
Preference shares of par value ₹ 10/- each	5000000	500.00	5000000	500.00	5000000	500.00
		<u>3000.00</u>		<u>3000.00</u>		<u>3000.00</u>
<b>(b) Issued, subscribed and fully paid up</b>						
Equity shares of par value ₹ 10/- each	3410000	341.00	3410000	341.00	3410000	341.00
		<u>341.00</u>		<u>341.00</u>		<u>341.00</u>

### (c) Reconciliation of number and amount of equity shares outstanding:

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares (₹ in lakhs)	No. of shares (₹ in lakhs)	No. of shares (₹ in lakhs)	No. of shares (₹ in lakhs)
<b>At the beginning of the year</b>	3410000	341.00	3410000	341.00
Add:				
Shares issued	-	-	-	-
Less:				
Buyback of shares	-	-	-	-
<b>At the end of the year</b>	<b>3410000</b>	<b>341.00</b>	<b>3410000</b>	<b>341.00</b>

(d) The Company has only one class of equity shares. The Company declares and pays dividend in Indian rupees. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share.

(e) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

(f) Shareholders holding more than 5 % of the equity shares in the Company :

Name of the shareholder	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of shares held	% of holding	No. of shares held	% of holding	No. of shares held	% of holding
Sudeep Chitlangia	490000	14.37	490000	14.37	490000	14.37
Jaydeep Chitlangia	430000	12.61	430000	12.61	430000	12.61
Sheela Chitlangia	274737	8.06	274737	8.06	274737	8.06
Archana Chitlangia	250000	7.33	250000	7.33	250000	7.33
Nikhilesh Chitlangia	190000	5.57	190000	5.57	190000	5.57
IDBI Bank Limited	562937	16.51	562937	16.51	562937	16.51
IFCI Limited	277436	8.14	277436	8.14	277436	8.14
ICICI Bank Limited	227150	6.66	227150	6.66	227150	6.66
	<u>2702260</u>	<u>79.25</u>	<u>2702260</u>	<u>79.25</u>	<u>2702260</u>	<u>79.25</u>

(g) During the period of five years immediately preceding the reporting date:

- No shares were issued for consideration other than cash.
- No bonus shares were issued.
- No shares were brought back/forfeited.



Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

(₹ in lakhs)

Note No.	Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>14</b>	<b>Other equity</b>			
	(a) <b>Capital reserves</b>			
	Balance as per last account	0.03	0.03	0.03
	(b) <b>Capital redemption reserve</b>			
	Balance as per last account	450.00	450.00	450.00
	(c) <b>General reserve</b>			
	Balance as per last account	594.06	594.06	594.06
	(d) <b>Retained earnings</b>			
	Balance as per last account	535.15	1389.40	1389.40
	Add: Net loss for the year	(1039.84)	(852.24)	-
	Add: Other comprehensive income (net of tax) for the year	(25.68)	(2.01)	-
		<u>530.37</u>	<u>535.15</u>	<u>1389.40</u>
		<u><b>513.72</b></u>	<u><b>1579.24</b></u>	<u><b>2433.49</b></u>

**Notes:**

- i) General reserve is primarily created to comply with the requirements of section 123(1) of the Companies Act, 2013. This is a free reserve and can be utilised for any general purpose like issue of bonus shares, payment of dividend, buy back of shares etc.

**15 Borrowings**

(i) Non-Current			
Carried at amortized cost			
Term loans			
From bank			
Secured*	-	-	3.29
From entities other than banks			
Unsecured	2,895.38	2,066.45	1,246.83
	<u><b>2895.38</b></u>	<u><b>2066.45</b></u>	<u><b>1250.12</b></u>

\* Excludes current maturities of long which is disclosed under "Current maturities of long - term debt" in note no. 16.

**a) Nature of securities:**

Hire purchase loan secured against vehicles.

**b) Repayment terms:**

- (i) From ICICI Bank repayable equal monthly installments of ₹ 29,252/- at rate of Interest 10.49% p.a.  
(ii) From entities other than bank- Bullet payment as on 1st April, 2023 (rate of interest between 9% p.a to 15% p.a.).

(ii) Current			
Carried at amortized cost			
Loans repayable on demand			
Working capital loans			
From banks			
Secured	457.30	638.99	430.31
<b>Other loans and advances</b>			
<b>Working capital loans</b>			
From entities other than banks			
Unsecured	239.36	91.59	133.62
	<u><b>696.66</b></u>	<u><b>730.58</b></u>	<u><b>563.93</b></u>

**Nature of securities :**

Hypothecation of the Company's present & future stocks of raw material, consumable stores, finished & semi-finished goods & book debts, personal guarantee of managing director of the Company & also second charge on the fixed assets of the company.







Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

(₹ in lakhs)

Note No.	Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>21</b>	<b>Revenue from operations</b>		
	<b>Sale of goods</b>		
	Writing & printing papers	3,547.40	3,863.04
	<b>Revenue from operations</b>	<b><u>3547.40</u></b>	<b><u>3863.04</u></b>
<b>22</b>	<b>Other income</b>		
	(a) Interest income on financial assets carried at amortized cost		
	Deposit with banks and others	50.18	9.30
	(b) Dividend income	-	0.01
	(c) Profit on sale of non-current investment	-	4.80
	(d) Fair value loss on financial instruments	-	69.20
	(e) Other non-operating income		
	Miscellaneous	1.23	34.29
		<b><u>51.41</u></b>	<b><u>117.60</u></b>
<b>23</b>	<b>Cost of materials consumed</b>		
	Waste paper	2400.47	2512.93
		<b><u>2400.47</u></b>	<b><u>2512.93</u></b>
<b>24</b>	<b>Changes in inventories of finished goods and work-in-progress</b>		
	<b>Finished goods</b>		
	<b>Opening stock</b>		
	Writing & printing papers	422.89	296.70
	<b>Less : Closing stock</b>		
	Writing & printing papers	518.94	422.89
	<b>Total (A)</b>	<b><u>(96.05)</u></b>	<b><u>(126.19)</u></b>
	<b>Work-in-progress</b>		
	<b>Opening stock</b>		
	Writing & printing papers	141.90	41.39
	<b>Less : Closing stock</b>		
	Writing & printing papers	100.99	141.90
	<b>Total (B)</b>	<b><u>40.91</u></b>	<b><u>(100.50)</u></b>
	<b>Total (A+B)</b>	<b><u>(55.14)</u></b>	<b><u>(226.70)</u></b>
<b>25</b>	<b>Employee benefits expense</b>		
	(a) Salaries and wages	404.12	366.75
	(b) Contribution to provident and other funds	77.95	42.72
	(c) Staff welfare expense	26.94	22.89
		<b><u>509.01</u></b>	<b><u>432.36</u></b>

# Madhya Bharat Papers Limited

## Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

(₹ in lakhs)

Note No.	Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>26</b>	<b>Finance costs</b>		
	(a) Interest expense		
	On long term borrowings	279.76	232.45
	On short term borrowings	113.08	119.64
	Others	90.03	2.36
	(b) Other borrowing costs	3.70	2.62
		<b>486.56</b>	<b>357.07</b>
<b>27</b>	<b>Depreciation and amortisation expense</b>		
	Depreciation and amortisation of property, plant and equipment [Refer Note No. 4]	106.94	107.31
		<b>106.94</b>	<b>107.31</b>
<b>28</b>	<b>Other expenses</b>		
	(a) Consumption of stores and spare parts	45.56	45.07
	(b) Dyes & chemicals	295.59	320.23
	(c) Power and fuel	741.73	794.82
	(d) Rent	2.67	2.82
	(e) Repairs		
	Buildings	7.59	20.28
	Machinery	98.84	105.40
	Others	10.10	14.89
	(f) Insurance	19.32	18.67
	(g) Rates and taxes (excluding taxes on income)	199.59	143.31
	(h) Legal and professional expenses	109.67	80.36
	(i) Payments to auditor		
	As auditor for statutory audit	1.80	1.70
	For taxation matters	0.25	0.25
	(j) Travelling expenses	21.20	12.53
	(k) Charity and donation	0.35	0.12
	(l) Directors' fees		
	(m) Vehicle running expenses	22.28	22.16
	(n) Miscellaneous expenses	82.28	110.26
	(o) Loss on sale/discard of property, plant and equipment (net)	0.75	-
	(p) Packing expenses	57.74	83.53
	(q) Freight & cartage outward	17.88	58.68
	(r) Sale commission & incentives	26.02	26.13
	(s) Fair value loss on financial instruments at fair value through profit or loss	44.74	-
		<b>1805.95</b>	<b>1861.22</b>



Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

(₹ in lakhs)

Note No.	Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>29</b>	<b>Tax expense</b>		
	Current tax	-	-
	Deferred tax [Refer Note No. 24]	(643.28)	(445.05)
		<u>(643.28)</u>	<u>(445.05)</u>
	<b>Reconciliation of Tax Expense</b>		
	Profit before tax	-	-
	Applicable tax rate	-	-
	<b>Computed tax expense (A)</b>	-	-
	<b>Adjustments for:</b>		
	(a) Utilization of unabsorbed loss and depreciation	41.07	8.02
	(b) Effect of carry forward tax losses/unobserved depreciation	(573.71)	(463.00)
	(c) Other temporary differences	(110.64)	9.93
	<b>Net adjustments (B)</b>	<u>(643.28)</u>	<u>(445.05)</u>
	<b>Tax Expense</b>	<u>(643.28)</u>	<u>(445.05)</u>
<b>30</b>	<b>Other comprehensive income</b>		
	Items that will not be reclassified to profit or loss		
	Re-measurements of defined benefit plans	(39.27)	(3.08)
	Less: Income tax relating to items that will not be reclassified to profit or loss	13.59	1.06
		<u>(25.68)</u>	<u>(2.01)</u>

**Note No. 31 Other disclosures**

**1 Contingent liabilities and commitments (to the extent not provided for)**

**A. Contingent liabilities**

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(i) Claims against the Company not acknowledged as debts :			
(a) Demand raised by Government Authorities in respect of Taxes and Duties, Procurement of Renewable Energy Certificate	68.22	68.22	32.52
(b) Others - under appeal/litigation			
- Recovery Suit filed by suppliers	72.50	72.50	-
- Arbitration award received by the Company against Insurance Claim and contest by Oriental Insurance Company Ltd.	69.95	69.95	-
(ii) Guarantee issued by Company's bankers on behalf of the Company (Margin money of ₹ 7.45 lakhs, 31st March, 2017 ₹ 7.45 lakhs and 1st April, 2016 ₹ 14.44 lakhs).	37.27	37.27	27.87

The amounts shown in (i) above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of different legal processes which have been invoked by the Company or the claimants, as the case may be and, therefore, cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of the appeals.

**B. Commitments :**

There is no amount of contracts remaining to be executed end of the year.

- 2 Section 80 IA of Income Tax Act is not applicable under the prevailing circumstances to the Company and in view of the same the Management has decided not to maintain separate records for Power Division.

# Madhya Bharat Papers Limited

## Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

### 3 Earning per Share (EPS) -The numerators and denominators used to calculate Basic / Diluted earnings per share :

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Amount used as the numerator (₹ in lakh) Profit/(loss) after Tax	(1,039.84)	(893.20)
(b) Number of equity shares used as denominator for Calculating Earning per Share	3,410,000	3,410,000
(c) Weighted average number of equity shares used as denominator for calculating EPS.	3,410,000	3,410,000
(d) Nominal Value per share (Rs.)	10	10
(e) Basic Earning per share (Rs.)	(30.49)	(26.19)
(f) Diluted Earning per share (Rs.)	(30.49)	(26.19)

### 4 Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent liabilities and Contingent assets :

No provisions for Liabilities was made during the year and no provision was outstanding at the beginning and at the end of the year.

### 5 Segment information

The Company's business activity primarily falls within a single business segment i.e. manufacture of writing and printing papers, in term of Ind AS 108 on Operating Segment.

### 6 Related party disclosure

#### a) Name of the related parties and description of relationship :

- (i) Enterprises over which KMP and his relatives have significant influence :
- Chitperi Farm Pvt. Ltd.
  - Kinship Commercial Pvt. Ltd.
  - Limelight Housing Pvt. Ltd.
  - Poushali Sales Pvt. Ltd.
  - Pro Sports Management Ltd.
  - Sanskriti Trade Link Pvt. Ltd.
  - Sarda Plywood Industries Ltd.
- (ii) Key Management Personnel :
- Sri Jaydeep Chitlangia (Managing Director)
  - Sri Vinod Kumar Khanna (Whole time Director)

#### b) Transactions with Related parties :

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Rent Received Sarda Plywood Industries Ltd.	0.12	0.12
(b) Purchase (raw material) Sanskriti Trade Link Pvt. Ltd. Sarda Plywood Industries Ltd.	160.20 10.46	1.73 -
(c) Purchase (fixed assets) Sarda Plywood Industries Ltd.	5.50	-
(d) Rent Paid Sarda Plywood Industries Ltd.	0.74	0.66
(e) Interest Paid Chitperi Farm Pvt. Ltd. Kinship Commercial Pvt. Ltd. Limelight Housing Pvt. Ltd. Poushali Sales Pvt. Ltd. Sanskriti Trade Link Pvt. Ltd.	22.50 7.72 4.46 92.91 15.76	13.37 5.64 5.12 82.56 1.91
(f) Remuneration of KMP Sri Jaydeep Chitlangia Sri Vinod Kumar Khanna	40.35 26.02	36.03 26.02
(g) Loans refuted Chitperi Farm Pvt. Ltd. Kinship Commercial Pvt. Ltd. Limelight Housing Pvt. Ltd. Poushali Sales Pvt. Ltd. Sanskriti Trade Link Pvt. Ltd.	2.25 21.77 16.45 122.56 409.40	29.60 20.56 15.51 100.85 36.09
(h) Loans taken Chitperi Farm Pvt. Ltd. Kinship Commercial Pvt. Ltd. Limelight Housing Pvt. Ltd. Poushali Sales Pvt. Ltd. Sanskriti Trade Link Pvt. Ltd.	60.00 62.92 26.39 113.02 446.53	90.00 10.00 20.00 118.85 81.90



**Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)**

**(d) Balance Outstanding at year end :**

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(a) Payable</b>			
Chitperi Farm Pvt. Ltd.	262.28	182.03	108.26
Kinship Commercial Pvt. Ltd.	83.95	35.08	40.00
Limelight Housing Pvt. Ltd.	44.01	29.61	20.00
Poushali Sales Pvt. Ltd.	872.76	789.39	688.83
Sanskriti Trade Link Pvt. Ltd.	120.62	67.72	20.00
Sarda Plywood Industries Ltd.	10.46	-	-
Jaydeep Chitlangia	46.48	26.78	9.59
Vinod Kumar Khanna	24.65	17.37	7.50
<b>(b) Investment in Shares</b>			
Sarda Plywood Industries Ltd.	23.39	23.39	23.39
Pro Sports Management Ltd.	-	0.50	0.50

- 7 Based on the information/documents available with the Company, information as per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 with respect to trade payables is as follows:

(₹ in lakhs)

Particulars	31st March, 2018	31st March, 2017
(a) The principal amount remaining unpaid to suppliers as at the end of accounting year *	10.04	38.89
(b) The interest due thereon remaining unpaid to suppliers as at the end of accounting year	0.05	-
(c) The amount of interest paid by the Company in terms of section 16, of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the suppliers beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
(e) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year*	0.05	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

**As at 1st April, 2015**

(₹ in lakhs)

Particulars	Amount
(a) The principal amount remaining unpaid to suppliers as at the beginning of accounting year *	1.96
(b) The amount of interest remaining unpaid at the beginning of the accounting year*	-
(c) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-

\* Included in the line item "Total outstanding dues of micro enterprises and small enterprises" under note no. 19.

**8 Details of Loans given, investments made and guarantee given and security provided covered u/s 186(4) of the Companies Act, 2013:**

- (i) Details of Loans given:  
The Company has not given any loan.
- (ii) Details of Investments made:  
Investment made is given under the note no. 5.
- (iii) Details of Guarantee given:  
The Company has not given any Guarantee.
- (iv) Details of security provided:  
The Company has not provided any security.

# Madhya Bharat Papers Limited

## Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

### 9 Employee Benefits :

As per Indian Accounting Standard - 19 " Employee Benefits", the disclosures of Employee Benefits are as follows:

#### Defined Contribution Plan :

Employee benefits in the form of Provident Fund, Superannuation Fund, Employee State Insurance Corporation (ESIC) and Labour Welfare Fund are considered as defined contribution plan.

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution. The contributions to defined contribution plan, recognised as expense in the Statement of Profit and Loss are as under :

(₹ in lakhs)

Defined Contribution Plan	Year ended 31st March, 2018	Year ended 31st March, 2017
Employer's Contribution to Provident Fund	10.79	10.58
Employer's Contribution to Pension Scheme	16.17	14.52
Employer's Contribution to Superannuation Fund	32.37	0.31
Employer's Contribution to Employees' State Insurance Scheme	10.19	8.75

#### Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the said Act, an employee who has completed five years of service is entitled to specific benefit. The Gratuity plan provides a lumpsum payment to employees at retirement, death, incapacitation or termination of employment. The level of benefits provided depends on the member's length of service and salary at retirement age etc. The fund is in the form of a trust and is governed by the Board of Trustees who are responsible for the administration of the plan assets and for the investment of the plan. The Company contributes all ascertained liabilities towards gratuity to the trust.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the said plan:

#### a) Details of funded post retirement plans are as follows :

(₹ in lakhs)

Particulars	Gratuity (funded)		Leave Encashment (unfunded)	
	2017-18	2016-17	2017-18	2016-17
<b>I. Expenses recognised in the Statement of Profit and Loss:</b>				
1 Current service cost	10.11	9.73	6.41	5.64
2 Past service cost	-	-	-	-
3 Net interest on the net defined benefit liability/asset	(4.98)	(4.37)	2.15	2.49
4 Curtailment	-	-	-	-
5 Settlement	-	-	-	-
6 Net actuarial(gain)/Loss recognised in the period	-	-	7.29	-5.63
7 Expense recognised in the Statement of Profit and Loss	5.13	5.36	15.84	2.49
<b>II. Other comprehensive income</b>				
1 Actuarial gain / (loss) arising from:				
- change in demographic assumptions	-	-	-	-
- change in financial assumptions	(2.05)	4.66	-	-
- changes in experience adjustments	40.12	(0.75)	-	-
- others	-	-	-	-
2 (Returns)/loss on plan assets excluding amounts included in interest income	1.20	(0.83)	-	-
3 Components of defined benefit costs recognised in Other comprehensive income	39.27	3.08	-	-
<b>III. Change in present value of defined benefit obligation :</b>				
1 Present value of defined benefit obligation at the beginning of the year	189.76	207.33	31.44	34.93
2 Acquisition adjustment				
3 Interest expense	13.84	14.85	2.15	2.49
4 Past service cost				
5 Current service cost	10.11	9.73	6.41	5.64
6 Employees' contributions				
7 Benefits paid	(20.48)	(47.07)	-7.36	-5.98
8 Actuarial gain / (loss) arising from:				
- change in financial assumptions	(2.05)	4.66	7.29	-5.63
- changes in experience adjustments	40.12	(0.75)		
9 Present value of Defined Benefit Obligation at the end of the year	230.29	188.76	39.92	31.44



**Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)**

<b>IV. Change in fair value of plan assets during the year :</b>				
1 Plan assets at the beginning of the year	242.80	269.81		
2 Interest income	18.82	19.22		
3 Employees' contributions	-	-	7.36	5.98
4 Employers' contributions	-	-		
5 Benefits paid	(20.48)	47.07	7.36	5.98
6 Settlement	-	-	-	
7 Re-measurement (Returns on plan assets excluding amounts included in interest income)	(1.20)	0.83		
8 Administration expenses	-	-		
9 Fair Value of Plan Assets at the end of the year	239.94	242.80		
<b>V. Net Asset / (Liability) recognised in the Balance Sheet as at the year end:</b>				
1 Present value of Defined Benefit Obligation	230.29	188.76	39.92	31.44
2 Fair value of Plan Assets	239.94	242.80	-	-
3 Funded Status [Surplus/(Deficit)]	9.64	54.04	(39.92)	(31.44)
4 Net Asset / (Liability) recognised in Balance Sheet	9.64	54.04	(39.92)	(31.44)
Current Liability (Short term)	-	-	10.06	7.23
Non-Current Liability (Long term)	-	-	29.86	24.21
<b>VI. Actuarial Assumptions :</b>				
1 Discount Rate (per annum) %	7.75%	7.50%	7.75%	7.50%
2 Expected return on Plan Assets (per annum) %	7.75%	7.50%	0.00%	0.00%
3 Expected Rate of Salary increase %	6.00%	6.00%	6.00%	6.00%
4 Retirement/Superannuation Age (Year)	58	58	58	58
5 Mortality Rates	IALM	IALM	IALM	IALM
	2006-2008	2006-2008	2006-2008	2006-2008
	Ultimate	Ultimate	Ultimate	Ultimate
<b>VII. Major Category of Plan Assets as a % of the Total Plan Assets as at the year end :</b>				
1 Administered by Insurance Companies	100.00%	100.00%	100.00%	100.00%
2 Public Financial Institutions / Public Sector Companies bonds	-	-	-	-
3 Central / State Government Securities	-	-	-	-
4 Private sector bonds	-	-	-	-
5 Others (Cash and cash equivalents)	-	-	-	-
<b>VIII. Maturity Profile of Defined Benefit Obligation</b>				
Expected cash flows (valued on undiscounted basis):				
Year 1	8.99	34.53	-	-
Year 2	73.26	25.59	-	-
Year 3	30.66	15.32	-	-
Year 4	51.98	28.40	-	-
Year 5	16.67	9.61	-	-
Year 6	17.31	8.89	-	-
Year 7	10.31	4.13	-	-
Year 8	26.49	123.92	-	-
Year 9	15.97	7.85	-	-
Year 10	15.62	42.06	-	-
<b>Total expected payments</b>	<b>70.79</b>	<b>146.55</b>	-	-
The average duration of the defined benefit plan obligation at the end of the balance sheet date (in years)	<b>4.59</b>	<b>5.12</b>	-	-
<b>IX. Sensitivity analysis on Present value of Defined Benefit Obligations:</b>				
The sensitivity analyses has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the balance sheet date.				
All sensitivities are calculated using the same actuarial method as for the disclosed present value of the defined benefits obligation at year end.				

# Madhya Bharat Papers Limited

Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

(₹ in lakhs)

<b>X. The history of experience adjustments for funded post retirement plans are as follows :</b>			
<b>Particulars</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
<b>Gratuity:</b>			
Present value of Defined Benefit Obligation	207.33	212.65	201.30
Fair value of Plan Assets	269.81	274.59	245.64
(Deficit)/Surplus	(62.48)	(61.94)	(44.34)
Effects of Asset Ceiling, if any	-	-	-
Net Asset / (Liability)	(62.48)	(61.94)	(44.34)
<b>Leave Encashment</b>			
Present value of Defined Benefit Obligation	34.93	36.39	35.73
Fair value of Plan Assets	-	-	-
(Deficit)/Surplus	(34.93)	(36.39)	(35.73)
Effects of Asset Ceiling, if any	-	-	-
Net Asset / (Liability)	(34.93)	(36.39)	(35.73)

**c) Risks related to defined benefit plans:**

The main risks to which the Company is exposed in relation to operating defined benefit plans are :

- i) Mortality risk: The assumptions adopted by the Company make allowances for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the plans and consequently increases in the plan's liabilities. In order to minimise this risk, mortality assumptions are reviewed on a regular basis.
- ii) Market and liquidity risks: These are the risks that the investments do not meet the expected returns over the medium to long term. This also encompasses the mismatch between assets and liabilities. In order to minimise the risks, the structure of the portfolios is reviewed and asset-liability matching analysis are performed on a regular basis.

**d) Asset - liability management and funding arrangements**

The trustees are responsible for determining the investment strategy of plan assets. The overall investment policy and strategy for Company's funded defined benefit plan is guided by the objective of achieving an investment return which, together with the contribution paid is sufficient to maintain reasonable control over various funding risks of the plan.

**e) Other disclosures :**

- i) The following are the assumptions used to determine the benefit obligation:
  - a) Discount rate: The yield of government bonds are considered as the discount rate. The tenure has been considered taking into account the past long term trend of employees' average remaining service life which reflects the average estimated term of the post - employment benefit obligations.
  - b) Rate of escalation in salary : The estimates of rate of escalation in salary, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
  - c) Rate of return on plan assets: Rate of return for the year was the average yield of the portfolio in which Company's plan assets are invested over a tenure equivalent to the entire life of the related obligation.
  - d) Attrition rate : Attrition rate considered is the management's estimate based on the past long- term trend of employee turnover in the Company.
- ii) The Gratuity and Provident Fund expenses have been recognised under "Contribution to Provident and Other Funds" and Leave Encashment under " Salaries and Wages" under Note No. 25.





Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

Note No. : 31 Other disclosures (contd.)

20. Financial instruments - Accounting, Classification and Fair value measurements

A. Financial instruments by category

As at 31st March, 2018

(₹ in lakhs)

Sl. No.	Particulars	Total Fair Value	Carrying value			Total
			Amortized cost	FVTOCI	FVTPL	
(1)	<b>Financial assets</b>					
	(a) Investments	55.78	-	-	55.78	55.78
	(b) Trade and other receivables	156.46	156.46	-	-	156.46
	(c) Cash and cash equivalents	4.40	4.40	-	-	4.40
	(d) Bank balances other than cash and cash equivalents	30.25	30.25	-	-	30.25
	(e) Other financial assets	187.72	187.72	-	-	187.72
	<b>Total</b>	<b>434.61</b>	<b>378.84</b>	<b>-</b>	<b>55.78</b>	<b>434.61</b>
(2)	<b>Financial liabilities</b>					
	(a) Borrowings	3592.04	3592.04	-	-	3592.04
	(b) Trade and other payables	1221.26	1221.26	-	-	1221.26
	(c) Other financial liabilities	1513.89	1513.89	-	-	1513.89
	<b>Total</b>	<b>6327.19</b>	<b>6327.19</b>	<b>-</b>	<b>-</b>	<b>6327.19</b>

As at 31st March, 2017

(₹ in lakhs)

Sl. No.	Particulars	Total Fair Value	Carrying value			Total
			Amortized cost	FVTOCI	FVTPL	
(1)	<b>Financial assets</b>					
	(a) Investments	101.00	-	-	101.00	101.00
	(b) Trade and other receivables	77.66	77.66	-	-	77.66
	(c) Cash and cash equivalents	14.92	14.92	-	-	14.92
	(d) Bank balances other than cash and cash equivalents	41.16	41.16	-	-	41.16
	(f) Other financial assets	270.61	270.61	-	-	270.61
	<b>Total</b>	<b>505.35</b>	<b>404.35</b>	<b>-</b>	<b>101.00</b>	<b>505.35</b>
(2)	<b>Financial liabilities</b>					
	(a) Borrowings	2797.03	2797.03	-	-	2797.03
	(b) Trade and other payables	942.93	942.93	-	-	942.93
	(c) Other financial liabilities	1479.44	1479.44	-	-	1479.44
	<b>Total</b>	<b>5219.40</b>	<b>5219.40</b>	<b>-</b>	<b>-</b>	<b>5219.40</b>

As at 1st April, 2016

(₹ in lakhs)

Sl. No.	Particulars	Total Fair Value	Carrying value			Total
			Amortized cost	FVTOCI	FVTPL	
(1)	<b>Financial assets</b>					
	(a) Investments	31.82	-	-	31.82	31.82
	(b) Trade and other receivables	25.48	25.48	-	-	25.48
	(c) Cash and cash equivalents	15.02	15.02	-	-	15.02
	(d) Bank balances other than cash and cash equivalents	35.21	35.21	-	-	35.21
	(e) Other financial assets	236.69	236.69	-	-	236.69
	<b>Total</b>	<b>344.22</b>	<b>312.40</b>	<b>-</b>	<b>31.82</b>	<b>344.22</b>
(2)	<b>Financial liabilities</b>					
	(a) Borrowings	1814.05	1814.05	-	-	1814.05
	(b) Trade and other payables	667.41	667.41	-	-	667.41
	(c) Other financial liabilities	1036.96	1036.96	-	-	1036.96
	<b>Total</b>	<b>3518.42</b>	<b>3518.42</b>	<b>-</b>	<b>-</b>	<b>3518.42</b>

## Madhya Bharat Papers Limited

### Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

#### B. Fair value hierarchy

The fair value of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- (i) Fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, loans and other current financial assets, short term borrowings from banks and financial institutions, trade and other payables and other current financial liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

The Company uses the following fair value hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following tables provide the fair value hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis:

- (i) Financial assets and financial liabilities measured at fair value on a recurring basis as at 31st March, 2018:

(₹ in lakhs)

Sl. No.	Particulars	Level 1	Level 2	Level 3	Total
A.	<b>Financial assets</b>				
	<b>At FVTPL</b>				
	Investments in equity instruments	-	-	55.65	55.65
	<b>Total financial assets</b>	-	-	<b>55.65</b>	<b>55.65</b>

- (ii) Financial assets and financial liabilities measured at fair value on a recurring basis as at 31st March, 2017:

(₹ in lakhs)

Sl. No.	Particulars	Level 1	Level 2	Level 3	Total
A.	<b>Financial assets</b>				
	<b>At FVTPL</b>				
	Investments in equity instruments	-	-	100.87	100.87
	<b>Total financial assets</b>	-	-	<b>100.87</b>	<b>100.87</b>

- (iii) Financial assets and financial liabilities measured at fair value on a recurring basis as at 1st April, 2016:

(₹ in lakhs)

Sl. No.	Particulars	Level 1	Level 2	Level 3	Total
A.	<b>Financial assets</b>				
	<b>At FVTPL</b>				
	Investments in equity instruments	-	-	31.69	31.69
	<b>Total financial assets</b>	-	-	<b>31.69</b>	<b>31.69</b>

There have been no transfers between Level 1 and Level 2 either during the year ended 31st March, 2018 or during the year ended 31st March, 2017.



Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

Reconciliation of opening and closing balances for Level 3 fair value:

(₹ in lakhs)

Particulars	Investments in equity shares
Balance as at 1 <sup>st</sup> April, 2016	31.69
Net re-measurement gain recognised during the year	65.43
Sold during the year	3.75
Balance as at 31st March, 2017	100.87
Net re-measurement loss recognised during the year	(45.72)
Sold during the year	0.50
Balance as at 31st March, 2018	55.65

**21. Financial risk management objectives and policies**

The Company's principal financial liabilities includes Borrowings, Trade payable and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Trade receivables, Cash and cash equivalents and Other financial assets that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviewed policies for managing each of these risks, which are summarized below :

**(a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other risks, such as regulatory risk and commodity price risk.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings obligations with floating interest rates.

**(ii) Regulatory risk**

Paper industry is regulated both by central government as well as state government. Central and state governments policies and regulations affects the Paper industry and the Company's operations and profitability.

**(b) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each balance sheet date.

Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognised in the Statement of Profit and Loss.

**(i) Trade receivables**

Trade receivables are non-interest bearing and are generally on credit terms of 30 to 60 days.

An impairment analysis is performed at each balance sheet date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

The ageing analysis of the receivables has been considered from the date the invoice falls due:

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Upto 6 months	145.10	76.48	24.17
6 to 12 months	11.36	1.18	1.31
	<u>156.46</u>	<u>77.66</u>	<u>25.48</u>

# Madhya Bharat Papers Limited

## Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

(ii) The change in the loss allowances measured using life time expected credit loss model is nil. Also, no significant changes in estimation were made during the reported period.

(iii) **Balances with banks**

Credit risk from balances with banks is managed in accordance with the Company's policy.

The Company's maximum exposure to credit risk for the components of the balance sheet as at 1st April, 2016, 31st March, 2017 and 1st April, 2018 is the carrying amounts as stated under note no. 9 and 10.

(c) **Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities, short term loans and commercial papers.

(d) **Lien**

(i) The fair values of the fixed deposits under lien aggregated to ₹ 29.80 lakhs (₹ 40.70 lakhs on 31st March, 2017, ₹ 34.78 lakhs on 1st April, 2016) which was held as Margin Money against Bank Guarantee/Letter of credit.

(ii) The fair values of the fixed deposits under lien aggregated to ₹ 0.45 lakhs (₹ 0.45 lakhs on 31st March, 2017, ₹ 0.43 lakhs on 1st April, 2016) which was pledged with Sales Tax Authorities.

## 22. Capital Management

(a) **Risk management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity shareholders of the Company. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and other stake holders. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company has complied with these covenants and there have been no breaches in the financial covenants of any interest-bearing loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2018 and 31st March, 2017.

## 23. Explanation of transition to Ind AS

These financial statements, for the year ended 31st March, 2018, are the first financial statements, the Company has prepared in accordance with Ind AS.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ended 31st March, 2018, together with the comparative figures for the year ended 31st March, 2017, as described in the summary of significant accounting policies [Refer Note No.2].

In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April, 2016, i.e. the date of transition to Ind AS.

This note explains the principal adjustments made by the Company and an explanation on how the transition from the previous GAAP to Ind AS has affected its financial statements, including the Balance Sheet as at 1st April, 2016 and the financial statements for the year ended 31st March, 2017.

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from the previous GAAP to Ind AS:

- (a) The Company has elected to continue with carrying value of all Property, plant and equipment under the previous GAAP as deemed cost as at the transition date i.e. 1st April, 2016. Under the previous GAAP, Property, plant and equipment were stated at their original cost (net of accumulated depreciation, amortization and impairment), if any, adjusted by revaluation of certain assets.
- (b) The Company has elected to continue with the carrying value of Capital work in progress as recognized under the previous GAAP as deemed cost as at the transition date.
- (f) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place as at the date of transition.
- (g) The Company has elected to apply previous GAAP carrying amount of its investment in its associate as deemed cost as at the date of transition.

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as 'FVTOCI' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Company has designated its investments in certain equity instruments at fair value through profit and loss on the basis of the facts and circumstances that existed as at the date of transition to Ind AS. However, since, the fair valuation has been done based on level 3 inputs, difference in fair value and cost as on the date of transition has been deferred and has been considered and shown as "Deferred gain on changes in fair value of financial assets" under other non-current liabilities.

- (h) The estimates as at 1st April, 2016 and as at 31st March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).
- (j) Ind AS 101 requires the de-recognition requirements of Ind AS 109 to be applied prospectively to transactions occurring on or after the date of transition. Therefore, the Company has not recognized financial assets and liabilities under Ind AS which were derecognized under the previous GAAP as a result of a transaction that occurred before the date of transition.



Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

24. Disclosures as required by Ind AS - 101 - First Time Adoption of Indian Accounting Standards - Reconciliation between Previous GAAP and Ind AS :

(a) Reconciliation of equity as at 1st April, 2016 (date of transition to Ind AS) :

(₹ in lakhs)

Particulars	Previous GAAP	Adjustments	Ind AS
<b>I. ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Property, plant and equipment	2087.91	4,016.01	6103.92
(b) Capital work-in-progress	79.10	-	79.10
(c) Financial assets			
(i) Investments	24.15	7.67	31.82
(d) Deferred tax assets (net)	<u>738.76</u>	<u>(738.76)</u>	<u>-</u>
	2929.92	3284.91	6214.84
<b>(2) Current assets</b>			
(a) Inventories	800.86	-	800.86
(b) Financial assets			
(i) Trade and other receivables	25.48	-	25.48
(ii) Cash and cash equivalents	15.02	-	15.02
(iii) Bank balances other than cash and cash equivalents	35.21	-	35.21
(v) Other financial assets	236.69	-	236.69
(c) Other current assets	<u>30.45</u>	<u>6.24</u>	<u>36.69</u>
	1143.71	6.24	1149.95
<b>Total Assets</b>	<b><u>4073.63</u></b>	<b><u>3291.15</u></b>	<b><u>7364.79</u></b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	341.00	-	341.00
(b) Other equity	<u>(203.92)</u>	<u>2637.41</u>	<u>2433.49</u>
	137.08	2637.41	2774.49
<b>Liabilities</b>			
<b>(2) Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	1250.12	-	1250.12
(ii) Other financial liabilities	915.86	-	915.86
(b) Provisions	1.60	-	1.60
(c) Deferred tax liabilities (net)	<u>-</u>	<u>653.76</u>	<u>653.76</u>
	2167.58	653.76	2821.34
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	563.93	-	563.93
(ii) Trade and other payables	667.41	-	667.41
(iii) Other financial liabilities	121.10	-	121.10
(b) Other current liabilities	381.60	-	381.59
(c) Provisions	<u>34.93</u>	<u>-</u>	<u>34.93</u>
	1768.97	0.00	1768.96
<b>Total Equity and Liabilities</b>	<b><u>4073.63</u></b>	<b><u>3291.17</u></b>	<b><u>7364.79</u></b>

# Madhya Bharat Papers Limited

Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

(b) Reconciliation of equity as at 31st March, 2017 :

(₹ in lakhs)

Particulars	Previous GAAP	Adjustments	Ind AS
<b>I. ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Property, plant and equipment	2111.85	4,059.76	6171.61
(b) Capital work-in-progress	79.10	-	79.10
(c) Financial assets			
(i) Investments	24.02	76.98	101.00
(d) Deferred tax assets (net)	1208.83	3423.80 (1208.83)	2927.91 -
			6351.70
<b>(2) Current assets</b>			
(a) Inventories	1082.70	-	1082.70
(b) Financial assets			
(i) Trade and other receivables	77.66	-	77.66
(ii) Cash and cash equivalents	14.92	-	14.92
(iii) Bank balances other than cash and cash equivalents	41.16	-	41.16
(iv) Other financial assets	270.61	-	270.61
(c) Other current assets	68.08	1555.13 7.81	7.81 75.89
			1562.94
<b>Total Assets</b>	<b>4978.93</b>	<b>2935.72</b>	<b>7914.65</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	341.00	-	341.00
(b) Other equity	(1143.40)	(802.40) 2722.64	2722.64 1579.24
			1920.24
<b>Liabilities</b>			
<b>(2) Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	2066.46	-	2066.45
(ii) Other financial liabilities	1299.56	-	1299.56
(b) Provisions	-	24.21	24.21
(c) Deferred tax liabilities (net)	-	3366.02 207.64	231.85 207.64
			3597.86
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	730.58	-	730.58
(ii) Trade and other payables	942.93	-	942.93
(iii) Other financial liabilities	179.88	-	179.88
(b) Government grants			
(c) Other current liabilities	530.48	5.45	535.93
(d) Provisions	31.44	2415.31 (24.21)	(18.76) 7.23
			2396.55
<b>Total Equity and Liabilities</b>	<b>4978.93</b>	<b>2935.73</b>	<b>7914.65</b>



Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

(c) Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2017 :

(₹ in lakhs)

Particulars	Previous GAAP	Adjustments	Ind AS
<b>I. Revenue from operations</b>	3924.02	(60.98)	3863.04
<b>II. Other income</b>	41.38	76.22	117.60
<b>III. Total income (I+II)</b>	<b>3965.40</b>	<b>15.24</b>	<b>3980.64</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	2512.93	-	2512.93
Excise duty on sale of goods	233.74	-	233.74
Changes in inventories of finished goods and work-in-progress	(226.70)	-	(226.70)
Employee benefits expense	435.41	(3.05)	432.36
Finance costs	418.05	(60.98)	357.07
Depreciation and amortisation expense	104.79	2.52	107.31
Other expenses	1850.45	10.77	1861.22
<b>Total expenses (IV)</b>	<b>5328.67</b>	<b>(50.75)</b>	<b>5277.93</b>
<b>V. Profit before exceptional items and tax (III-IV)</b>	(1363.27)	65.98	(1297.29)
<b>VI. Exceptional items</b>	-	-	-
<b>VII. Profit before tax (V-VI)</b>	<b>(1363.27)</b>	<b>65.98</b>	<b>(1297.29)</b>
<b>VIII. Tax expense</b>			
Current tax	-	-	-
Deferred tax	(470.07)	25.02	(445.05)
	<b>(470.07)</b>	<b>25.02</b>	<b>(445.05)</b>
<b>IX. Profit for the year (VII-VIII)</b>	<b>(893.20)</b>	<b>40.96</b>	<b>(852.24)</b>
<b>X. Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss	-	(3.08)	(3.08)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	1.06	1.06
<b>Total other comprehensive income</b>	<b>-</b>	<b>(2.01)</b>	<b>(2.01)</b>
<b>XI. Total comprehensive income for the year (IX + X)</b> (Comprising of profit and other comprehensive income for the year)	<b>(893.20)</b>	<b>38.95</b>	<b>(854.25)</b>

(d) Notes to the reconciliation of equity as at 1st April, 2016 and 31st March, 2017 and Statement of Profit and Loss for the year ended 31st March, 2017:

A) **Property, plant and equipment**

Under Ind AS, the Company has elected to opt for cost model with respect to property, plant and equipments, capital work in progress except land.

B) **Investments**

(i) **Investments in equity instruments**

Under the previous GAAP, investment in equity instruments were classified as long term investments or current investment based on the intended holding period and realisability. The Company accounted for long term investments in equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments, if any.

Under Ind AS, the Company has the option to designate such investments as FVTPL investments.

E) **Capital Reserve**

Certain government grant were received by the Company in past years as grant in the nature of promoter's contribution and recognized under Capital reserve as required under the previous GAAP.

Ind AS does not permit recognition of government grant in the nature of promoter contribution to capital reserve.

# Madhya Bharat Papers Limited

## Notes forming part of the Financial Statements for the year ended 31st March, 2018(Contd.)

Under Ind AS, such government grants are required to be treated as an asset related grant and to be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is to be recognized in the Statement of Profit and Loss on a systematic basis over the useful life of the related asset. Accordingly, to comply with Ind AS 20 the Company has reclassified an appropriate amount aggregating to ₹ 15.00 lakhs has been transferred from capital reserve to retained earnings as at the transition date.

### F) Borrowings

Ind AS requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under the previous GAAP, transaction costs incurred in connection with borrowings were accounted upfront and charged to Statement of Profit and Loss for the period in which such transaction costs was incurred.

### J) Deferred tax

Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the year. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which were not required under the previous GAAP. Moreover, carryforward of unused tax credits are to be treated as deferred tax assets which was earlier considered as Other non-current non-financial assets.

In addition, the various transitional adjustments lead to temporary differences and consequently deferred tax adjustments have been recognized in correlation to the underlying transaction in retained earnings.

### K) Defined benefit liabilities

As under the previous GAAP, under Ind AS also, the Company continues to recognize costs related to its post-employment defined benefit plan on an actuarial basis. The entire cost, including actuarial gains and losses, was charged to the Statement of Profit and Loss

Under Ind AS, re-measurements of defined benefit plan are recognized in the Balance Sheet with a corresponding debit or credit to equity through Other Comprehensive Income (OCI). Thus, the employee benefit cost is reduced and re-measurement losses on defined benefit plans has been recognized in the OCI, net of tax as at the transition date.

### L) Revenue from sale of goods

#### (i) Excise duty

Under the previous GAAP, revenue from sale of goods was presented as net of excise duty on sales. However, under Ind AS, revenue from sale of goods includes excise duty and such excise duty is separately presented as an expense on the face of the Statement of Profit and Loss. Thus, under Ind AS, sale of goods for the year ended 31st March, 2017 has increased by with a corresponding increase in "Total expense".

#### (ii) Cash discount

In contrast to the previous GAAP requirements, Ind AS requires revenue to be measured at fair value of the consideration received or receivable and settlement discounts is required to be estimated at the time of sale and deducted from revenue.

Hence, cash discount paid/payable which was considered as part of finance costs under the previous GAAP has been adjusted with Sale of goods under Ind AS for the year ended 31st March, 2017.

### O) Retained earnings

Retained earnings as at the transition date has been adjusted consequent to the above Ind AS transitional adjustments

### P) Total comprehensive income and other comprehensive income

Under the previous GAAP, the Company did not present total comprehensive income and other comprehensive income. Hence, it has reconciled the previous GAAP profit to profit as per Ind AS. Further, the previous GAAP profit is reconciled to other comprehensive income and total comprehensive income as per Ind AS.

25. The previous year's including figures as on the date of transition have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year including figures as at the date of transition are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date attached.

**For G. P. AGRAWAL & CO.**

*Chartered Accountants*

Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

**(CA. Rakesh Kumar Singh)**

*Partner*

Membership No. 066421

**Jagdish Dua**

*Chief Financial Officer*

**V. K. Khanna**

*Executive Director &*

*Company Secretary*

DIN - 00123393

**R. L. Kapur**

*Director*

DIN - 00002483

**Jaydeep Chitlangia**

*Managing Director*

DIN - 00094002

**Place of Signature: Kolkata**

**Date: 28th May, 2018**