

**Independent Auditor's Report on Quarterly and Year to Date Audited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To The Board of Directors of  
Madhya Bharat Papers Limited**

**Qualified Opinion**

We have audited the accompanying statement of quarterly and year to date financial results of Madhya Bharat Papers Limited (the "Company") for the quarter and year ended 31<sup>st</sup> March, 2020 (the "Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. except for the possible effect of the matter described in basis for qualified opinion paragraph below, gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company for the quarter and year ended 31st March, 2020.

**Basis for Qualified Opinion**

We draw attention to the following notes to the Statement:

- (i) Note 3 to the Statement regarding the Company has been incurring significant operational losses since earlier years, whereby net worth of the Company has been completely eroded as on 31st March, 2020. We have not been able to corroborate the Management's contention of the steps taken for improvement in its future operational performance and hence preparation of the accounts of the Company on going concern basis in view of production is closed since July, 2019. Accordingly, we are unable to comment on the appropriateness of the going concern basis and their consequential impact on the financial results and the financial position of the Company as at and for the year ended 31<sup>st</sup> March, 2020.



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- (ii) Note 4 to the Statement regarding non-provision of interest on unsecured loans aggregating to Rs.273.02 Lakh for the year which constitutes a departure from the Indian Accounting Standards prescribed under section 133 of the Act. Accordingly, Other current financial liabilities and loss for the year would have been increased by Rs.273.02 Lakh and equity would have been reduced by the like amount.
- (iii) Note 5 to the Statement regarding non-provision of interest on dealer deposits aggregating to Rs 38.60 Lakh for the year which constitutes a departure from the Indian Accounting Standards prescribed under section 133 of the Act. Accordingly, Other current financial liabilities and loss for the year would have been increased by Rs. 38.60 Lakh and equity would have been reduced by the like amount.
- (iv) Note 6 to the Statement regarding non-provision for interest, penalty for delay / default in payment of statutory liabilities (quantum unascertained) which constitutes a departure from the Indian Accounting Standards prescribed under section 133 of the Act and the impact of which on loss for the year and equity could not be ascertained.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### **Emphasis of Matter**

We draw attention to note 8 of the Statement which explains the management's assessment that there is no significant impact of COVID-19 pandemic on the Statement for the year ended 31st March, 2020. Further, the Company will continue to closely monitor any material changes arising from future economic conditions and impact on its business.

Our opinion is not modified in respect of these matters.

#### **Management's Responsibilities for the Financial Results**

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are





reasonable and prudent; and the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matters**

The Statement include the results for the quarter ended 31st March, 2020 being the balancing figure between the audited figures in respect of full financial year ended 31st March, 2020 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

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

*Rakesh Singh*

(CA. Rakesh Kumar Singh)  
Partner  
Membership No. 066421  
UDIN: 20066421AAAAFH8618



Place of Signature: Kolkata  
Date: The 30th day of June, 2020



**MADHYA BHARAT PAPERS LIMITED**

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**STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH'2020**

(Rs. in Lakh)

Sl. No.	Particulars	Quarter Ended			Year ended	
		31.03.2020 (Audited)	31.12.2019 (Unaudited)	31.03.2019 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
I.	Revenue from operations	2.62	1467.07	1359.01	6203.25	4788.85
II.	Other Income	(60.11)	24.48	2.16	56.55	42.00
III.	<b>Total Income (I + II)</b>	<b>(57.49)</b>	<b>1491.55</b>	<b>1361.17</b>	<b>6259.80</b>	<b>4830.85</b>
IV.	<b>Expenses</b>					
	Cost of materials consumed	(9.89)	1.84	834.75	641.55	2782.12
	Purchase of Stock in Trade	0.00	1245.23	-	4168.37	-
	Changes in inventories of finished goods and work-in-progress	4.15	14.54	98.31	167.26	418.36
	Employee benefits expense	85.91	96.33	150.48	412.27	517.09
	Finance costs	(225.02)	113.76	132.06	114.73	463.41
	Depreciation and amortization expense	25.43	22.72	27.93	102.43	107.65
	Other expenses	136.36	88.09	792.02	855.99	2532.77
	<b>Total Expenses</b>	<b>16.94</b>	<b>1582.51</b>	<b>2035.55</b>	<b>6462.60</b>	<b>6821.40</b>
V.	<b>Profit/(loss) before tax (III- IV)</b>	<b>(74.43)</b>	<b>(90.96)</b>	<b>(674.38)</b>	<b>(202.80)</b>	<b>(1990.55)</b>
VI.	Tax Expenses					
	(a) Current Tax	-	-	-	-	-
	(b) Deferred Tax	-	-	918.97	-	449.24
VII.	<b>Net Profit/(Loss) after tax (V - VI)</b>	<b>(74.43)</b>	<b>(90.96)</b>	<b>(1593.35)</b>	<b>(202.80)</b>	<b>(2439.79)</b>
VIII.	Exceptional item	-	-	-	-	-
IX.	<b>Net Profit/(Loss) after tax. (VII - VIII)</b>	<b>(74.43)</b>	<b>(90.96)</b>	<b>(1593.35)</b>	<b>(202.80)</b>	<b>(2439.79)</b>
X.	<b>Other Comprehensive Income (net of tax)</b>					
	I. Items that will not be reclassified to Profit or Loss	14.03	4.78	48.57	28.37	19.12
	II. Tax relating to items will not be reclassified to Profit or Loss	-	-	-	-	-
XI.	<b>Total Comprehensive income (Net of tax) (IX + X)</b>	<b>(60.40)</b>	<b>(86.18)</b>	<b>(1544.78)</b>	<b>(174.43)</b>	<b>(2420.67)</b>
XIV.	Paid-up Equity Share Capital of Rs. 10/- each	341.00	341.00	341.00	341.00	341.00
	Other equity	NA	NA	NA	(2081.38)	(1906.96)
XIII.	Earning per Share (of Rs.10/- each) (not annualised):					
	a) Basic	(2.18)	(2.67)	(46.73)	(5.95)	(71.55)
	b) Diluted	(2.18)	(2.67)	(46.73)	(5.95)	(71.55)

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Statement of Audited Standalone Assets and Liabilities as at 31st March'2020

(Rs. In Lakh)

Sl. No.	Particulars	As at 31st Mar,2020 (AUDITED)	As at 31st Mar,2019 (AUDITED)
<b>A</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets</b>		
	a) Property, plant and equipment	5833.25	5940.18
	b) Capital Work in progress	0.00	79.10
	c) Financial assets		
	i) Non-current Investments	15.99	46.13
	<b>Sub total- Non-current assets</b>	<b>5849.24</b>	<b>6065.41</b>
<b>2</b>	<b>Current assets</b>		
	a) Inventories	475.26	612.73
	b) Financial assets		
	i) Trade and Other Receivables	14.65	43.05
	ii) Cash and cash equivalents	7.82	8.44
	iii) Bank balances other than cash and cash equivalents	17.03	32.98
	iv) Other financial assets	280.26	337.83
	c) Other Current Assets	150.77	244.62
	<b>Sub total- Current assets</b>	<b>945.79</b>	<b>1279.65</b>
	<b>TOTAL- ASSETS</b>	<b>6795.03</b>	<b>7345.06</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Equity</b>		
	a) Equity share capital	341.00	341.00
	b) Other equity	(2081.38)	(1906.95)
	<b>Sub total- Equity</b>	<b>(1740.38)</b>	<b>(1565.95)</b>
<b>2</b>	<b>Liabilities</b>		
	<b>Non-current Liabilities</b>		
	a) Financial liabilities		
	i) Borrowings	2616.38	3113.46
	ii) Other financial liabilities	1611.82	1707.32
	b) Provisions	30.67	25.26
	c) Other non-current liabilities	67.60	101.95
	<b>Sub total- Non-Current liabilities</b>	<b>4326.47</b>	<b>4947.99</b>
	<b>Current liabilities</b>		
	a) Financial liabilities		
	i) Borrowings	481.15	880.98
	ii) Trade and Other Payables	2056.93	1620.03
	iii) Other financial liabilities	341.17	252.78
	b) Other Current Liabilities	1326.84	1202.49
	c) Provisions	2.85	6.74
	<b>Sub total- Current liabilities</b>	<b>4208.94</b>	<b>3963.02</b>
		<b>6795.03</b>	<b>7345.06</b>



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## (Rs in Lakh)

		(Rs in Lakh)	
Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before exceptional items and extra ordinary items and tax	(202.80)	(1990.55)	
Adjustments to reconcile profit before exceptional items and extra ordinary items and tax to net cash flow provided by operating activities :			
Finance costs	114.73	463.41	
Depreciation and amortisation expense	102.43	107.65	
Loss on sale/ discard of property, plant and equipment	22.09	133.49	
Fair value loss/ (gain) on financial instruments through profit or loss	30.14	9.64	
Liabilities no longer required written back	-	(15.26)	
Interest income	(34.79)	(24.38)	
	<u>234.59</u>	<u>674.55</u>	
Operating profit before working capital changes	<b>31.79</b>	<b>(1316.00)</b>	
<i>Adjustments to reconcile operating profit to cash flow provided by changes in working capital :</i>			
Increase / (decrease) in trade and other payables	436.90	398.77	
Decrease/ (increase) in non current financial assets	0.00	0.01	
Increase / (decrease) in non current other financial liabilities	(95.50)	437.22	
Increase / (decrease) in other current financial liabilities	82.73	9.00	
Increase / (decrease) in other non current liabilities	-34.35	(86.74)	
Increase / (decrease) in other current liabilities	124.38	365.24	
Increase / (decrease) in provision for employee benefits	29.88	26.46	
Decrease/ (increase) in inventories	137.47	463.49	
Decrease/ (increase) in trade and other receivables	28.37	113.41	
Decrease/ (increase) in other financial assets	57.57	(150.00)	
Decrease/ (increase) in other current assets	93.85	(152.31)	
	<u>861.30</u>	<u>1424.55</u>	
Cash (used in) / generated from operations	<b>893.09</b>	<b>108.55</b>	
Tax expense	-	-	
<b>Cash flow before exceptional and extraordinary items</b>	<b>893.09</b>	<b>108.55</b>	
Exceptional item	-	-	
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>893.09</b>	<b>108.55</b>	
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets	-	(65.04)	
Sale of fixed assets	61.52	-	
Fixed deposits redeemed from bank	15.95	(2.73)	
Interest received	40.46	24.26	
<b>Net cash used in investing activities (B)</b>	<b>117.93</b>	<b>(43.51)</b>	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings	-	218.07	
Repayment of long-term borrowings	(497.08)	-	
Proceeds/ (repayment) of short-term borrowings (net)	(399.83)	184.32	
Interest expense	(113.19)	(460.81)	
Other borrowing costs	(1.53)	(2.60)	
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>(1011.63)</b>	<b>(61.01)</b>	
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(0.61)</b>	<b>4.03</b>	
Opening cash and cash equivalents	<b>8.44</b>	<b>4.41</b>	
<b>Closing cash and cash equivalents for the purpose of Cash Flow Statement</b>	<b>7.83</b>	<b>8.44</b>	

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**Segment wise revenue, Results, Segment Assets and Segment Liabilities for the quarter and year ended 31st March'2020**

(Rs. in Lakh)

Sl. No.	Particulars	Quarter Ended			Year ended	
		31.03.2020 (Audited)	31.12.2019 (Unaudited)	31.03.2019 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	<b>Segment Revenue</b> (Net sales/Income from each segment)					
	a)Paper	2.62	11.46	1359.01	1201.81	4788.85
	b)Trading-Others	0.00	1455.61	0.00	5,001.43	-
	Total	2.62	1467.07	1359.01	6203.25	4788.85
	Less :Inter Segment Revenue					
	Net Sales/Income from Operations	2.62	1467.07	1359.01	6203.25	4788.85
2	<b>Segment Result</b>					
	a)Paper	(298.80)	(187.58)	(542.32)	(920.49)	(1527.14)
	b)Trading-Others	(0.64)	210.38	0.00	832.42	-
	Total	(299.44)	22.80	(542.32)	(88.07)	(1527.14)
	Less : (i)Interest & Finance charges	(225.01)	113.76	132.06	114.73	463.41
	(ii) Other Unallocable expenditure net of unallocable income					
	Total Profit/(Loss) before Tax	(74.43)	(90.96)	(674.38)	(202.80)	(1990.55)
3	<b>Segment Assets</b>					
	a)Paper	6794.26	6952.14	7345.03	6794.26	7345.03
	b)Trading-Others	0.78	2409.67	-	0.78	-
	Total	6795.04	9361.81	7345.03	6795.04	7345.03
4	<b>Segment Liabilities</b>					
	a)Paper	8534.64	9041.01	8910.99	8534.64	8910.99
	b)Trading-Others	0.78	2000.78	-	0.78	-
	Total	8535.42	11041.79	8910.99	8535.42	8910.99

**Notes :**

- The above audited Standalone financial results for the quarter and year ended 31st March'2020 were reviewed by the Audit Committee and thereafter the Board of directors has approved the above results at their respective meetings held on 30th June'2020.
- These audited standalone financial results will be made available on Company's website viz., www.mbpl.in.
- The financial statement indicates that the Company has accumulated losses and its net worth has been fully eroded. It is felt that the status of the Company will improve in the following years. The Management is in the process of rationalizing the expenses as well as considering the measures to generate revenue. Further, with the improvement in the industrial scenario, the company is able to utilise its production capacities and it is expected that the overall financial health of the Company would improve considerably. Accordingly, the Company continues to prepare its accounts on a "Going Concern" basis.
- Interest accrued upto 31st March, 2020 aggregating to Rs. 273.02 lakh on unsecured loans as estimated by the management (without considering additional interest, if any, on non-payment of principal interest) has not been provided for and the same will be accounted for as and when paid/settled.
- Interest accrued upto 31st March, 2020 aggregating to Rs. 38.60 lakh on deposit from dealer as estimated by the management (without considering additional interest, if any, on non-payment of principal interest) has not been provided for and the same will be accounted for as and when paid/settled.
- Pending ascertainment of the amounts, no provision has been made in these financial statements for interest, penalty for delay / default in payment of statutory liabilities including in respect of provident fund and TDS. Due to huge losses and non - availability of sufficient cash, the company is in the process of making payment of statutory dues as and when the sufficient funds will be available.
- The company has adopted Ins AS 116 "Leases" wef 01.04.2019, accordingly recognized right-of-use assets and corresponding lease liabilities. There is no material impact on the loss for quarter/year and equity as on 31st March, 2020 on adoption of Ind AS 116.
- The outbreak of Coronavirus (COVID-19) is causing significant disturbance and slowdown of economic activity in India and across the globe. The Company has evaluated the impact of this pandemic in its business operations. Based on its review, nature of business and current indicators of economic conditions, there is no significant impact on its financial results for the year ended 31-03-2020. The Company will continue to closely monitor any material changes arising from future economic conditions and impact on its business.
- The figures of previous periods have been regrouped / reclassified wherever necessary to make them comparable with those of the current period.

For and on behalf of the Board



Jaydeep Chitlangia  
Managing Director  
(DIN : 000940002)

Place of Signature : Kolkata  
Dated : 30th June'2020.

