

## **Madhya Bharat Papers Limited**

### **Board of Directors**

Mr. Raghuvansh Lal Kapur

Mrs. Deepa Maheshwari

Mr. Abhas Sen

Mr. Jaydeep Chitlangia  
*(Managing Director)*

Mr. Vinod Kumar Khanna  
*(Executive Director &  
Company Secretary)*

### **Chief Financial Officer**

Mr. Jagdish Dua

### **Auditors**

Sawarmal 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

(4th Floor, North Block)

Kolkata-700 016

# Madhya Bharat Papers Limited

## DIRECTORS' REPORT

Your Directors present the 36<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2016.

### Financial Results

(₹ in lakhs)

Particulars	2015-16		2014-15	
Profit/(Loss) before Depreciation & Tax		(909.73)		(545.20)
Less: Depreciation	105.13		110.28	
Adjustment for earlier years	(2.70)		7.26	
Provision for taxation				
- Earlier years	0.57		1.58	
- Deferred Tax liabilities	(352.95)	(249.95)	(240.65)	(121.53)
Net Profit/(Loss)		(659.78)		(423.67)
Add : Balance Brought Forward from Previous year		(649.50)		(225.83)
Balance Carried Forward		(1309.28)		(649.50)

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

The Company was advised by Central Pollution Control Board (CPCB) and Chhattisgarh Environment Conservation Board (CECB) that the Company has to install Chemical Recovery System otherwise switch over to recycled waste paper. This required capital expenditure to convert the existing plant from agro residues to recycled waste paper. In view of the same coupled with slow demand of paper the Company has incurred huge losses amounting to ₹ 1012.16 lakhs before tax adjustments (previous year loss of ₹ 662.74 lakhs).

The production during the year was 6549 tonnes (12667 tonnes previous year) due to curtailment of operations arisen out of environmental restrictions.

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

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

### Dividend

In absence of profit, the Directors are unable to recommend any dividend for the financial year ended 31<sup>st</sup> March, 2016.

### Reserves

Due to inadequacy of profit, no general reserve is created for the year ended 31<sup>st</sup> March, 2016.

### Share Capital

The paid up equity share capital as on 31<sup>st</sup> March, 2016 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 ₹ 2183.42 lakhs as at 31<sup>st</sup> March, 2016 as against ₹ 1472.41 lakhs as on 31<sup>st</sup> March, 2015, an increase of ₹ 711.01 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.



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## **Applicability of the Sick Industrial Companies (Special Provisions) Act, 1985**

As per the audited accounts of the company for the year ended 31<sup>st</sup> March, 2016, the accumulated losses of the Company as at the end of the said period have resulted in erosion of more than 50% of its peak net worth during the immediately preceding four financial years.

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company falls under the category of potentially sick industrial company and therefore, the fact is required to be reported to the Board of Industrial and Financial Reconstruction (BIFR) within 60 days from the date of finalization of the audited accounts i.e. the date of Annual General Meeting.

### **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 a 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 a 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, five 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

## **Madhya Bharat Papers Limited**

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Company has adopted vigil mechanism policy. The details of the policy is available on the Company's website [www.mbpl.in](http://www.mbpl.in).

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

The Board of Directors at their meeting held on March 30, 2016 approved the re-appointment of Mr. Jaydeep Chitlangia (DIN: 00094002) as Managing Director for a term of three years, subject to the members approval. Accordingly, approval of the members is sought for his reappointment as Managing Director of the Company for a period of three years effective from 1<sup>st</sup> April, 2016.

Mrs. Deepa Maheshwari (DIN: 00550697) retires by rotation and being eligible offers herself for re-appointment.

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").

During the year there was no change in the Key Managerial Personnel of the Company.

### **Annual Evaluation**

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013 and relevant regulations of SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, its committees and individual directors. 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 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**

In lines with the requirements of the Companies Act, 2013 and SEBI Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website [www.mbpl.in](http://www.mbpl.in).

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of repetitive nature and/or are entered in the ordinary course of business and are at arm's length. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

All related party transactions entered during the year were in ordinary course of business and on arm's length basis. No Material Related Party Transactions i.e. transactions exceeding ten percent of the annual turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions under Section 134(3)(h) of the Companies Act, 2013 is not applicable. Therefore a Nil Report is attached as **Annexure 4** in the format prescribed i.e. AOC-2.

### **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 and Familiarization Programme undertaken for Independent Directors are available on the Company's website [www.mbpl.in](http://www.mbpl.in).



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## Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) 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 judgements 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, 2016 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, 2016 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 Sawarmal Agrawal & Co. (Firm Registration No.318164E), Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment for a term of three years from conclusion of this Annual General Meeting to conclusion of the forthcoming fourth Annual General Meeting of the Company (subject to ratification of the appointment by the members at every AGM held after this AGM). 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.

## Cost Auditor

During the year under review, M/s Rammani Sarkar & Co, Cost Accountants, carried out the Cost Audit for Paper division.

## Secretarial Auditors

The Board had appointed M/s A. K. Labh & Co, Practising Company Secretaries to undertake the secretarial audit of the Company. The Secretarial Audit Report 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.

## 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.

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## 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 2016-2017.

## 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 were no significant and material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

## 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 part of this Report of the Directors.

## Subsidiary, Joint Ventures & Associate Companies

Pro-Sports Management Limited ceased to be an Associate Company with effect from 16<sup>th</sup> December, 2015. 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: 25<sup>th</sup> May, 2016

**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 2016**

[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 : MADHYA BHARAT 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-495 671  
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,  
6, Mangoe Lane, 2nd 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 HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES :-**

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

**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>									
<b>(I) Indian</b>									
a) Individual/ HUF	1902737	-	1902737	55.7987	1902737	-	1902737	55.7987	-
b) Central Government									
c) State Government									
d) Bodies Corporate	45400	-	45400	1.3314	45400	-	45400	1.3314	-

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e) Banks / Financial Institutions									
f) Any Other									
<b>Sub-Total (A) (1) :-</b>	1948137	-	1948137	57.1301	1948137	-	1948137	57.1301	-
<b>(2) Foreign</b>									
NRIs-Individuals									
Other-Individuals									
Bodies Corporate									
Banks / Financial Institutions									
Any Other (Specify)									
<b>Sub-Total (A) (2) :-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) (A) =(A) (1)+(A)(2)</b>	1948137	-	1948137	57.1301	1948137	-	1948137	57.1301	-
<b>B. Public Shareholding</b>									
<b>(1) 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	-
<b>(2) Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	63700	16600	80300	2.3548	63200	17100	80300	2.3548	-
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs 2 lakh	24649	59858	84507	2.4782	24849	59658	84507	2.4782	-
ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakhs	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>	129549	76458	206007	6.0413	129249	76758	206007	6.0413	-
<b>Total Public Shareholding (B) (B) = (B) (1) + (B) (2)</b>	1385405	76458	1461863	42.8699	1385105	76758	1461863	42.8699	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	3333542	76458	3410000	100	3333242	76758	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	2.4929	-	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	-	9500	0.2786	-	-
11	Chitlangia Medical Society	45400	1.3314	-	45400	1.3314	-	-
<b>Total</b>		<b>1948137</b>	<b>57.1301</b>	<b>-</b>	<b>1948137</b>	<b>57.1301</b>	<b>-</b>	<b>-</b>

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

Sl. No		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
a)	At the beginning of the year	1948137	57.1301	1948137	57.1301
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	No change in Shareholding during the year			
c)	At the end of the year	1948137	57.1301	1948137	57.1301

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### 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>Swarn Ganga Trading 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	1.2802
	At the end of the year			41200	1.2802
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
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
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
<b>Details of Key Managerial Personnel (KMP)</b>					
1	<b>Jagdish Dua</b>				
	a) At the beginning of the year	-	-	-	-
	b) Changes during the year	-	-	-	-
	c) At the end of the year	-	-	-	-

## Madhya Bharat Papers Limited

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment  
(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	396.60	1014.36	-	1410.96
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	61.45	-	61.45
<b>Total (i + ii + iii)</b>	<b>396.60</b>	<b>1075.81</b>	-	<b>1472.41</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	33.71	1042.77	-	1076.48
- Reduction	-	(365.48)	-	(365.48)
<b>Net Change</b>	<b>33.71</b>	<b>677.30</b>	-	<b>711.01</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	430.31	1622.29	-	2052.61
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	130.82	-	130.82
<b>Total (i + ii + iii)</b>	<b>430.31</b>	<b>1753.11</b>	-	<b>2183.42</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	3000000	2074250	5074250
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	32400	96870	129270
	(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	13722	-	13722
	<b>Total (A)</b>	<b>3046122</b>	<b>2171120</b>	<b>5217242</b>
	<b>Ceiling as per the Act</b>	<b>4200000</b>	<b>4200000</b>	<b>8400000</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	97000	97000	-	194000
	<b>Total (1)</b>	97000	97000	-	194000
2	Other Non-Executive Directors Fee for attending board/ committee meetings, commission others, please specify	N.A	N.A	58500	58500
	<b>Total (2)</b>	-	-	58500	58500
	<b>Total (B) – (1+2)</b>	<b>97000</b>	<b>97000</b>	<b>58500</b>	<b>252500</b>

**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	663600
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	391170
	(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>1054770</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	577.73
Expenditure in foreign currency	4.65
(ii) Foreign exchange earned	-



**FORM - A**

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

Particulars	Unit	2015-16	2014-15
<b>A. POWER AND FUEL CONSUMPTION</b>			
1. Electricity			
a) Purchased Power			
Units	Kwh	11,66,885	3,80,300
Total Amount	₹	124,23,208	101,47,968
Rate	₹/Kwh	10.65	26.68
b) Own Generation			
i) Through Diesel Generator			
Units	Kwh	299	1,790
Units per Unit of Diesel Oil	₹	11.96	11.93
Cost/Unit	₹/Kwh	4.05	5.76
ii) Through Turbine Generator			
Units	Kwh	73,23,958	138,32,708
Units per Unit of Coal	Kwh/MT	899	829
Cost per Unit	₹/Kwh	2.12	3.00
2. Coal			
For steam generation & consumption in Paper Dvn.			
a) Grade B			
Quantity	M.T.	-	7,146
Total Cost	₹	-	349,11,145
Average Cost	₹/M.T.	-	4,886
b) Grade F&E			
Quantity	M.T.	16,323	36,553
Total Cost	₹	31,234,857	740,02,628
Average Cost	₹/M.T.	1,914	2,025
c) Washery Reject			
Quantity	M.T.	263	308
Total Cost	₹	2,09,780	3,36,613
Average Cost	₹/M.T.	798	1,093
d) Fire Wood			
Quantity	M.T.	0.40	-
Total Cost	₹	1,153	-
Average Cost	₹/M.T.	2,883	-
e) Charcoal			
Quantity	M.T.	7.9	7.9
Total Cost	₹	1,74,012	1,57,957
Average Cost	₹/M.T.	22,083	20,122
3. Furnace Oil			
4. Diesel Oil			
Quantity	Ltr.	25	150
Total Cost	₹	1,211	10,311
Average Cost	₹/Ltr.	48	69
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
Electricity	Kwh/M.T.	1,297	1,120
Coal	M.T/M.T.	2.53	3.47
Diesel Oil	Ltr/M.T.	-	0.01

**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, 2016:**

Particulars	Details
(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 : 0.42 Mr. Raghuvansh Lal Kapur : 0.42 Mrs. Deepa Maheshwari : 0.26 <b>Executive Directors</b> Mr. Jaydeep Chitlangia : 15.07 Mr. Vinod Kumar Khanna : 10.90
(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 : Nil Executive Director : 1.48% Chief Financial Officer : 7.74%
(iii) The percentage increase in the median remuneration of employees in the financial year	3.15%
(iv) The number of permanent employees on the rolls of the Company	254 permanent employees as on March 31, 2016
(v) The explanation on the relationship between average increase in remuneration and company performance	Average increase in the remuneration of the employees was 3.87% as during the year the company incurred a loss of ₹ 659.78 lakhs against loss of ₹ 423.67 lakhs in the previous year.





(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	The performance is lower compared with previous year and there is an overall increase of 1.79% in remuneration paid to Key Managerial Personnel.
(vii) Variation in the market capitalization of the Company, price earning ratio as at the closing date of the current financial year and previous financial year and percentage increase over decreases over market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	There was no trading in the shares of the Company during the last financial year and current year. There was no public issue or right issue of its securities. Hence no comparison is made.
(viii) 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- 4.88% Average increment of Managerial Personnel- 1.79% No exceptional increase given in the managerial remuneration.
(ix) Comparison of each remuneration of the Key Managerial Personnel against the performance of the company	Same as point (ii) above
(x) The key parameters for any variable component of remuneration availed by the directors	No variable component of remuneration paid to the Directors. For non-executive directors sitting fee is paid on the basis of attending the number of Board and Committee meetings.
(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	None
(xii) 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 every employee of the company 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, 2016 :**

No employee is in receipt of remuneration as prescribed under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**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

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- f) Date(s) of approval by the Board
- g) Amount paid as advances, if any
- h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188

### 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: 25<sup>th</sup> May, 2016

**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:



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**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's 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's.

**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

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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.

## Annexure 6

### Report on Corporate Governance

#### 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, 2016

During the year under review, five Board meetings were held on 28<sup>th</sup> May, 2015, 13<sup>th</sup> August, 2015, 09<sup>th</sup> November, 2015, 10<sup>th</sup> February, 2016 and 30<sup>th</sup> March, 2016.

##### 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 at previous AGM on 24.09.2015	No. of Directorship held in other Public Limited Companies	No. of membership/ chairmanship in other Board/Committee	
						Chairman	Member
Mr. J. Chitlangia	00094002	Managing Director-Promoter	5	Yes	2	-	-
Mr. Abhas Sen	01450642	Non-Executive, Independent	5	Yes	-	-	-
Mr. R. L. Kapur	00002483	Non-Executive, Independent	5	No	-	-	-



Mrs. Deepa Maheshwari	00550697	Non-Executive	3	No	-	-	-
Mr. Vinod Kumar Khanna	00123393	Executive	4	Yes	-	-	-

\* Only Audit Committee and Stakeholders Relationship Committee are considered

**d) 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.

**e) 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.

**f) 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. Details of the familiarization programs are disclosed on the company's website [www.mbpl.in](http://www.mbpl.in).

**3. Audit Committee**

**a) Composition**

The Audit Committee comprises of Mr. Abhas Sen, Non-Executive Independent Director and Chairman of the Committee, Mr. R.L. 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;
  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 28<sup>th</sup> May, 2015, 13<sup>th</sup> August, 2015, 09<sup>th</sup> November, 2015 and 10<sup>th</sup> February, 2016.

Name of Director	No.of meetings held	No. of meetings attended
Abhas Sen	4	4
R.L. Kapur	4	4
Deepa Maheshwari	4	3

**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. R.L. 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.

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### c) Meetings and Attendance:

Two meetings were held during the year on 13<sup>th</sup> August, 2015 and 30<sup>th</sup> March, 2016.

Name of Director	No.of meetings held	No.of meetings attended
Abhas Sen	2	2
R.L. Kapur	2	2
Deepa Maheshwari	2	1

### 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

### Details of remuneration to Directors per annum:

Name of Directors	Basic Salary (₹)	Perquisites/ Allowances (₹)	Sitting Fees (₹)	Total (₹)
J. Chitlangia	3000000	594231		3594231
Abhas Sen			97000	97000
R.L. Kapur			97000	97000
Deepa Maheshwari			58500	58500
V K Khanna	2074250	527093		2601343

### Notes:

- (a) (i) Appointment of Mr. J. Chitlangia, Managing Director is for the period 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2019.
- (ii) Appointment of Mr. V K Khanna is for the period of 3 years with effect from 13<sup>th</sup> August, 2015.
- (b) The Company does not have any scheme for grant of stock options to its Directors or employees.
- (c) The company does not pay any commission or performance linked incentives to any of its Directors.





## 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 in accordance with their respective functions and duties.

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

Further, the Independent Directors have evaluated the performance of Non-Independent Directors and the Board of Directors as a whole at a separate meeting as per requirement of Regulation 25 (3) & (4) of SEBI Regulations.

Nomination and Remuneration Committee had also evaluated performance of each of the Directors based on the aforesaid evaluation factors.

## 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. R. L. Kapur, Non-Executive Independent Director and Mr. J. Chitlangia, Managing Director.

### b) Terms of Reference:

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

1. To consider, review and redress grievances of shareholders, debenture-holders and other security holders of the Company;
2. 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;
3. To deal with all aspects relating to issue and allotment of shares and debentures and / or other securities of the Company;
4. To consider and approve subdivision, consolidation, transfer and issue of duplicate shares and debenture certificate;
5. To delegate any of the powers mentioned above to the Company Executives;
6. Authority to take a decision in any other matter in relation to the above functions/powers;
7. 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

Two meetings were held during the year on 15<sup>th</sup> June, 2015 and 26<sup>th</sup> November, 2015.

Name of Director	No.of meetings held	No.of meetings attended
J. Chitlangia	2	2
Abhas Sen	2	2
R.L. Kapur	2	2

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### Compliance Officer

Mr. V. K. 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 Resolutions passed
2012-13	Village Birgahni, Rly & Post Champa-495 671, Dist. Janjgir-Champa, Chhattisgarh	20 <sup>th</sup> September, 2013 11.00 a.m.	Reappointment and payment of remuneration to Managing Director
2013-14	Same as above	26 <sup>th</sup> September, 2014 11.00 a.m.	Resolution under Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013
2014-15	Same as above	24 <sup>th</sup> September, 2015 11.00 a.m.	Adoption of new Articles of Association of the Company.

- 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.
- 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 Statutory Auditors have issued an unmodified audit opinion on the Company's financial statements for the year ended 31<sup>st</sup> March, 2016.

## 9. Means of Communication

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

## 10. General Shareholder Information

### I. Annual General Meeting

Date and Time	: 23 <sup>rd</sup> September, 2016 at 11.00 a.m.
Venue	: Village Birgahni, Rly & Post Champa-495 671, Dist. Janjgir-Champa, Chhattisgarh.

### II. Financial Calendar for the year 2016-17 (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** : 17<sup>th</sup> September, 2016 to 23<sup>rd</sup> September, 2016  
(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 2016-17

### 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.

# Madhya Bharat Papers Limited

## IX. Distribution of Shareholding as on 31<sup>st</sup> March, 2016

No. of shares of ₹10 each	No. of Shareholders	% of shareholders	No. of shares held	Shareholding %
1 – 500	217	80.6691	35043	1.0277
501 – 1000	16	5.9480	13050	0.3827
1001 – 2000	6	2.2305	9614	0.2819
2001 – 4000	6	2.2305	16600	0.4868
4001 – 5000	2	0.7435	10000	0.2933
5001 – 10000	3	1.1152	26300	0.7713
10001 & above	19	7.0632	3299393	96.7564
Total	269	100.00	3410000	100.00

## X. Categories of Shareholding as on 31<sup>st</sup> March, 2016

Categories of Shareholders	No. of shares held	Shareholding %
Indian Promoters	1948137	57.1301
Banks/Financial Institutions	1255856	36.8286
Private Corporate Bodies	80300	2.3548
Indian Public	125707	3.6865
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 31.03.2016, 97.75% 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.  
6, Mangoe Lane, 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-495 671  
Dist. Janjgir-Champa  
Chhattisgarh.  
CIN: L21012CT1980PLC001682  
**Dated: 25<sup>th</sup> May, 2016**

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

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



## Annexure 7

### Auditors' Certificate

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, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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 Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, there were no Investors' Grievances remaining unattended/pending for more than 30 days as at 31<sup>st</sup> March, 2016 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 **Sawarmal Agrawal & Co.**  
Chartered Accountants  
F.R.No. 318164E

2A, Ganesh Chandra Avenue,  
Kolkata-700 013.

**Dated: 25<sup>th</sup> May, 2016**

**S.M. Agrawal**  
Proprietor  
Membership No. 53923

## Annexure 8

### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANANAGEMENT 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, 2016.

Kolkata,  
**Dated: 25<sup>th</sup> May, 2016**

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

**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, 2016 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 on 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: 25<sup>th</sup> May, 2016**

**JAGDISH DUA**  
Chief Financial Officer



**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2016**

*[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 – 495 671 (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 31.03.2016 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 Company 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 members of the Company and of other authorities as per the provisions of various statues 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.

## Madhya Bharat Papers Limited

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**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 31.03.2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards (SS-1 and SS-2) as issued by The Institute of Company Secretaries of India and which became effective from 01.07.2015.
- (iii) Listing Agreement with the Stock Exchange.
- (iv) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (v) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (vi) 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;
- (vii) 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

to the extent of their applicability to the Company during the financial year ended 31.03.2016 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 judgement 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, environments 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) SEBI (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.





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**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, if any, 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

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

Place : Kolkata  
Dated : 25.05.2016

## **Annexure 11**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **Overall Review**

Accounting year 2015-16 was a difficult year for the paper industry. The Company continues to be affected by adverse factors of changes in the environmental laws by the Government related to the Paper Industry with spiraling input costs.

#### **Business Segment – Paper**

##### **a) Industry Structure & Development**

The consumption of paper is closely linked to the economic development of a country. In India, substantial thrust on literacy and education and increase in disposable income will boost up paper consumption. The per capita paper consumption in India is just 10 kgs compared with average global consumption of 55 kgs. India's paper consumption has grown at an average of 7% in the last 5 years.

Paper and paper board industry in India is segregated in four major segments – Writing & Printing paper, Paperboard, Speciality Paper and Newsprint. In 2014-15, writing & printing paper was estimated to form the largest share of the domestic paper market at 41% followed by paperboard at 37%, newsprint at 18% and speciality paper at 4% (Source – CRISIL Research Paper 2016).

During the year, the division has achieved 39.69% capacity utilization due to restrictions of the Environmental Authorities.

##### **b) Opportunities**

- Pan India presence.
- Close proximity of the plant to the collieries of South Eastern Coalfields Ltd. for procurement of coal.
- Government's thrust for improving education and literacy in the country.
- Strong customer base and dealers/distributors network.

### c) Threats

- Increasing coal and logistic cost
- Increasing competition from electronic media and digital communication alternatives.
- 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.

### d) Segment Performance

During the year 2015-16, segment revenue decreased from ₹ 5848.87 lakhs to ₹ 3146.58 lakhs i.e. decrease of 46.2% and incurred loss of ₹ 940.92 lakhs before interest and tax compared with previous year's loss of ₹ 646.38 lakhs.

### e) 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.

### f) Risks and Concerns:

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

### Business Segment – Power

#### a) Industry Structure & Development

The Company is generating power for captive consumption and is working at its optimum capacity.

#### b) Opportunities

The uninterrupted quality power is available.

#### c) Threats

The availability of coal, its quality and price is a matter of concern as the Company has to procure coal through e-auction market regularly which is very costly than the normal allocation.

#### d) Segment Performance

During the year 2015-16, segment revenue decreased from ₹ 689.13 lakhs to ₹ 422.80 lakhs but profit earned increased from ₹ 84.41 lakhs before interest and tax to ₹ 154.62 lakhs.

#### e) Outlook

The outlook remains positive.

#### f) Risks and Concerns:

Imposition of tighter and continuous change in Environmental laws is a concern to the Company. However, the company is continuously upgrading the same to mitigate the risk.

### Internal 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	2015-16	2014-15
Gross Turnover (excluding inter divisional transfers)	3327.63	6301.42
Net Sales	3146.58	5938.28
PBIDT	(688.48)	(371.03)
Interest	217.28	174.18
Profit/(Loss) after Interest	(905.76)	(545.21)
Depreciation	105.13	110.28
Net adjustments in respect of earlier years	1.27	7.26
Provision for Taxation		
- Earlier year tax	0.57	1.58
- Deferred Tax	(352.95)	(240.65)
Net Profit/(Loss)	(659.78)	(423.67)

### 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, 2016 was 254.

### 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

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## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Madhya Bharat Papers Limited

### Report on the Financial Statements

We have audited the accompanying Financial Statements of **M/s MADHYA BHARAT PAPERS LIMITED**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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 in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, together with notes thereon subject to non provision of Depreciation up to 31<sup>st</sup> March, 1999 on enhanced value of Fixed Assets in consequent upon revaluation of fixed assets on 30.4.1987. Had it been done, the net block and revaluation reserve account would have been lower by Rs. 46.28 lakhs as stated in note no. 11.1 of the notes on accounts, 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:



- a) In case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2016;
- b) In the case of Statement of Profit and Loss, of the Losses of the company for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) order, 2016 (the 'Order'), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure A" a statement on the matters specified in paragraph 3 & 4 of the said Order :
2. As required by section 143(3) of the Act, we report that :
  - i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended)
  - v) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2016 and taken on record by the Board of Directors, none of the directors of the company is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of clause section 164(2) of the Act.
  - vi) 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"
  - vii) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us :
    - i. The Company does not have any pending litigations which would impact its financial position
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

COMMERCE HOUSE  
2A Ganesh Chandra Avenue  
Kolkata: 700 013.

For **SAWARMAL AGRAWAL & CO.**  
*Chartered accountants*  
F.R.No-318164E

**Dated: 25<sup>th</sup> May, 2016**

**S.M. AGRAWAL**  
Proprietor  
Membership No. - 053923

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

Referred to in paragraph 1 under the heading ‘**Report on Other Legal and Regulatory Requirements**’ of our report of even date to the financial statements of the company for the year ended 31<sup>st</sup> March, 2016.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information, explanations and representations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) The Company has a regular program of physical verification of its fixed assets under which fixed Assets are verified in a phased manner over a period of 3 years, which, in our opinion is reasonable having regard to the size of the Company and nature of its assets. According to the information & explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information & explanation given to us and the records & conveyance deeds examined by us as provided by the management, we report that the title deeds of all immovable properties which are freehold, are held in the name of the company.
2. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
  3. The Company has not granted any loan secured or unsecured to any companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
  4. In our opinion, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
  5. The Company has not accepted any deposits from the public during the financial year except trade deposit from its customer and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposit accepted from the public are not applicable.
  6. The Central Government has prescribed maintenance of cost records under section 148(1) of the Companies Act, we have broadly reviewed the books of accounts and records of the company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  7. (a) According to the information and explanations given to us and the records of the company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees’ State Insurance, Income Tax, Sale Tax, Service Tax, Custom Duty, Excise Duty, Value added Tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of such dues were in arrears, as at 31<sup>st</sup> March, 2016 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, the particulars of Statutory dues as at 31<sup>st</sup> March, 2016 which have not been deposited on account of dispute, are as follows :-

Name of the Statute	Nature of the dues	Amount ₹	Forum where dispute is pending
Central Excise Act, 1944	F Y 2009-10	32,52,281/-	CESTAT, New Delhi

8. According to the records of the Company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to banks or financial institution, or government during the year. The Company did not have any outstanding debentures during the year.
9. In our opinion, and according to the information and explanations given to us, the Company did not raise moneys by way of initial public offer or further public offer including debt instruments. Hence, the provisions of clause 3(ix) of the Order are not applicable to the Company and hence not commented upon. The term loans have been applied for the purpose for which they were obtained.
10. According to the information and explanations given to us, and based upon the Audit procedure performed, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanations given to us, in our opinion, managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V of the Act.
12. In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the order is not applicable.
13. In our opinion all transactions with the related parties are compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, and the requisite details have been disclosed in the financial statements as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
15. Based upon the audit procedures performed and the information and explanation given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them.
16. In our opinion, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the company.

COMMERCE HOUSE  
2A Ganesh Chandra Avenue  
Kolkata: 700 013.

For **SAWARMAL AGRAWAL & CO.**  
*Chartered accountants*  
F.R.No-318164E

**S.M. AGRAWAL**

Proprietor

Membership No. - 053923

**Dated: 25<sup>th</sup> May, 2016**

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

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

We have audited the internal financial controls over financial reporting of Madhya Bharat Papers Limited as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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.

#### **Auditors' 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention





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or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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 March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

COMMERCE HOUSE  
2A Ganesh Chandra Avenue  
Kolkata: 700 013.

For **SAWARMAL AGRAWAL & CO.**  
*Chartered accountants*  
F.R.No-318164E

**Dated: 25<sup>th</sup> May, 2016**

**S.M. AGRAWAL**  
Proprietor  
Membership No. - 053923

# Madhya Bharat Papers Limited

## Balance Sheet as at 31<sup>st</sup> March, 2016

Sl. No.	Particulars	Note No.	As at 31.03.2016 ₹ in lakhs	As at 31.03.2015 ₹ in lakhs
<b>I EQUITY AND LIABILITIES</b>				
<b>A Shareholders' Funds</b>				
	(a) Share Capital	2	341.00	341.00
	(b) Reserves and Surplus	3	(203.92)	461.60
	Total (A)		137.08	802.60
<b>B Non-Current Liabilities</b>				
	(a) Long Term Borrowings	4	1750.12	1071.10
	(b) Other Long Term Liabilities	5	415.86	410.86
	(c) Long Term Provisions	6	1.60	1.60
	Total (B)		2167.58	1483.56
<b>C Current Liabilities</b>				
	(a) Short Term Borrowings	7	563.93	416.61
	(b) Trade Payables	8	667.41	1038.87
	(c) Other Current Liabilities	9	502.70	365.15
	(d) Short Term Provisions	10	34.93	36.39
	Total (C)		1768.97	1857.02
	<b>Total (A+B+C)</b>		<b>4073.63</b>	<b>4143.18</b>
<b>II ASSETS</b>				
<b>A Non-Current Assets</b>				
	(a) Fixed Assets	11		
	(i) Tangible Assets		2087.91	2129.62
	(ii) Capital Work-in-Progress		79.10	79.10
	(b) Non Current Investments	12	24.15	24.65
	(c) Deferred Tax Assets (Net)	13	738.76	385.82
	Total (A)		2929.92	2619.19
<b>B Current Assets</b>				
	(a) Inventories	14	800.86	933.27
	(b) Trade Receivables	15	25.48	144.84
	(c) Cash and Cash Equivalents	16	50.23	20.21
	(d) Short Term Loans and Advances	17	228.23	387.85
	(e) Other Current Assets	18	38.91	37.82
	Total (B)		1143.71	1523.99
	<b>Total (A+B)</b>		<b>4073.63</b>	<b>4143.18</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>				
<b>OTHER NOTES ON ACCOUNTS</b>				
		1		
		2 to 34		

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

As per our report of even date.

For **SAWARMAL AGRAWAL & CO.**  
Chartered Accountants  
(F.R.No.318164E)

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

**JAYDEEP CHITLANGIA**  
Managing Director  
DIN: 00094002

**S. M. AGRAWAL**  
Proprietor  
(M.No. 53923)  
Kolkata : 25<sup>th</sup> May, 2016.

**JAGDISH DUA**  
Chief Financial Officer

**V. K. KHANNA**  
Executive Director &  
Company Secretary  
DIN: 00123393



## Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2016

Sl. No.	Particulars	Note No.	2015-16 ₹ in lakhs	2014-15 ₹ in lakhs
<b>INCOME :</b>				
I	Revenue from Operations	19	3146.58	5938.28
II	Other Income	20	36.10	25.08
III	<b>Total Revenue (I+II)</b>		<b>3182.68</b>	<b>5963.36</b>
<b>IV EXPENDITURE :</b>				
(a)	Cost of Material Consumed	21	1754.62	1933.16
(b)	Cost of Trading Goods Purchase	22	-	87.65
(c)	Change in Inventories of Finished Goods, Work-in-progress and Stock in Trade	23	167.39	(62.07)
(d)	Employee Benefits Expenses	24	501.71	578.83
(e)	Finance Costs	25	217.28	174.18
(f)	Depreciation and Amortisation Expenses	26	105.13	110.28
(g)	Other Expenses	27	1448.71	3804.07
	Total Expenses		<b>4194.84</b>	<b>6626.10</b>
V	<b>Profit Before Extraordinary Items and Tax (III-IV)</b>		<b>(1012.16)</b>	<b>(662.74)</b>
VI	Extraordinary Items		-	-
VII	<b>Profit Before Tax (V-VI)</b>		<b>(1012.16)</b>	<b>(662.74)</b>
VIII	<b>Tax Expenses</b>			
	Earlier Years		0.57	1.58
	Deferred Tax		(352.95)	(240.65)
IX	<b>Profit / (Loss) for the Period (VII-VIII)</b>		<b>(659.78)</b>	<b>(423.67)</b>
X	Earning per Equity Share	31		
	(a) Basic		(19.35)	(12.42)
	(b) Diluted		(19.35)	(12.42)

### SIGNIFICANT ACCOUNTING POLICIES OTHER NOTES ON ACCOUNTS

1  
2 to 34

The accompanying notes 1 to 34 are an integral part of the Financial Statements.  
As per our report of even date.

For **SAWARMAL AGRAWAL & CO.**  
Chartered Accountants  
(F.R.No.318164E)

**R.L. KAPUR**  
Director  
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**S. M. AGRAWAL**  
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Kolkata : 25<sup>th</sup> May, 2016.

**JAGDISH DUA**  
Chief Financial Officer

**V. K. KHANNA**  
Executive Director &  
Company Secretary  
DIN: 00123393

# Madhya Bharat Papers Limited

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016

Particulars	2015-16 ₹ in lakhs	2014-15 ₹ in lakhs
<b>A. Cash flow from operating activities</b>		
Net Profit/Loss before interest, tax & extraordinary items	(797.90)	(491.54)
<b>Items adjusted for</b>		
Depreciation	105.13	110.28
Interest	(4.83)	(17.67)
Dividend	(0.01)	(0.01)
(Profit)/Loss on sale of fixed assets	(28.64)	3.20
Operating profit before working capital changes	(726.25)	(395.74)
<b>Changes in</b>		
Trade & other receivables	272.92	(75.24)
Inventories	132.41	45.48
Trade payable	(86.33)	313.25
Cash generated from operation	(407.25)	(112.25)
Direct taxes paid	1.33	5.75
Cash flow before extra-ordinary items	(405.92)	(106.50)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(405.92)</b>	<b>(106.50)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (incl. WIP)	(70.51)	(12.48)
Sale of fixed assets (incl. WIP)	30.00	49.80
Sale of Investments	0.50	
Investment in Deposit	(21.04)	(3.78)
Interest received	7.90	17.16
Dividend received	0.01	0.01
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(53.14)</b>	<b>50.71</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings	682.01	(28.86)
Repayment of long term borrowings	(4.71)	6.25
Proceeds from long-term liabilities	5.00	245.90
Proceeds from hire purchase loan	-	-
Interest paid	(214.26)	(171.21)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>468.04</b>	<b>52.08</b>
Net changes in cash & cash equivalents(A+B+C)	8.98	(3.71)
Cash & Cash Equivalents-Opening Balance	6.03	9.74
Cash & Cash Equivalents-Closing Balance	15.01	6.03
	<b>8.98</b>	<b>(3.71)</b>



Notes	2015-16 ₹ in lakhs	2014-15 ₹ in lakhs
(a) The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Companies (Accounting Standards) Rules 2006.		
(b) Cash and Bank Balance (as per Note No.16 to Financial Statements)	50.23	20.21
Less :		
Fixed Deposit (pledged with Sales Tax Authorities)	0.43	0.43
Margin Money	34.78	13.74
Cash & Cash Equivalents-Closing Balance	15.02	6.04
(c) Cash Equivalents in the Form of Fixed Deposit Account for ₹ 0.43 lakhs (₹ 0.43 lakhs) pledged with Sales Tax Authorities, which are not available for use.		
(d) Cash equivalent in the Form of Margin Money Account for ₹ 34.78 lakhs (₹ 13.74 lakhs) which is not available for use.		
(e) Figures in bracket represent cash out flows.		

This is the Cash Flow Statement referred to in our report of even date.

For **SAWARMAL AGRAWAL & CO.**  
*Chartered Accountants*  
(F.R.No.318164E)

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

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

**S. M. AGRAWAL**  
*Proprietor*  
(M.No. 53923)  
**Kolkata : 25<sup>th</sup> May, 2016.**

**JAGDISH DUA**  
*Chief Financial Officer*

**V. K. KHANNA**  
*Executive Director &  
Company Secretary*  
DIN: 00123393

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### 1. Significant Accounting Policies

- 1.1 (a) The financial statements of the Company have been prepared to comply with the generally accepted accounting principle in India including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. 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.  
(b) Sales value is inclusive of Excise Duty but exclusive of Sales Tax/VAT.
- 1.2 Fixed Assets have been stated at cost as increased by attributable direct and indirect expenses less accumulated depreciation. Wherever these assets have been revalued, the amounts stated are inclusive of enhanced value on account of revaluation.
- 1.3 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 Accounting Standard notified under the relevant provisions of the Companies Act, 2013.
- 1.4 Capital work in Progress be assessed, reviewed and diminished adequately from time to time.
- 1.5 Pre-operative expenses relating to expansion / new projects are capitalised and allocated to building, plant & machinery, etc. on value basis.
- 1.6 (a) Depreciation on Fixed Assets have been provided to the extent of depreciable amount on straight line method as per the rate prescribed in Schedule II to the Companies Act, 2013. Depreciation have been provided based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.  
(b) Depreciation on revaluation of Fixed Assets has been reduced from Revaluation Reserve account.
- 1.7 (a) Assets taken on lease other than leasehold land and building are not capitalised. Lease rentals are charged to revenue.  
(b) 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.
- 1.8 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.
- 1.9 Inventories are valued as follows :  
(a) 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.  
(b) Provision for obsolescence is made wherever necessary.
- 1.10 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.
- 1.11 Revenue expenditure incurred on research and development is charged to the Statement of Profit & Loss whereas capital expenditure is treated as addition to fixed assets.



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## 1.12 Employee Benefits

### (a) 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.

### (b) 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.

1.13 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.

1.14 Government Grants of the nature of project subsidy are credited to Capital Reserves as it is not specified 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 Profit & Loss Account under the the head "Other Income".

1.15 Intersegments transfer is being made at market value.

1.16 Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets/liabilities on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## 1.17 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities, disclosure of contingent liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual ledger and the estimates are recognized in the period in which the results are known/materialised.

## 1.18 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.

# Madhya Bharat Papers Limited

## Notes to the Financial Statements

Note No.	Particulars	As at 31.03.2016 ₹ in lakhs	As at 31.03.2015 ₹ in lakhs
<b>2</b>	<b>Share Capital</b>		
1	<b>Authorised</b>		
	2,50,00,000 (Last Year 2,50,00,000) Equity Shares of ₹10 each	<b>2500.00</b>	2500.00
	50,00,000 (Last Year 50,00,000) Preference Share of ₹10 each	<b>500.00</b>	500.00
		<b>3000.00</b>	3000.00
2	<b>Issued, Subscribed and Paid-up</b>		
	34,10,000 (Last Year 34,10,000) Equity Shares of ₹10 each	<b>341.00</b>	341.00
		<b>341.00</b>	341.00
2.1	Shares in the Company held by each Shareholder holding more than 5 per cent Shares (Equity Shares in Nos of ₹10 each)		
	<b>Name of Shareholder</b>	<b>Holding</b>	<b>Holding</b>
		%    No.of Shares	%    No.of Shares
	Sudeep Chitlangia	14.37    490000	14.37    490000
	Jaydeep Chitlangia	12.61    430000	12.61    430000
	Sheela Chitlangia	8.06    274737	8.06    274737
	Archana Chitlangia	7.33    250000	7.33    250000
	Nikhilesh Chitlangia	5.57    190000	5.57    190000
	IDBI Bank Limited	16.51    562937	16.51    562937
	IFCI Limited	8.14    277436	8.14    277436
	ICICI Bank Limited	6.66    227150	6.66    227150
2.2	Reconciliation of Number of Shares Outstanding		
	Equity Shares at the Beginning of the Accounting Period	<b>3410000</b>	3410000
	Additions during the Year	-	-
	Shares at the end of the Accounting Period	<b>3410000</b>	3410000
2.3	All issued, subscribed and paidup capital of 3410000 equity shares having voting rights.		
2.4	The Company's Shares are listed in Calcutta Stock Exchange and listing fees have been paid upto 2016-17.		
<b>3</b>	<b>Reserves &amp; Surplus</b>		
1	<b>Revaluation Reserve</b>		
	Balance as per Last Account	<b>52.01</b>	132.19
	Less: Depreciation Current Year	<b>5.73</b>	2.81
	Less: Adjustment made as per Schedule II (Refer Note No.11.1)	-	77.37
		<b>46.28</b>	52.01





Note No.	Particulars	As at 31.03.2016 ₹ in lakhs	As at 31.03.2015 ₹ in lakhs
2	<b>Capital Reserve</b>		
	At the Beginning of the Accounting Period:		
	Central Subsidy	15.00	15.00
	Share Forefeiture Account	0.03	0.03
	Additions during the year	-	-
	At the end of the Accounting Period	<u>15.03</u>	<u>15.03</u>
2.1	Government grant of ₹ 15 lakhs received against Capital Investment Subsidy has been credited to Capital Reserve.		
3	<b>Capital Redemption Reserve</b>		
	At the Beginning of the Accounting Period	450.00	450.00
	Additions during the year	-	-
	At the end of the Accounting Period	<u>450.00</u>	<u>450.00</u>
4	<b>General Reserve</b>		
	At the Beginning of the Accounting Period	594.06	598.00
	Less: Adjustment made as per Schedule II	-	3.94
	Additions during the year	-	-
	At the end of the Accounting Period	<u>594.06</u>	<u>594.06</u>
5	<b>Surplus</b>		
	At the Beginning of the Accounting Period	(649.50)	(225.83)
	Additions/(Deletion) during the year (Balance in Statement of Profit & Loss A/c)	(659.79)	(423.67)
	At the end of the Accounting Period	<u>(1309.29)</u>	<u>(649.50)</u>
	<b>Grand Total</b>	<u>(203.92)</u>	<u>461.60</u>
4	<b>Long Term Borrowings</b>		
1	<b>Secured</b>		
	Term Loans from Banks (Hire Purchase Loan secured against Vehicles)	3.29	6.28
		<u>3.29</u>	<u>6.28</u>
2	<b>Unsecured</b>		
	From Companies	1246.83	649.82
	From Others	500.00	415.00
		<u>1746.83</u>	<u>1064.82</u>
	<b>Grand Total</b>	<u>1750.12</u>	<u>1071.10</u>
5	<b>Other Long Term Liabilities</b>		
	Deposits from - Sales Representatives, consignment agents & dealers	415.86	410.86
		<u>415.86</u>	<u>410.86</u>
6	<b>Long Term Provisions</b>		
	Provision for Diminution in the value of Investment	1.60	1.60
		<u>1.60</u>	<u>1.60</u>

## Madhya Bharat Papers Limited

Note No.	Particulars	As at 31.03.2016 ₹ in lakhs	As at 31.03.2015 ₹ in lakhs
7	<b>Short-Term Borrowings</b>		
	<b>Secured</b>		
	Working Capital Loan		
	From Bank		
	Rupee Loan	430.31	396.60
	(Hypothecation of Company's Present & Future Stocks of Raw Materials, Consumable Stores, Finished & Semi-Finished Goods and Book Debts, Personal Guarantee of Managing Director of the Company and also Second Charge on the Fixed Assets of the Company.)		
	<b>Unsecured</b>		
	Acceptances	133.62	20.01
		<u>563.93</u>	<u>416.61</u>
8	<b>Trade Payables</b>		
	MSME Unit	1.96	2.22
	Others	665.45	1036.65
		<u>667.41</u>	<u>1038.87</u>
8.1	There are 2 Nos Micro, Small, Medium Enterprises, as defined in the Micro, Small, Medium Enterprise Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest ₹ 1.96 lakhs (Previous year ₹ 2.22 lakhs). The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.		
9	<b>Other Current Liabilities</b>		
1	Current Maturities of Long Term Debts (Hire Purchase Loan secured against Vehicles)	2.99	4.71
2	TDS Payable	15.57	16.29
3	Other Current Liabilities (Consist of employees liabilities, retention money and security deposit, statutory liabilities and other expenses)	484.14	344.15
		<u>502.70</u>	<u>365.15</u>
10	<b>Short-Term Provisions</b>		
	Provision for Employee Benefits (Refer Note No. 24.2)	34.93	36.39
		<u>34.93</u>	<u>36.39</u>



11 **FIXED ASSETS**

₹ in lakhs

	<b>GROSS BLOCK</b>		<b>DEPRECIATION</b>		<b>NET BLOCK</b>			
	As at 01.04.2015	Addition Deletion	As at 31.03.2016	Upto 01.04.2015	Addition Deletion	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>(i) TANGIBLE ASSETS</b>								
1 Freehold Land	44.49	0.00	0.00	44.49	-	-	44.49	44.49
2 Leasehold Land	4.39	0.00	0.00	4.39	1.12	0.04	3.23	3.27
3 Factory Buildings	1053.89	10.40	0.00	1064.29	596.16	17.95	450.18	457.73
4 Plant and Machineries	4904.60	60.11	29.94	4934.77	3314.20	86.83	1562.32	1590.40
5 Furniture and Fixture	48.28	0.00	0.00	48.28	45.22	0.65	2.41	3.06
6 Vehicles	48.01	0.00	0.00	48.01	27.34	3.53	17.14	20.67
7 Office Equipments	31.76	0.00	0.00	31.76	26.65	0.79	4.32	5.11
8 Computers	65.65	0.00	0.00	65.65	60.76	1.08	3.81	4.89
Grand Total	6201.08	70.51	29.94	6241.65	4071.45	110.87	2087.91	2129.62
Total of the Previous Year	6197.87	12.49	9.28	6201.08	3881.34	194.39	4.28	4071.45

**(ii) CAPITAL WORK IN PROGRESS**

Advance against Capital Expenditure & Machineries in Stock/Transit	<b>79.10</b>	<b>79.10</b>
	<b>79.10</b>	<b>79.10</b>

## Madhya Bharat Papers Limited

Note No.	Particulars	As at 31.03.2016 ₹ in lakhs	As at 31.03.2015 ₹ in lakhs
11.1	Gross Block includes revaluation of Fixed assets (comprising of Building, Plant & Machinery amounting to ₹ 5441.18 lakhs) made on 30.04.1987 (Historical Cost for ₹ 4883.30 lakhs) revalued by an external approved valuer and the replacement value method adjusted with RBI index was used for such revaluation.	557.88	557.88
	Cumulative Depreciation includes Depreciation on enhanced value of fixed assets.	511.60	505.87
	Depreciation on enhanced value of fixed assets has been deducted from revaluation reserve account.	5.73	80.19
	The uncharged amount of accumulated depreciation relating to revaluation would be adjusted against the revaluation reserve on the retirement of asset. Had it been provided on the basis of generally accepted accounting principles, the Net Block and Reserves would have been lower by the same amount.	46.28	52.01
11.2	Depreciation on Leasehold Land has been depreciated @ 1% per annum straight line method  Net carrying amount of leasehold land is for ₹ 3.23 lakhs and for leasehold Building is for ₹ 4.49 lakhs as on 31.03.2016.		
11.3	Factory Building includes Lease hold Building of ₹ 5.55 lakhs.		
11.4	Pursuant to enactment of Companies Act, 2013, the Company has applied the estimated useful lives as specified in Schedule II. Accordingly, the unamortised carrying value is being depreciated/ amortised over the revised/remaining useful lives. The written down value of fixed assets whose lives have expired as at 1 <sup>st</sup> April, 2014 have been adjusted net of tax in the opening balance of General Reserve.		
12	<b>Non Current Investment:</b> (Other than Trade)		
(a)	In Equity Shares of Associate Company Quoted, Fully Paid up 55100 Shares in Sarda Plywood Industries Ltd. of ₹ 10 each	23.39	23.39
(b)	In Equity Shares of Other Company Quoted, Fully Paid up 1500 Shares in Simplex Infrastructures Ltd. of ₹ 10 each	0.13	0.13
	Unquoted, Fully Paid up 50 Shares in Pro Sports Management Ltd. of ₹ 1000 each	0.50	1.00
(c)	Government Securities-Unquoted 7 Years' National Savings Certificate	0.13	0.13
		<u>24.15</u>	<u>24.65</u>



Note No.	Particulars	As at 31.03.2016 ₹ in lakhs	As at 31.03.2015 ₹ in lakhs
12.1	Aggregate market value of quoted investments ₹ 31.19 lakhs (Previous year ₹ 29.92 lakhs)		
12.2	Government Securities have been pledged with Central Excise and Sales Tax Authorities.		
12.3	Investments are valued at cost.		
<b>13</b>	<b>Deferred Tax (Liabilities)/Assets (Net)</b>		
	<b>Deferred Tax</b>		
	Provision for gratuity	21.62	21.44
	Provision for Loss carried forward	955.38	606.00
		<b>977.00</b>	<b>627.44</b>
	<b>Deferred Tax Liability</b>		
	Related to Fixed Assets	225.59	228.47
	Provision for unencashed leave	12.09	12.59
	Provision for diminution in value of long term investment	0.56	0.56
		<b>238.24</b>	<b>241.62</b>
	Net Deferred Tax (Liability) / Assets	<b>738.76</b>	<b>385.82</b>
<b>14</b>	<b>Inventories</b> (As taken, valued and certified by the Management)		
(a)	Raw Material		
	In Hand	252.57	191.25
	In Transit	9.65	8.71
(b)	Work-in-Progress	41.39	70.72
(c)	Finished Goods	283.88	415.17
	Add: Variation in Excise Duty on Opening & Closing Stock of Finished Goods	12.82	19.59
(d)	Stores, Spares & Loose Tools		
	In Hand	194.23	220.93
	In Transit	6.32	6.90
		<b>800.86</b>	<b>933.27</b>
14.1	Work-in-Progress have been valued at lower of cost or net realisable value.		
14.2	Finished Goods are valued at lower of cost of net realisable value.		
14.3	Stores & Spares and Loose Tools have been valued at cost.		
14.4	Raw Materials are valued at cost.		
<b>15</b>	<b>Trade Receivables</b> (Unsecured considered Good unless otherwise stated)		
(1)	Debts Outstanding for a period exceeding six months from the date they are due	1.31	1.32
(2)	Other Debts	24.17	143.52
		<b>25.48</b>	<b>144.84</b>

## Madhya Bharat Papers Limited

Note No.	Particulars	As at 31.03.2016 ₹ in lakhs	As at 31.03.2015 ₹ in lakhs
16	<b>Cash &amp; Cash Equivalents</b>		
(a)	Balance with Banks		
	In Fixed Deposits	35.21	14.17
	In Current Accounts	12.74	3.58
(b)	Cash in Hand	2.28	2.46
(c)	Cheque in Hand	-	-
		<b>50.23</b>	<b>20.21</b>
16.1	Fixed Deposit of ₹ 34.78 lakhs held as Margin Money against Bank Guarantee/Letter of Credit (Previous Year ₹ 13.74 lakhs)		
16.2	Fixed Deposit of ₹ 0.43 lakh pledged with Sales Tax Authorities (Previous Year ₹ 0.43 lakh)		
17	<b>Short Term Loans &amp; Advances</b> (Unsecured considered good unless otherwise stated and recoverable in cash or in kind for the value to be received)		
(a)	<b>Loans and Advances</b>		
	To Others		
	Advance to Parties	7.08	88.86
	Advance to Staff	1.50	4.80
	Advance to Others	204.65	261.45
(b)	<b>Receivable from Revenue Authorities</b>		
	Income Tax Deposit/Refund Receivable (Net)	0.22	2.12
	Sales Tax Deposit/Refund Receivable	0.27	0.27
	Balance with Central Excise Authorities	14.51	30.35
		<b>228.23</b>	<b>387.85</b>
18	<b>Other Current Assets</b>		
	Prepaid Expenses	8.38	8.03
	Interest Accrued but not due on Deposits	4.23	7.31
	Trade and Other Deposits	26.30	22.48
		<b>38.91</b>	<b>37.82</b>
19	<b>Revenue from Operations</b>		
(a)	Sale of Products	3750.43	6901.15
(b)	Sale of Trading Goods	-	89.40
	Less: Inter-Divisional Transfer	422.80	689.13
		<b>3327.63</b>	<b>6301.42</b>
(c)	Less: Excise Duty	181.05	363.14
	Net Revenue from Operations	<b>3146.58</b>	<b>5938.28</b>
20	<b>Other Income</b>		
(a)	Interest Income	4.83	17.67
(b)	Dividend Income	0.01	0.01
(c)	Net gain on sale of assets	28.63	-
(d)	Other Non-Operating Income	1.36	0.14
(e)	Liabilities no longer required written back	1.27	7.26
		<b>36.10</b>	<b>25.08</b>
	Other Non-operating income consists of commodity gain and others.		21



Note No.	Particulars	2015 - 16		2014 - 15	
		₹ in lakhs		₹ in lakhs	
<b>21</b>	<b>Cost of Materials Consumed</b>				
	Purchases Raw Materials		<b>1886.18</b>		1888.19
	Add: Opening Balance of Stock		<b>100.09</b>		145.06
			<b>1986.27</b>		2033.25
	Less: Closing Balance of Stock		<b>231.65</b>		100.09
	Consumption of Raw Materials		<b>1754.62</b>		1933.16
21.1	Details of Raw Material consumed :				
	A. Raw Materials consumed :	Qty. (MT)	Amount	Qty. (MT)	Amount
	(i) Straw	-	-	24,910	493.79
	(ii) Hosiery Cuttings/Jute Caddies	-	-	343	14.17
	(iii) Waste Paper	7,353	<b>1754.62</b>	6,806	1425.20
	(iv) Coal	16,594	<b>316.20</b>	44,015	1094.08
			<b>2070.82</b>		3027.24
	Coal consumption has been shown under Power & Fuel expenses (other expenses)				
	B. Break-up of Raw Materials consumed:	%		%	
	(i) Indigenious	57.86	<b>1198.10</b>	89.94	2722.78
	(ii) Imported	42.14	<b>872.72</b>	10.06	304.46
		100	<b>2070.82</b>	100	3027.24
	C. C.I.F. Value of Imports :				
	(i) Raw Materials		<b>576.05</b>		215.24
	(ii) Others		-		87.65
			<b>576.05</b>		302.89
<b>22</b>	<b>Stock in Trade</b>				
	Purchase of Trading Goods		-		87.65
			-		87.65
<b>23</b>	<b>Changes in Inventories</b>				
	Finished Goods				
	At the Beginning of the Accounting Period		<b>434.75</b>		378.16
	At the End of the Accounting Period		<b>296.70</b>		434.75
			<b>138.05</b>		(56.59)
	Work-in-Progress				
	At the Beginning of the Accounting Period		<b>70.73</b>		65.25
	At the End of the Accounting Period		<b>41.39</b>		70.73
			<b>29.34</b>		(5.48)
	Grand Total		<b>167.39</b>		(62.07)
<b>24</b>	<b>Employee Benefits Expense</b>				
	Salary and Wages		<b>420.28</b>		482.71
	Contribution to Provident Fund and Other Funds		<b>57.12</b>		70.83
	Workers and Staff Welfare		<b>24.31</b>		25.29
			<b>501.71</b>		578.83

## Madhya Bharat Papers Limited

Note No.	Particulars	2015 - 16 ₹ in lakhs	2014 - 15 ₹ in lakhs
24.1 (a)	Payments to and provision for employees include the following :		
	Paid to Key Managerial Personnel- Salary & Other Amenities	51.71	51.70
	Contribution to Provident Fund and other Funds	10.25	9.78
		<u>61.96</u>	<u>61.48</u>
(b)	Computation of net profit for the purpose of Directors' remuneration under section 198 of the Companies Act, 2013 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneration has been paid to the Directors as per Part II of Schedule V to the Companies Act, 2013		
24.2	The Company has adopted Accounting Standard 15 "Employee Benefits" of Companies (Accounting Standards) Rules, 2006, as amended by Companies (Accounting Standards) Amendment Rules, 2008 dated 27 <sup>th</sup> March, 2008 with effect from 1 <sup>st</sup> April, 2007.		
	Defined Contribution Plan:		
	Employee benefits in the form of Provident Fund, Superannuation Fund, Employee State Insurance Scheme, Pension Scheme and Labour Welfare Fund are considered as defined contribution plan and the contributions are made in accordance with the relevant statute and are recognized as expense when employee have rendered service entitling them to the contributions. The contribution to defined contribution plan, recognized as expense for the year are as under:		
	Employers' Contribution to Provident Fund & Pension Fund	31.18	32.98
	Employers' Contribution to Superannuation Fund	13.10	13.25
	Defined Benefit Plan:		
	Post employment and other long-term employee benefits in the form of gratuity, sick leave and earned leave encashment are considered as defined obligation. The present defined value of obligation is determined based on actuarial valuation using projected unit credit method as at the balance sheet date. The amount of defined benefits recognized in the balance sheet represent the present value of the obligation as adjusted for unrecognized past service cost and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The amount recognized in the profit and loss account for the year ended 31 <sup>st</sup> March, 2016 in respect of Employees Benefit Schemes based on actuarial reports as on 31 <sup>st</sup> March, 2016 is as follows:		





Note No.	Particulars	2015-16		2014-15	
		₹ in lakhs		₹ in lakhs	
	<b>Amounts recognized in the Balance Sheet are as follows:</b>	Gratuity	Leave	Gratuity	Leave
	Present value of Defined Benefit obligation	207.33	34.93	212.65	36.39
	Fair Value of Plan Assets	269.81	-	274.59	-
	Fund Status {Surplus/(deficit)}	(62.48)	34.93	(61.94)	36.39
	Unrecognized past service cost	-	-	-	-
	Net (Asset)/Liability recognized in Balance Sheet	<u>(62.48)</u>	<u>34.93</u>	<u>(61.94)</u>	<u>36.39</u>
	<b>Amounts recognized in the Profit and Loss Account and charges to Contribution to Funds, Staff Welfare and Insurance Expenditure are as follows:</b>				
	Current Service Cost	11.05	1.60	11.54	2.05
	Past Service Cost	-	-	-	-
	Interest on obligation	16.85	2.86	16.56	2.88
	Expected return on Plan Assets	(21.78)	-	(20.75)	-
	Curtailement Cost	-	-	-	-
	Settlement Cost	-	-	-	-
	Net Accrual Loss/(Gain)	<u>(6.66)</u>	<u>2.49</u>	<u>0.62</u>	<u>1.14</u>
	Total Expenses recognized in Profit & Loss	<u>(0.54)</u>	<u>6.95</u>	<u>7.97</u>	<u>6.07</u>
	<b>Reconciliation of opening and closing balances of the present value of the obligations:</b>				
	Opening defined benefit obligation	212.65	36.39	201.30	35.73
	Acquisition Adjustment	-	-	-	-
	Current Service cost	11.05	1.60	11.54	2.05
	Past Service Cost	-	-	-	-
	Interest cost	16.85	2.86	16.56	2.88
	Curtailement Cost	-	-	-	-
	Settlement Cost	-	-	-	-
	Expected Return	-	-	-	-
	Accrual Loss/(Gain)	(6.71)	2.49	1.33	1.14
	Benefit Paid	<u>(26.50)</u>	<u>(8.42)</u>	<u>(18.07)</u>	<u>(5.41)</u>
	Closing Benefit obligation	<u>207.34</u>	<u>34.92</u>	<u>212.66</u>	<u>36.39</u>
	<b>Change in Fair Value of Plan Asset</b>				
	Opening Fair value of Plan Assets	274.59	-	245.64	-
	Acquisition Adjustment	-	-	-	-
	Settlement Cost	-	-	-	-
	Expected return on Plan Assets	21.78	-	20.75	-
	Actual company contribution	-	8.42	25.56	5.41
	Benefits Paid	<u>(26.50)</u>	<u>(8.42)</u>	<u>(18.07)</u>	<u>(5.41)</u>
	Accrual Loss/(Gain)	<u>(0.05)</u>	-	<u>0.71</u>	-
	Planned Asset at the end of the year	<u>269.82</u>	-	<u>274.59</u>	-
	Actual Return of Planned Assets (Amount)	21.78		20.75	

## Madhya Bharat Papers Limited

Note No.	Particulars	2015-16 ₹ in lakhs	2014-15 ₹ in lakhs
	<b>Actuarial Assumptions</b>		
	Discount Rate (per Annum) (%)	8.00	8.00
	Expected rate of return on Plan Assets (per Annum)	8.00	NA
	Salary Increases (%)	6.00	5.00
	Retirement / Superannuation Age	58	58
	Mortality	LICI	LICI
	<b>Major Categories of Plan Assets as a percentage of fair value of the total plan assets:</b>		
	Insurance managed Funds	100%	100%
	<b>Expected Employer's Contribution for next year</b>	The expected contribution for Defined Benefit Plan for the next financial year will be in line with the Financial Year 2015-16	
	<b>Basis used to determine the Expected Rate of Return on Plan Assets :</b>		
	The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.		
	<b>Basis of estimates of rate escalation in salary</b>		
	The estimates of rate escalation in salary considered in actuarial valuation has taken 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. The Gratuity Expenses have been recognized in "Contribution to Provident & Other Funds" and provision for Leave in "Salaries, Wages, Bonus and other amenities" under Schedule 17.		
25	<b>Finance Costs</b>		
	(a) Interest Expense		
	Interest to Bank	59.03	50.54
	Interest to Parties/Distributors	52.62	42.66
	Interest to Depositors	101.77	77.65
	Interest to Bank on Vehicle Loan	0.83	0.35
	Interest to Others	0.62	0.44
	(b) Other Finance Charges	2.41	2.54
		<b>217.28</b>	<b>174.18</b>
26	<b>Depreciation and Amortization Expense</b>		
	Depreciation	110.86	113.09
	Less : Transferred to revaluation reserve (Refer Note 3.1)	5.73	2.81
		<b>105.13</b>	<b>110.28</b>
27	<b>Other Expenses</b>		
	(a) <b>Manufacturing Expense</b>		
	Stores and Spare Parts	30.08	57.19
	Power and Fuel	440.43	1195.56
	Repair to Machinery	95.35	232.60
	Repair to Building	24.65	55.84
	Dyes and Chemicals	273.90	1387.27
		<b>864.41</b>	<b>2928.46</b>



Note No.	Particulars	2015-16 ₹ in lakhs	2014-15 ₹ in lakhs
(b)	<b>Administrative Expense</b>		
	Bank Charges	1.54	1.21
	Cash Discount	53.39	93.74
	Donation	0.12	0.11
	Subscription/Membership Fee	5.51	7.41
	General Expenses	6.20	9.91
	Interest on TDS and Other Taxes	-	-
	Insurance	20.05	10.80
	Legal and Professional Expenses	63.15	72.54
	Loss on Sale of Fixed Assets/Raw Material	-	3.20
	Newspaper and Periodicals	0.10	0.10
	Prior Period Expenses	(2.70)	(0.21)
	Payment to the Auditors	2.10	1.60
	Printing and Stationery	1.83	2.58
	Rent	2.04	10.07
	Rates and Taxes	129.50	173.09
	Repair to Other	18.97	46.55
	Watch and Ward Expenses	58.69	37.33
	Postage, Courier and Telephone Expenses	7.21	8.83
	Travelling Expenses	17.22	29.89
	(Including Directors' ₹ 10.47 lakhs; Previous Year ₹ 22.41 lakhs)		
	Vehicle Running Expenses	20.13	23.28
	Miscellaneous Expenses	23.62	27.50
		<u>428.67</u>	<u>559.53</u>
(c)	<b>Selling and Distribution Expense</b>		
	Advertisement and Publicity Expenses	1.35	4.84
	Selling and Promotional Expenses	4.36	4.71
	Freight and Cartage (Outward)	48.06	102.48
	Packing Expenses	74.50	143.58
	Sales Commission and Incentives	24.97	53.42
	Sales Tax	2.39	7.05
		<u>155.63</u>	<u>316.08</u>
	<b>Grand Total</b>	<u>1448.71</u>	<u>3804.07</u>
27.1	Break-up of Dyes, Chemicals and Stores & Spares consumed :	%	%
	(i) Indigenious	99.69	99.86
	(ii) Imported	0.31	0.14
		<u>100</u>	<u>100</u>
		<u>302.20</u>	1441.29
		<u>0.94</u>	2.06
		<u>303.14</u>	<u>1,443.35</u>
27.2	C.I.F. Value of Imports : Spare Parts	1.68	1.19
27.3	Expenditure in Foreign Currency :		
	Travelling	3.01	15.64
	Others	1.28	2.33
	Prepaid/Advance	0.36	3.49

## Madhya Bharat Papers Limited

Note No.	Particulars	2015-16 ₹ in lakhs	2014-15 ₹ in lakhs
27.4	Miscellaneous Expenses includes :		
	(i) Auditors' Remuneration :		
	As Audit Fees	1.00	0.75
	In Other Capacity- For Tax Audit	0.25	0.25
	For Others	0.25	0.25
	(ii) Cost Auditors' Remuneration	-	-
	(iii) Internal Auditors' Remuneration	0.60	0.60
	(iv) Directors' Sitting Fees	2.53	1.78
28	Disclosure pursuant to AS-29 on Provisions, Contingent Liabilities and Contingent Assets:		
	(a) No provision for Liabilities was made during the year and no provision was outstanding at the beginning and at the end of the year.		
	(b) The Contingent liabilities mentioned in Sl. No. 28(c) are dependent upon Court decision/out of court settlement/ disposal of appeals etc.		
	(c) Demand raised by Government Authorities in respect of Taxes and Duties and contested by the Company.	32.52	54.98
	(d) Guarantee issued by Company's bankers on behalf of the Company (Margin money of ₹ 14.44 lakhs (₹ 13.74 lakhs)	27.87	27.87
29	Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) and not provided for.	-	-
30	Segment information as per Accounting Standard - 17 on 'Segment Reporting : The Company has identified two business segments viz. Paper and Power, taking into account the nature of the products, the differing risks and returns, the organisational structure & internal business reporting system.		
	(a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis, have been disclosed as "Unallocable".		
	(b) Segment Assets and Segment Liabilities represent assets and liabilities of respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis, have been disclosed as "Unallocable".		
	(c) Information about Business Segment :		
	i. Segment Revenue (Sales)		
	(a) Paper	3,146.58	5,848.87
	(b) Co-generation -Power Division	422.80	689.13
	(c) Unallocated	-	89.40
	Total	3,569.38	6,627.40
	Less: Inter Segment Revenue sales	(422.80)	(689.13)
		<u>3,146.58</u>	<u>5,938.27</u>
	ii. Segment Result (Profit before tax & Interest and Finance charges)		
	(a) Paper	(940.92)	(646.38)
	(b) Co-generation -Power Division	154.62	84.41
	Total	(786.30)	(561.97)
	Less: i) Interest & Finance charges	217.28	174.18



Note No.	Particulars	2015-16 ₹ in lakhs	2014-15 ₹ in lakhs
	ii) Other un-allocated expenditure net of unallocated income	<u>8.58</u>	<u>(73.40)</u>
	Total Profit before Tax	<u>(1,012.16)</u>	<u>(662.75)</u>
iii.	Segment Assets		
	(a) Paper	2,556.36	2,927.84
	(b) Co-generation -Power Division	754.13	802.75
	(c) Unallocated	24.37	26.77
	Total	<u>3,334.86</u>	<u>3,757.36</u>
iv.	Segment Liabilities		
	(a) Paper	1,709.27	1,746.69
	(b) Co-generation -Power Division	42.26	119.88
	(c) Unallocated	1,446.26	1,088.20
	Total	<u>3,197.79</u>	<u>2,954.77</u>
v.	Capital Expenditure	70.51	12.49
vi.	Depreciation	105.13	110.28
(d)	The geographical location of Segments is in India only.		
31	<b>Earning per Share (EPS)</b>		
	(a) Net profit available for equity shareholders (Numerator used for calculation)	(659.78)	(423.67)
	(b) Number of equity shares used as denominator for calculating EPS.	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 (₹)	10	10
	(e) Basic Earning per share (₹)	(19.35)	(12.42)
	(f) Diluted Earning per share (₹)	(19.35)	(12.42)
32	(a) Income tax assessments have been completed upto assessment year 2013-14 and refunds have been shown as net provision of taxes, if any.		
	(b) The benefit of Income tax exemption under section 80 IA is available with respect to Co-generation power division. The company has opted to avail this benefit from the financial year 2005-06.		
33	Related party disclosure		
	(a) List of related parties		
	Associates	Poushali Sales Pvt. Ltd. Pro Sports Management Ltd. Sarda Plywood Industries Ltd. Chitperi Farm Pvt.Ltd.	
	Enterprises over which KMP and his relatives have significant influence	Kinship Commercial Pvt. Ltd. Limelight Housing Pvt. Ltd. Sanskriti Trade Link Pvt. Ltd. Varun Khanna	
	Key Mangement Personnel	Shri Jaydeep Chitlangia (Managing Director) Shri Vinod Kumar Khanna (Wholetime Director)	

## Madhya Bharat Papers Limited

Note No.	Particulars	2015-16 ₹ in lakhs	2014-15 ₹ in lakhs
(b)	Transaction		
	<b>Income :</b>		
	Rent Received		
	Sarda Plywood Industries Ltd	0.12	0.12
	Sale		
	Sarda Plywood Industries Ltd.	-	89.40
	<b>Expenditure</b>		
	Purchase		
	Sanskriti Trade Link Pvt.Ltd.	3.52	-
	Rent Paid		
	Sarda Plywood Industries Ltd	0.06	0.06
	Interest Paid		
	Kinship Commercial Pvt.Ltd.	3.25	0.90
	Limelight Housing Pvt.Ltd.	2.58	2.40
	Poushali Sales Pvt Ltd	56.29	59.58
	Sanskriti Trade Link Pvt.Ltd.	2.68	2.70
	Chitperi Farm Pvt.Ltd.	9.18	-
	Paid to Key Management Personnel		
	Salary & Other Amenities	51.71	51.70
	Contribution to Provident Fund and other Funds	10.25	9.78
		<b>61.96</b>	<b>61.48</b>
(c)	Finance & Investment		
	Loan Paid		
	Poushali Sales Pvt Ltd	29.82	(334.61)
	Kinship Commercial Pvt.Ltd	5.55	-
	Limelight Housing Pvt.Ltd.	9.67	-
	Sanskriti Trade Link Pvt.Ltd.	43.31	-
	Varun Khanna	50.50	-
	Loan Received		
	Poushali Sales Pvt Ltd	201.00	61.05
	Kinship Commercial Pvt.Ltd	35.00	-
	Limelight Housing Pvt.Ltd.	7.00	-
	Sanskriti Trade Link Pvt.Ltd.	38.00	-
	Chitperi Farm Pvt.Ltd.	100.00	-
	Varun Khanna	13.00	-
(d)	Balance Outstanding at year end		
	Chitperi Farm Pvt.Ltd.	108.26	
	Kinship Commercial Pvt.Ltd.	40.00	7.63
	Limelight Housing Pvt.Ltd.	20.00	20.35
	Poushali Sales Pvt Ltd	688.83	466.99
	Sanskriti Trade Link Pvt.Ltd.	21.35	22.89
	Varun Khanna	-	37.50



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<b>Note No.</b>	<b>Particulars</b>	<b>2015-16</b> <b>₹ in lakhs</b>	<b>2014-15</b> <b>₹ in lakhs</b>
	Investment in Shares		
	Pro Sports Management Ltd	<b>0.50</b>	1.00
	Sarda Plywood Industries Ltd	<b>23.39</b>	23.39
	Receivable		
	Sarda Plywood Industries Ltd.	-	15.57

34 Figures of the previous year have been re-grouped and/or re-arranged wherever necessary to make them comparable with those of the current year.

As per our report of even date.

For **SAWARMAL AGRAWAL & CO.**  
*Chartered Accountants*  
(F.R.No.318164E)

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

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

**S. M. AGRAWAL**  
*Proprietor*  
(M.No. 53923)  
**Kolkata : 25<sup>th</sup> May, 2016.**

**JAGDISH DUA**  
*Chief Financial Officer*

**V. K. KHANNA**  
*Executive Director &  
Company Secretary*  
DIN: 00123393

