

# SHREE BHAWANI PAPER MILLS LIMITED



AN ISO 9001 : 2008, ISO 14001 : 2004, OHSAS 18001 : 2007 CERTIFIED COMPANY

REGD. OFF. : 33, DAYANAND MARG, ALLAHABAD - 211 002, INDIA

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CIN : L21015UP1979PLC004783 info@shbhawani.com

RO/153

30<sup>th</sup> July, 2016

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Tower  
Dalal Street  
MUMBAI-400001

Dear Sir,

In compliance of SEBI Circular No. CIR/CFD/CMD/56/2016 dated 27<sup>th</sup> May, 2016. We are enclosing herewith the Statement on Impact of Audit Qualifications (for audit report with modified opinion) on Annual Audited Financial Results of the Company for the year ended 31<sup>st</sup> March, 2016 submitted to you on 24<sup>th</sup> May, 2016.

We hope you will find the above in order.

Please acknowledge receipt.

Thanking you,

Yours faithfully,  
For SHREE BHAWANI PAPER MILLS LTD.

  
BABITA JAIN  
COMPANY SECRETARY

Encl: as above

**SHREE BHAWANI PAPER MILLS LIMITED**  
**REGD. OFFICE : 33, DAYANAND MARG, ALLAHABAD 211002**

CIN: L21015UP1979PLC004783 Website: www.shbhawani.com Email: info@shbhawani.com,  
 Phone No. 0532-2548404, Fax-0532-2548425

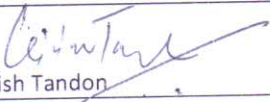


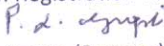
**ANNEXURE – I**

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results –(Standalone)**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31,2016</b>				
[See Regulations 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				Rs. in Lacs
<b>I.</b>	<b>Sl.No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications)</b>
	1.	Turnover / Total income	99	99
	2.	Total Expenditure	5236	6636
	3.	Net Profit/(Loss)	-5137	-6537
	4.	Earnings Per Share (Rs.)	-14.75	-18.77
	5.	Total Assets	11814	11814
	6.	Total Liabilities	33152	34552
	7.	Net Worth	-21338	-22738
	8.	Any other financial item (s) (as felt appropriate by the management)	-	-
<b>II.</b>	<b><u>Audit Qualification (each audit qualification separately):</u></b>			
	<p>a. Details of Audit Qualification:</p> <ol style="list-style-type: none"> <li>As mentioned in Note No. 40 of financial statements, the balances of some of the trade receivables, trade payables, lender and loans and advances are subject to confirmation/reconciliation and subsequent adjustments, if any. As such, we are unable to express any opinion as to the effect thereof on the financial statements for the year.</li> <li>As mentioned in Note No.42 of financial statements, the Company became a sick industrial company within the meaning of Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) due to erosion of its entire net worth and the Company was declared a sick industrial company by BIFR on 26<sup>th</sup> September 2013. These factors, along with other matters as set forth in the said note, raise doubt that the Company will be able to continue as a going concern. The Company has provided interest on Term Loan and other Bank Loans of Indian Bank and Bank of Baroda @10.50% with effect from 1<sup>st</sup> January 2013. Had the liability of interest been considered at the rate as sanctioned by the Banks the Loss for the year would have been Rs. 65,38,63,348/- as against the reported loss of Rs.51,37,95,177/-.</li> <li>As mentioned in Note No.29 of financial statements, the Company has not recognized additional net Deferred Tax Asset during the year. Net Deferred Tax Assets of Rs. 14 crore was recognized for the year ended 31.03.2012 based on the future profitability projections by the management. In the context of uncertainty of generation of profits in near future, Deferred Tax Assets has not been recognized.</li> <li>As mentioned in Note No. 33 of financial statements, the company has provided gratuity liability on estimated basis amounting to Rs.11,13,962/- (Previous Year Rs.14,22,439/-). which is not in compliance with "Accounting Standard 15 - Employee Benefits" issued by The Institute of Chartered Accountants of India.</li> </ol>			



*Signature*

b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion)	
<b>Qualified Opinion</b>	
c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	
<b>Repetitive</b>	
d. For Audit Qualification (s) where the impact is quantified by the auditor, Management's Views: The Company became a sick industrial company within the meaning of Section 3 (1) (O) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) due to erosion of its entire net worth and the Company was declared a sick Industrial Company by Hon'ble BIFR on 26 <sup>th</sup> September, 2013. The Company has submitted the Draft Rehabilitation Scheme (DRS) to operating agency, Bank of Baroda. The Company has provided interest on Term Loan and other loans of Indian Bank and Bank of Baroda @ 10.50% with effect from 1 <sup>st</sup> January, 2013 in accordance with Guidelines and Checklist for preparation of Draft Rehabilitation Scheme as provided by Hon'ble BIFR.	
e. For Audit Qualification (s) where the impact is not quantified by the auditor:	
(i)	Management's estimation on the impact of audit qualification : <b>NA</b>
(ii)	If management is unable to estimate the impact, reasons for the same:  1) In respect to confirmation and reconciliation of some of the trade receivables, trade payables, lender and loans and advances. Due to closure of the Plant, necessary verification has been delayed, however, the Management is of the opinion that there are no material adjustments in this regards. Hence amount is not determinable.  2) In respect of the Company has not recognized additional net Deferred Tax Asset during the year. There has been delay in approval of Draft Rehabilitation of scheme/ settlement with lenders. The Company is confident of getting support from lenders for settlement /revival of the Company and generate profit in near future. The company proposed reassessment of Deferred Tax Credit in the current year 2016-17.  3) In respect of gratuity, the Company has provided for gratuity liability on estimated basis and the management could not get the Actuarial Valuation of Gratuity. Provision for balance if any, will be made in the current year.
(iii)	Auditor's Comments on (i) or (ii) above: ----NIL----
<b>III. Signatories:</b>	
• Managing Director	 Girish Tandon
• CFO	 Roop Mani Pandey
• Audit Committee Chairman	 Saran Vinod
• Statutory Auditor	For M/s. P.L Gupta & Co., Chartered Accountants Firm Registration No. 011575C  P.L. Gupta (Partner) Membership No. 009444
Place:	Allahabad
Date:	30 July, 2016

