

Shakumbhari Pulp & Paper Mills Limited

MANUFACTURERS OF : HIGH QUALITY SUPER DELUX M.G. KRAFT PAPER

Works & Registered Office : 4.5 KM. BHOPA ROAD, MUZAFFARNAGAR - 251 001 (U. P.) INDIA

To,

04/09/2020

Metropolitan Stock Exchange of India Limited,
Vibgyor Towers, 4th floor, Plot No C 62, G - Block,
Opp. Trident Hotel, BandraKurla Complex, Bandra (E),
Mumbai - 400 098, India

Subject: Submission of 32nd Annual Report of Company

Ref: Regulation 34 of SEBI (Listing Obligation & Disclosure Requirement), Regulation, 2015

Dear Sir/Madam,

This is to inform you that 32nd Annual General Meeting of the Shakumbhari Pulp & Paper Mills Limited (the Company) will be held on Wednesday, 30th September 2020 at 01.30 P.M. through Video Conferencing /Other Audio Visual Means ("VC/OAVM").

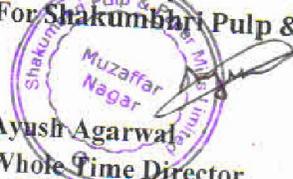
In this regard, we enclosed herewith the 32nd Annual Report of the company.

This is for your information and records.

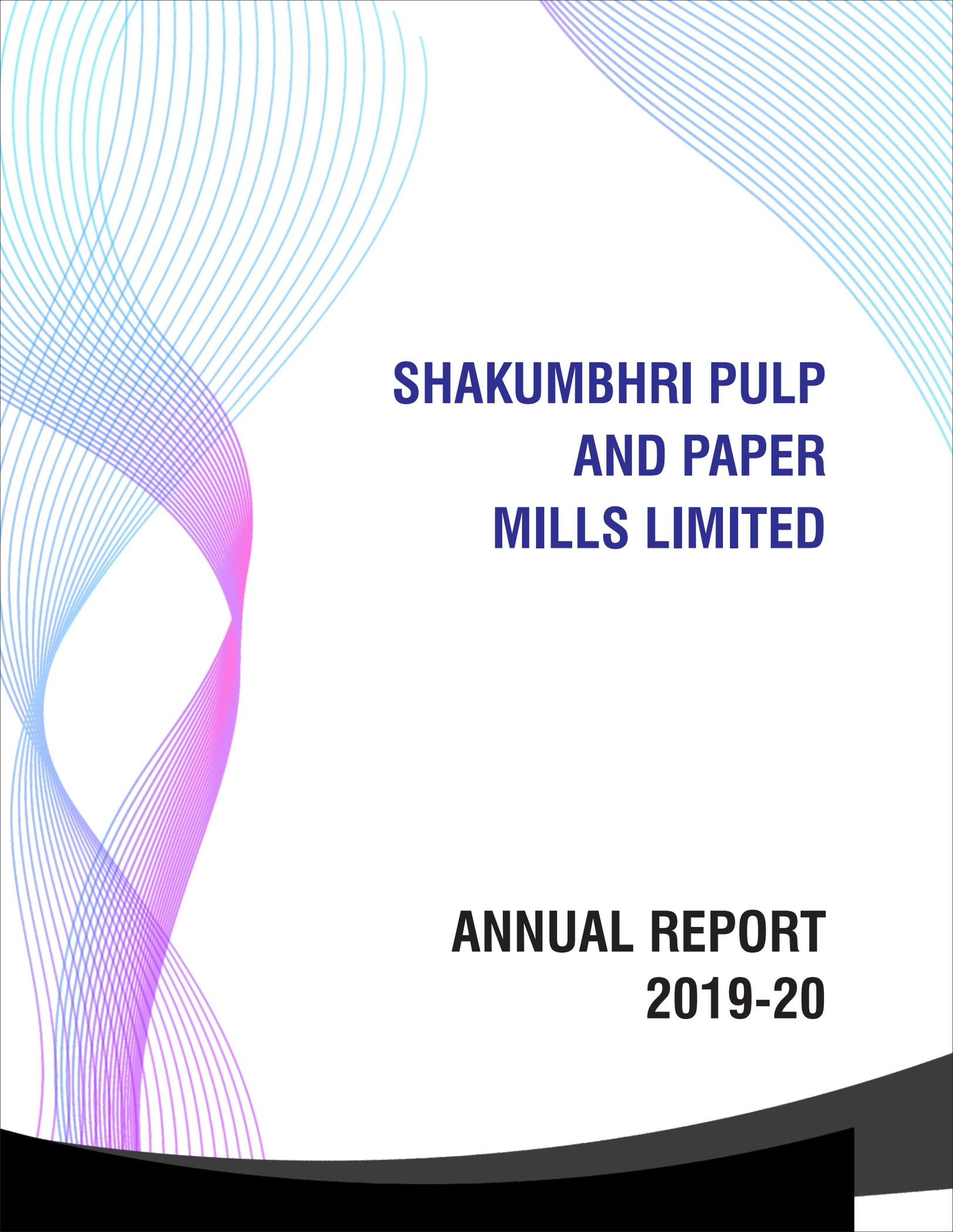
Thanking You,

Yours Faithfully,

For **Shakumbhari Pulp & Paper Mills Limited**


Ayush Agarwal
Whole Time Director
DIN: 06441664

Encl: as above



**SHAKUMBHRI PULP
AND PAPER
MILLS LIMITED**

**ANNUAL REPORT
2019-20**

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SHAKUMBHRI PULP AND PAPER MILLS LIMITED

Notice is hereby given that the 32nd Annual General Meeting of the shareholders of **M/S SHAKUMBHARI PULP AND PAPER MILLS LIMITED** will be held on the 30th day of September, 2020 at 1:30 P.M. through Video Conferencing /Other Audio Visual Means ("VC/OAVM") facility to transact the following businesses:-

ORDINARY BUSINESS(s):

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2020 and Profit & Loss Account for the year ended on the date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sanjeev Kumar Sangal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Amit Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Arjun Kumar Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Ayush Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Shri Girish Kumar Agarwal, who retires by rotation and being eligible offers himself for re-appointment.

**By Order of the Board of Directors
FOR SHAKUMBHRI PULP & PAPER MILLS LIMITED**

Sd/-

**AYUSHI GUPTA
(COMPANY SECRETARY)**

**Dated: 04/09/2020
Place: Muzaffarnagar**

IMPORTANT NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, this AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with and the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Hence, Attendance Slip and Proxy Form including Route Map are not annexed to this notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://shakumbhripulp.com>. The Notice can also be accessed from the websites of the Stock Exchange i.e. MSEI Limited at www.msei.in The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
9. Details under Listing Regulations and Revised Secretarial Standards - 2 on General Meetings, in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
10. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
11. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company at shakumbhripaper@gmail.com along with the

copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants.

12. The Register of Members and Share Transfer Registers will remain closed from 23.09.2020 to 30.09.2020 (Both days inclusive).
13. Skyline Financial Services Private Limited is the Registrar and Share Transfer Agent of the company for both physical and electronic form of shareholdings. All communications relating to shares should be directly addressed to:

Skyline Financial Services Private Limited
D-153 A, 1st Floor , Okhla Industrial Area, Phase - I
New Delhi-110 020.

14. All documents referred to in the accompanying Notice shall be available for inspection through electronic mode on the request of the shareholder sent on shakumbhripaper@gmail.com.
15. Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members during the Annual General Meeting on login at CDSL e-voting system.
16. The Ministry of Company Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliance by Companies through electronic mode. We propose to send future communication, in electronic mode to the e-mail address provided by you. So, Shareholders whose e – mail address is not registered with us are requested to please get your email address registered with us, so that your Company can contribute to the safety of environment.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 27th September, 2020 at 10.00 A.M and ends on 29th September, 2020 at 5.00 P.M. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd September 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on “Shareholders” module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL’s **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL’s **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

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

(ix) After entering these details appropriately, click on “SUBMIT” tab.

(x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

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

(xix) Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. The Skyline Financial Services Private Limited, Registrar and Share Transfer Agent, of the Company will be providing VC/OAVM Services.
3. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
4. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance between **20th September 2020 to 25th September 2020** mentioning their name, demat account number/folio number, email id, mobile number at shakumbhripaper@gmail.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **upto 25th September 2020** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders (i.e. Company or HUF) are required to send the relevant Board Resolution/ A letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, Scrutinizer and to the Company at the email address viz; shakumbhripaper@gmail.com, if they have voted from individual not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

- (xxi) Mrs. Shailly Goel, Practicing Company secretary has been appointed as the Scrutinizer to scrutinize the remote e-voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.
- (xxii) The Scrutinizer shall, immediately after the conclusion of the voting at the general meeting, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer’s report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of AGM, who shall then countersign and declare the result of the voting forthwith.
- xxiii) The Results shall be declared after receiving the Consolidated Scrutinizer’s Report from the Scrutinizer. The result declared shall be placed on the Company’s website <https://shakumbhripulp.com/> and on the website of CDSL.

**By Order of the Board of Directors
FOR SHAKUMBHRI PULP & PAPER MILLS LIMITED**

Sd/-

**AYUSHI GUPTA
(COMPANY SECRETARY)**

Dated: 04/09/2020
Place: Muzaffarnagar

Annexure- Details of Proposed Directors

| Sr. No. | Name of Directors | Arjun Kumar Agarwal | Sanjeev Singhal | Ayush Agarwal | Girish Kumar Agarwal | Amit Agarwal |
|---------|---|---|--|--|--|---|
| 1 | Director Identification Number (DIN) | 2614019 | 954385 | 6441664 | 6457199 | 1336763 |
| 2 | Date of Birth | 04.10.1965 | 24.05.1963 | 24.09.1987 | 14.02.1960 | 01.07.1974 |
| 3 | Permanent Account Number (PAN) | ACJPA7822R | ALUPSS340Q | AHWPA5924C | AHBPAA9708M | ACCPA1463F |
| 4 | Date of Appointment on the Board | 01.06.2009 | 01.06.2009 | 01/02/2013 | 01/02/2013 | 01/02/2013 |
| 5 | Experience in specific functional area | 25 Years | 26 Years | 5 Years | 30 Years | 18 Years |
| 6 | Expertise in specific functional area | Shri Arjun Kumar Agarwal has good accounting and financial knowledge. | Shri Sanjeev Singhal is experienced person having good administrative skill. | Shri Ayush Agarwal is competent and capable to hold the current position and provide valuable services to the company and the work execution in a balanced manner. | Shri Girish Kumar Agarwal has good marketing and administrative skill. | Shri Amit Agarwal is an experienced person having good marketing skill. |
| 7 | No. of equity shares held in the Company (as on 31st March, 2020) | 2,49,100 shares | 42,150 shares | 50,000 shares | 62,500 shares | 7,05,700 shares |
| 8 | Qualification | Graduate | Graduate | B.Tech | Graduate | Graduate |
| 9 | List of other Directorships | NIL | NIL | SATYAVAN SALES PROMOTION PVT.LTD. | NIL | NEERA PAPER MARKETING LIMITED |
| | | | | SWABHIMAN VYAPAAR PRIVATE LIMITED | | BINDAL PULP AND PAPERS PRIVATE LIMITED |
| | | | | | | BINDAL INDUSTRIES LIMITED |
| | | | | | | BINDAL ROLLING MILLS LIMITED |
| | | | | | | BRINA GOPAL TRADERS PVT.LTD. |
| 10 | Membership/Chairman of Committees of the other Companies | NIL | NIL | NIL | NIL | Member - Audit Committee and Nomination and Remuneration Committee of Neeraj Paper Marketing Limited Chairman - Stakeholder Relationship Committee of Neeraj Paper Marketing Limited |
| 11 | Relationships, if any, between Director's interest | - | - | - | - | - |

DIRECTORS' REPORT
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st March, 2020

Dear Members,

Your directors have pleasure in presenting you their 32nd Annual Report on the business and operations of the company together with the Audited Financial Statement of the Company for the year ended 31st March 2020.

FINANCIAL RESULTS

(Amount in INR Lakhs)

| | 31.03.2020 | 31.03.2019 |
|---|---------------------------|---------------------------|
| Net Sale/Income from Operations | 5766.48 | 5859.61 |
| Other Income | 7.60 | 31.13 |
| Total Income | 5774.08 | 5890.74 |
| Profit before Finance Charges, Depreciation & Tax | 227.22 | 233.88 |
| Finance Charges | 71.83 | 64.74 |
| Depreciation & Amortization | 75.15 | 65.26 |
| Profit Before Tax | 80.24 | 103.87 |
| Tax : 1. Current tax 2.Deffered tax 3.MAT Credit Entitlement/Utilization | 13.97 47.17 (13.15) | 22.68 19.99 (22.21) |
| Profit After Tax | 32.25 | 84.38 |
| Paid-Up Share Capital | 385.50 | 385.50 |
| Reserve & Surplus | 544.99 | 517.10 |

DIVIDEND

As company required funds for business and growth, your Directors do not recommend any Dividend for the financial year 2019-2020.

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

Your Directors are optimistic about company's business and hopeful of better performance with increased revenue in next year. Your directors are pleased to inform you that our company has been listed on Metropolitan Stock Exchange of India Limited w.e.f 27/08/2020.

The company is engaged in manufacturing of Kraft Paper. There was no change in the nature of business of company.

FUTURE PROSPECTS

According to the "Paper Mart (A bio-monthly magazine for Paper Industries in India)", the demand for domestic paper in India rose from 9.4 million tonnes in FY08 to 15.4 million tonnes in FY16; and it continues to rise. Besides, the Indian paper and paper products market is projected to grow from USD 8.6 billion in 2018 to USD 13.4 billion by 2024, exhibiting a CAGR of 7.8 percent during 2019 to 2024.

Also according to **India Paperex**, (A Unified Business Platform for Paper Industry) the paper and board industry in India is considering this transition phase as a great opportunity coupled with the challenge of providing affordable alternatives. Paper mills are conducting various trials to make paper and paperboard for the intended use, like carrying, wrapping, protecting, packing and holding as a container.

Under the baseline scenario, by 2024-25, domestic consumption is projected to rise to 23.5-million tpa and production to 22.0-million tpa. About one million tpa of integrated pulp, paper and paperboard capacity is required to be created in India on an annual basis over the current capacity to meet the growing demand.

India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth.

The paper imports continue to surge even as domestic paper manufacturers limp back to restart production after the COVID outbreak. In a communication to the government, the Indian Paper Manufacturers Association (IPMA) said both inward and outward supply chains of the paper industry have been totally disrupted and are yet to recover fully. IPMA also mentioned that taking advantage of the situation, import of paper has been rising steadily. The paper imports have risen 2 percent to Rs 1,870 crore (1,830 crore) in the first 11 months of FY20. Even after the Covid outbreak there in November, China has managed to export paper worth 1,773 crore (1,831 crore) to India.

MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF FINANCIAL YEAR:

There are no material changes and commitments affecting financial position of the company which have occurred between the end of the financial year of the company and date of the report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend pending for more than seven years.

SHARE CAPITAL

The paid up equity share capital as on 31/03/2020 was Rs. 385,50,000/- . Further the company has not bought back any of its securities, has not issued any Sweat Equity Shares, has not provided any Stock Option Scheme to the employees and no Bonus Shares were issued during the year under review.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

No company has become or ceased to be the Subsidiary, Joint Venture And Associate Company of the company during the Financial Year.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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 had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the first term of Mr. Shikhar Agarwal and Ms. Alka Rani, Independent Directors ended on 30th March, 2020 and being eligible and provided their consent to be re-appointed as Independent Directors for the second term. Pursuant to the recommendation of Nomination And Remuneration Committee, the Board recommended and the members of the Company in the Annual General Meeting held on 30th September 2019, re-appointed Mr. Shikhar Agarwal and Ms. Alka Rani as Non-Executive Independent Director of the Company, not liable to retire by rotation for a second term of five consecutive years w.e.f. 31st March, 2020 to 30th March, 2025.

The company has received the declarations from all the Independent directors confirming that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Listing Regulations.

Mr. Chirag Garg has been appointed as Chief Financial Officer of the company w.e.f 16/03/2020.

Shri Sanjeev Kumar Sangal, Shri Amit Agarwal, Shri Arjun Kumar Agarwal, Shri Ayush Agarwal & Shri Girish Kumar Aggarwal Directors of the Company retires at the annual meeting and being eligible offer themselves for re-appointment.

BOARD EVALUATION

During the financial year, formal annual evaluation of the Board, its committees and individual Directors was carried out pursuant to the Board Performance Evaluation Policy of the Company. The performance of the Board and committees was evaluated after seeking inputs from all the Directors based on the criteria such as Board/committee constitutions, frequency of meetings, effectiveness of processes etc. The Board and Nomination & Remuneration committee (excluding the Director being evaluated) evaluated the performance of individual Directors (including Independent Directors) after seeking inputs from all Directors based on the criteria such as thought contribution, business insights and applied knowledge. A separate meeting of Independent Directors was also held to review the performance of Managing Director, performance of the Board as a whole and performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

MEETINGS OF BOARD OF DIRECTORS:

Eight meetings of the board of director were held during the year.

The dates of board meetings are as follows:

30/05/2019, 13/08/2019, 02/09/2019, 13/11/2019, 26/12/2019, 05/02/2020, 13/02/2020 and 16/03/2020.

The provisions of Companies Act, 2013 were adhered to while considering the time gap between two meetings.

WHISTLE BLOWER POLICY

Your Company has a Whistle Blower Policy which provides adequate safeguards against victimization of persons who may blow whistle. Protected disclosures can be made by a whistle blower through an email or dedicated telephone line or letter to the Director – HR of the Company.

COMMITTEES OF THE BOARD

a) AUDIT COMMITTEE

As on 31/03/2020, the Audit committee comprises of the following directors:

| | |
|--|-----------|
| Mrs. ALKA RANI (Non- Executive, Independent Director) | -Chairman |
| Mr. SHIKHAR AGARWAL (Non- Executive, Independent Director) | -Member |
| Mr. ARJUN KUMAR (Non-Executive Director) | -Member |

All the recommendations made by Audit committee were accepted by the Board.

b) NOMINATION AND REMUNERATION COMMITTEE

As on 31/03/2020, the Nomination and Remuneration Committee comprises of the following directors:

| | |
|--|-----------|
| Mrs. ALKA RANI (Non- Executive, Independent Director) | -Chairman |
| Mr. SHIKHAR AGARWAL (Non- Executive, Independent Director) | -Member |
| Mr. ARJUN KUMAR (Non-Executive Director) | -Member |

CORPORATE SOCIAL RESPONSIBILITY

As per Companies Act, 2013, provisions of Corporate Social Responsibility are not applicable to the company.

AUDITORS:

M/S RAJ SANDHYA & CO., Chartered Accountants, Muzaffarnagar were already appointed as Statutory Auditor up to year 2021-22. The Report given by the Auditors on the financial statement of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditors in their Report on the financial statements for the year ended March 31, 2020.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Shailly Goel & Co., Company Secretaries to undertake the Secretarial Audit of the company. The Secretarial Audit Report is annexed herewith as '**Annexure 1**'. The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITOR

Due to non - applicability of section 148 and applicable provisions of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules 2014, the Company is not required to appoint cost auditor for audit of cost records.

EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the companies act, 2013 and rule 12(1) of the companies (Management and Administration) rules, 2014, an extract of annual return in the prescribed form is annexed as Annexure-II to the Board's Report.

The company has filed its annual return for the financial year ended 31/03/2019 & the same has been uploaded on the website of the Company i.e. www.shakumbhripulp.com.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. Disclosure in Form AOC 2 is attached as Annexure - III.

MANAGERIAL REMUNERATION AND OTHER DISCLOSURES:

Disclosure under Rule 5 of Companies (Appointment and Remuneration) Rules, 2014 is attached as **Annexure IV**.

PARTICULARS OF EMPLOYEES

During the year, there is no employee drawing remuneration in excess of the limits specified under Companies Act, 2013 and rules made there under.

However, the prescribed information of Employees as required under Section 134(3) (q) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached herewith as **Annexure V**.

DEPOSITS:

The company has not invited or accepted any deposits from the public attracting the provisions of section 73 to 76 of the Companies Act, 2013 during the year. There was no overdue deposits payable. However, unsecured loan from Directors has been received during the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy:

All efforts are made to conserve and optimize use of energy with continuous monitoring and to reduce its electricity consumption during the financial year.

(B) Technology absorption:

Since the company is involved in the manufacturing activities, so always try to use the latest mode of technology. There is no specific expenses were made under this financial year, subject to minor repair of wear & tear of machinery.

(C) Foreign exchange earnings and Outgo:

There is no Foreign exchange earnings of the company during the financial year. However, there was outflow of USD 401083.16 during the year.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS:

During the year Company had not given any loans/guarantee/investment attracting the provisions of Section 186 of Companies Act 2013.

RISK MANAGEMENT POLICY

In accordance with Companies Act, 2013 and listing Regulation, the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk.

As a matter of policy, these risks are assessed and the company has not identified any element of risk which may threaten the existence of the company.

INTERNAL COMPLAINT COMMITTEE

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Further, your Directors state that during the year under review, company has complied with the provisions relating to constitution of Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and there were no cases of sexual harassment reported to the Company pursuant to the sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

COMPLIANCE WITH SECRETARIAL STANDARD:

The Directors have devised proper system to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

INDUSTRIAL RELATIONS:

Industrial relations during the year remained cordial at all the levels of the Company. The management appreciates the whole hearted co-operation given by the employees of the company.

ACKNOWLEDGMENTS

The Directors thank the Company's customers, suppliers, bankers, financial institutions, Central and State Government and shareholders for their consistent support to the Company. The Directors also sincerely acknowledge the significant contribution made by all the employees of the Company and its subsidiaries during the year under review.

**By Order of the Board of Directors
FOR SHAKUMBHRI PULP & PAPER MILLS LIMITED**

**Dated: 04/09/2020
Place: Muzaffarnagar**

**Sd/-
AYUSH AGARWAL
WHOLE TIME DIRECTOR
DIN :06441664**

**Sd/-
GIRISH KUMAR AGARWAL
DIRECTOR
DIN :06457199**

ANNEXURE TO DIRECTORS REPORT**MANAGEMENT DISCUSSION & ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENT PAPER INDUSTRY:**

Paper and board packaging is defined as the wrapping and containment of goods & products for protection, distribution, storage and sale using paper as primary material. The paper and board packaging industry, valued at 369 \$Billion, holds the largest share i.e. 43% of the total global packaging industry, which is composed of several materials such as plastic packaging, metal packaging, glass packaging, paper & board packaging and others. From a basic usage as a product 'safeguard' or a 'container', packaging today has become an indispensable marketing tool and an integral part of a product's lifecycle.

The demand for packaging has been continuously increasing on account of rising disposable income, single living, on the go lifestyle and convenient packaging. Moreover, the explosive growth in ecommerce over the past few years, mainly due to faster delivery, free shipping and increasing internet penetration, is the major factor fueling the overall growth of the paper & board packaging market. Furthermore, the recyclability proposition of paper as well as growing environmental consciousness among consumers towards sustainable packaging is drawing heightened industry attention to entice customers. Based on the above factors, the paper and board packaging market is growing at a fast pace and is likely to continue growing at a CAGR of 4.4% over the forecast period from 2018-22. This report covers exhaustive analysis on industry dynamics, market size, supply and demand, current trends/issues & challenges and end user industry.

According to the “**India Paper & Paper Products Market by Application, by Raw Material, Competition, Forecast & Opportunities, 2024**”, the Indian paper & paper products market is projected to grow from \$8.6 billion in 2018 to \$13.4 billion by 2024, exhibiting a CAGR of 7.8% during 2019-2024. Growing manufacturing sector, requirement of better quality packaging of FMCG products marketed through organized retail and the demand for the upstream market of paper products, such as tissue paper, filter paper, tea bags, light weight online coated paper and medical grade coated paper are expected to drive the paper & paper products market in India in coming years. Moreover, many of the existing players are increasing their capacity to meet the growing demand. However, high cost of production as a result of unavailability and high cost of raw materials, high cost of power, concentration of mills in specific areas only, technological obsolescence as well as environmental challenges are some of the factors hampering the market growth.

PAPER & PAPER PRODUCTS DEMAND

- India's share in the demand for paper across the globe were analysed is growing, as the domestic demand is increasing at a steady pace, while the demand in western nations is shrinking. Notably, the demand for domestic paper in India rose from 9.4 million tonnes in FY08 to 15.4 million tonnes in FY16. Despite the continuous growth in the industry, per capita paper consumption in the country stands at a little over 14 kg, which is still well below the global average of 57 kg and considerably below 200 kg in North America.
- The Indian paper & paper products market is projected to grow from \$8.6 billion in 2018 to \$13.4 billion by 2024, exhibiting a CAGR of 7.8% during 2019-2024.
- Growing manufacturing sector, requirement of better quality packaging of FMCG products marketed through organized retail and the demand for the upstream market of paper products, such as tissue paper, filter paper, tea bags, light weight online coated paper and medical grade coated paper are expected to drive the paper & paper products market in India in coming years.

The Indian paper & paper products market has been segmented into raw material, application and region. Based on raw material, the market has been categorized into waste & recycled paper, wood and agro residue. The waste & recycled paper segment is expected to dominate the market during forecast period, owing to growing concerns about the cutting down of trees for producing pulp. Further, based on application, the market has been bifurcated into writing & printing paper, paperboard & packaging, newsprint and specialty paper.

Among the application segments, the demand for paperboard & packaging is growing at the fastest pace, as paperboard & packaging caters to industries including FMCG, food & beverages, textiles and pharmaceutical. The segment is also expected to dominate the market, owing to factors such as rising urbanization, increasing preference for ready-to-eat foods and requirement of better-quality packaging of FMCG products marketed through organized retail.

The paper & paper products market in India has been segmented into North, South, East and West. Western region is the lead

consumer of paper & paper products across the country, on account of increasing paper consumption, especially FMCG products. The paper mills use a variety of raw materials such as wood, bamboo, bagasse, recycled fiber, wheat straw, rice and husk. The geographical location of the mill often determines the type of raw material used. Most mills in the northern and western regions of India depend heavily on agricultural residues and wastepaper as their raw material. While pulp & paper production in southern and eastern regions use wood and bamboo as raw materials.

OPPORTUNITIES AND THREATS

The competitive strengths and the opportunities that are available to the Indian Paper Industry are:

- It is large and growing domestic paper market and potential for export.
- fast growing contemporary printing sector.
- Government's thrust for improving education and literacy in the Country.
- availability of qualified technical manpower with capability to design, build and manage world scale pulp and paper mills.
- well established Research and Development (R&D) facilities / activities encouraging innovation.
- potential for creation of sustainable raw material base through farm plantations.

THREAT:

- There are no threats anticipated towards our business except competition.

SEGMENT -WISE /PRODUCT WISE PERFORMANCE

Company is engaged in Manufacturing of Kraft paper. During the year -2019-20, turnover of Kraft Paper contributed 100% in the gross turnover of the Company.

OUTLOOK

The company utilized the total capital arranged. In addition to the core paper Manufacturing, the company always trying to explore the opportunities in those sector where the company can increase the value of stakeholders. Paper, Paper Board and Other Paper items contributed 100% in the gross turnover of the Company.

RISKS AND CONCERN

An integrated risk management process is being adopted by the company that works towards the evaluation of the associated business risk and enables the company to survive in the competitive environment. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. As a matter of policy, these risks are assessed and the company has not identified any element of risk which may threaten the existence of the company.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

The Audit Committee of the company also reviews the internal control system prevalent at each level of the organization and passes on its recommendation to the management in respect of the areas, which requires the correction.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial and operative performance is already elaborated in Directors Report.

HUMAN RESOURCES

The company continuously works on the development of the employees at various levels. The management makes sure that the employee morale and dedication remains high and that they contribute their fullest and best to the organization. The recreational activities like seminars/vacations are planned for the employees at regular intervals. As on 31/03/2020, the Company has 65 employees. Industrial relations are cordial and satisfactory.

KEY FINANCIAL RATIOS

The details of changes in Key Financial Ratios as compared to the immediately previous financial year along with explanations are as follows:

| Nature of Ratios | For year ended 31.03.2019 | For year ended 31.03.2020 | Changes % | Explanation for Changes more than 25% |
|--------------------------|------------------------------|------------------------------|--------------|--|
| Debtors Turnover | 5.30 | 5.56 | 4.99 | Not Applicable |
| Inventory Turnover | 11.54 | 9.18 | (20.48) | Not Applicable |
| Interest Coverage Ratio | 2.60 | 2.12 | (18.70) | Not Applicable |
| Current Ratio | 0.80 | 0.80 | 0.55 | Not Applicable |
| Debt Equity Ratio | 0.32 | 0.35 | 7.53 | Not Applicable |
| Operating Profit Margin% | 2.88 | 2.64 | (8.36) | Not Applicable |
| Net Profit Margin% | 1.42 | 0.56 | (60.71) | Decrease in Sale Price during the F.Y. 2019-20 |

CHANGES IN RETURN ON NET WORTH

The return on net worth for the financial year 2018-19 and for the financial year 2019-20, it is 0.09 and 0.04 respectively. The change in return on net worth as compared to the immediately previous financial year is -62.52% and reason for change in the above is due to decrease in sale price and consequently decreased profits during the FY 2019-20.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis and in the Directors' Report, describing the company's objectives, projections and estimates, results may vary materially from those expressed or implied by the forward looking statements due to risks or uncertainties associated therewith depending upon economic conditions, government policies and other incidental factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

**By Order of the Board of Directors
FOR SHAKUMBHRI PULP & PAPER MILLS LIMITED**

Sd/-
AYUSH AGARWAL
WHOLE TIME DIRECTOR
DIN :06441664

Sd/-
GIRISH KUMAR AGARWAL
DIRECTOR
DIN :06457199

Dated: 04/09/2020
Place: Muzaffarnagar

**Annexure I to Board Report
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]**

**To,
The Members,
Shakumbhri Pulp and Paper Mills Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Shakumbhri Pulp and Paper Mills Limited**. 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 **Shakumbhri Pulp and Paper Mills Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2020** 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Shakumbhri Pulp and Paper Mills Limited** for the financial year ended on **31st March, 2020** according to the provisions of:

- (i). Companies Act, 2013 and the rules made thereunder.
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under. – Not applicable during the Audit period
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (ECB). – Not applicable during the Audit period
- (v). The company was an unlisted company during the Audit period, therefore the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the company during the Audit period:-
 - (i). The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - (ii). The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
 - (iii). The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - (iv). The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - (v). The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - (vi). 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
 - (vii). The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

In respect of other laws specifically applicable to the Company, we have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company and the reporting is limited to that extent. As per the information, the following other laws are specifically applicable to the company:

- (i) Factories Act, 1948;
- (ii) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

- (iii) Acts prescribed for prevention and control of pollution and Environmental protection;
- (iv) Acts as prescribed under Direct Tax and Indirect Tax ;
- (v) Indian Boilers Act, 1923;
- (vi) Petroleum Act, 1934 and rules made thereunder;

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

- (i). Secretarial Standards on Meetings of Board of directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India
- (ii). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Not applicable as the company was an unlisted company during the Audit period.

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

We further report that:

- (i). 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 during the period under review were carried out in compliance with the provisions of the Act.

- (ii). Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes

We further report that based on the information received and records maintained by the Company, 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.

We further report that during the audit period there has not been any such activity having a major bearing on the Company's affairs in pursuance of the above referred laws rules, regulations, guidelines etc. However, the company has got listing approval from Metropolitan Stock Exchange of India Limited w.e.f. 27/08/2020.

**For Shailly Goel & Co.
Practicing Company Secretaries**

Sd/-

**Shailly Goel
Company Secretary
FCS No: 8769
C.P. No.: 9196**

**Date: 31st August, 2020
Place: New Delhi
UDIN: F008769B000637243**

Note: This report to be read with our letter of even date which is annexed as 'Annexure A' and forms integral part of this report.

'ANNEXURE A'

To,
**The Members,
Shakumbhri Pulp and Paper Mills Limited
4.5 K.M. Bhopa Road, Muzaffarnagar,
Uttar Pradesh-251001**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Shailly Goel & Co.
Practicing Company Secretaries**

Sd/-

**Shailly Goel
Company Secretary
FCS No: 8769
C.P. No.: 9196**

**Date: 31st August, 2020
Place: New Delhi**

Annexure II to Board Report

Form No. MGT-9 EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020

[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 | U21012UP1986PLC007671 |
| ii) | Registration Date | 06/02/1986 |
| iii) | Name of the Company | Shakumbhri Pulp And Paper Mills Limited |
| iv) | Category Sub category of the Company | Company Limited by Shares Indian Non-Government Company |
| v) | Address of the Registered office and contact details | 4.5 KM, Bhopa Road, Muzaffarnagar, Uttar Pradesh - 251001 |
| vi) | Whether listed company | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Skyline Financial Services Private Limited D-153 A, Ist Floor , Okhla Industrial Area, Phase - I New Delhi-110 020 Ph: 011-26812682 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1 | Manufacturer of Kraft Papers | 1701 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---------------------------------|---------|--------------------------------------|------------------------|-----------------------|
| 1 | NA | NA | NA | NA | NA |

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

i) Category-wise Share Holding as of March 31, 2020

| 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 | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 388400 | 249100 | 637500 | 16.54 | 637500 | NIL | 637500 | 16.54 | NIL |
| b) Others | NIL | NIL | NIL | NIL | NIL | 637500 | 637500 | 16.54 | NIL |
| Sub-total (A) (1):- | 388400 | 249100 | 637500 | 16.54 | 637500 | NIL | 637500 | 16.54 | NIL |
| (2) Foreign | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Sub-total (A) (2):- | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 388400 | 249100 | 637500 | 16.54 | 637500 | NIL | 637500 | 16.54 | NIL |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| 2. Non-Institutions | NIL | 3217500 | 3217500 | 83.46 | NIL | 3217500 | 3217500 | 83.46 | NIL |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | NIL | 3217500 | 3217500 | 83.46 | NIL | 3217500 | 3217500 | 83.46 | NIL |
| C. Shares held by Custodian for GDRs & ADRs | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Grand Total (A+B+C) | 388400 | 3466600 | 3855000 | 100 | 637500 | 3217500 | 3855000 | 100 | NIL |

(ii) Shareholding of Promoters :

| Sn | 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 The Company | % Of Shares Pledged/ Encumbered To Total Shares | No. Of Shares | % Of Total Shares Of The Company | % Of Shares Pledged / Encumbered To Total Shares | |
| 1 | Abhinav Agarwal | 111700 | 2.90 | Nil | 111700 | 2.90 | Nil | 0.00% |
| 2 | Archana Agarwal | 196700 | 5.10 | Nil | 196700 | 5.10 | Nil | 0.00% |
| 3 | Arjun Kumar Agarwal | 249100 | 6.46 | Nil | 249100 | 6.46 | Nil | 0.00% |
| 4 | Arjun Kumar Agarwal & Sons | 80000 | 2.08 | Nil | 80000 | 2.08 | Nil | 0.00% |

(iii) Change in Promoters' Shareholding:

There is no change in the total shareholding of the Promoters between April 1, 2019 and March 31, 2020.

(iv) Shareholding of Directors and Key Managerial Personnel:

| S.No | DIN | Name of Director /KMP | Designation | Shares held at the Beginning of the Year | Shares at the end of the Year |
|------|----------|-----------------------|---------------------|--|-------------------------------|
| 1. | 00954385 | Sanjeev Kumar Sangal | Director | 42150 | 42150 |
| 2. | 01336763 | Amit Bindal | Director | 705700 | 705700 |
| 3 | 02614019 | Arjun Kumar Agarwal | Director | 249100 | 249100 |
| 4 | 04416646 | Ayush Agarwal | Whole time Director | 50000 | 50000 |
| 5 | 06457199 | Girish Kumar Aggarwal | Director | 62500 | 62500 |
| 6 | 07145595 | Alka Rani | Director | 0 | 0 |
| 7 | 07145613 | Shikhar Agarwal | Director | 0 | 0 |

**(v) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

| I | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Shareholding at the end of the year | | Date wise Increase / Decrease in Promoters Shareholding during the year | Cumulative Shareholding after change during the year | |
|----|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|--|---------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company | | Changes on shareholding | No. of shares |
| 1. | VATSAL SINGLA | 170500 | 4.4228 | 170500 | 4.4228 | No Change | 170500 | 4.4228 |
| 2. | RAKHI GARG | 120000 | 3.1128 | 120000 | 3.1128 | No Change | 120000 | 3.1128 |
| 3. | NISHKAM JAIN | 116400 | 3.0195 | 116400 | 3.0195 | No Change | 116400 | 3.0195 |
| 4. | VANDIT SINGHAL | 111700 | 2.8975 | 111700 | 2.8975 | No Change | 111700 | 2.8975 |
| 5. | MEERA RANI | 111700 | 2.8975 | 111700 | 2.8975 | No Change | 111700 | 2.8975 |

| | | | | | | | | |
|-----|---------------------|-------|--------|-------|--------|-----------|-------|--------|
| 6. | SUNIL KUMAR GARG | 90000 | 2.3346 | 90000 | 2.3346 | No Change | 90000 | 2.3346 |
| 7. | ASHISH RANJAN | 85000 | 2.2049 | 85000 | 2.2049 | No Change | 85000 | 2.2049 |
| 8. | AKHILESH KUMAR | 81600 | 2.1167 | 81600 | 2.1167 | No Change | 81600 | 2.1167 |
| 9. | GIRISH KUMAR & SONS | 77500 | 2.0104 | 77500 | 2.0104 | No Change | 77500 | 2.0104 |
| 10. | SMT. SAROJ RANI | 73200 | 1.8988 | 73200 | 1.8988 | No Change | 73200 | 1.8988 |

V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding / accrued but not due for payment
(Amount in Lacs)**

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness as at April 1, 2019 | | | | |
| i) Principal Amount | 666.59 | 82.77 | NIL | 749.36 |
| ii) Interest due but not paid | 0.06 | NIL | NIL | 0.06 |
| iii) Interest accrued but not due | NIL | NIL | NIL | NIL |
| Total (i+ii+iii) | 666.65 | 82.77 | NIL | 749.42 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 62.48 | NIL | NIL | 62.48 |
| • Reduction | NIL | (3.81) | NIL | (3.81) |
| Net Change | 62.48 | (3.81) | NIL | 58.67 |
| Indebtedness as at March 31, 2020 | | | | |
| i) Principal Amount | 726.69 | 78.96 | NIL | 805.65 |
| ii) Interest due but not paid | 2.44 | NIL | NIL | 2.44 |
| iii) Interest accrued but not due | NIL | NIL | NIL | NIL |
| Total (i+ii+iii) | 729.13 | 78.96 | NIL | 808.09 |

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rupees)

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager | Total Amount |
|------------------|--|------------------------|------------------|
| | | AYUSH AGARWAL | |
| 1. | Gross Salary | | |
| | a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 23,00,000 | 23,00,000 |
| | b. Value of perquisites u/s 17(2) Income-tax Act, 1961 | NIL | NIL |
| | c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961- | | |
| 2. | Stock Option | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL |
| 4. | Commission: | NIL | NIL |
| | - as a % of Profit | NIL | NIL |
| | - others, specify | NIL | NIL |
| 5. | Others, please specify | NIL | NIL |
| Total (A) | | 23,00,000 | 23,00,000 |

Ceiling as per the Act under Schedule V is Rs. 84,00,000/- for one managerial personnel

A. Remuneration to other Director

| Sr. No. | Particulars of Remuneration | Name of Directors | | Total Amount |
|---|--|-------------------|--|------------------|
| | | | | |
| 1. | Executive Directors · | NIL | | NIL |
| | · Fee for attending board / committee meetings | | | NIL |
| | · Commission | NIL | | NIL |
| | · Others, please specify | NIL | | NIL |
| | Total (1) | NIL | | NIL |
| 2. | Other Non-Executive Directors- | | | |
| | · Fee for attending board / committee meetings | NIL | | NIL |
| | Commission: | NIL | | NIL |
| | - others, specify | 0 | | 0 |
| | Total (2) | 0 | | 0 |
| Total (B)=(1+2) | | 0 | | 0 |
| Total Managerial Remuneration(A+B) | | 23,00,000 | | 23,00,000 |
| Overall Ceiling as per the Act | | | | |

B. Remuneration to Key Managerial Personnel other than the MD/Manager/WTD

(Amount in Rupees)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|--------------|--|--------------------------|---------|----------|----------|
| | | | | | |
| 1. | Gross Salary | CEO | CFO | CS | |
| | a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961- Ayushi Gupta | NIL | 600000* | 2,64,000 | 8,64,000 |
| | b. Value of perquisites u/s 17(2) Income-tax Act, 1961 | NIL | NIL | NIL | NIL |
| | c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | NIL | NIL | NIL | NIL |
| 2. | Stock Option | NIL | NIL | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL | NIL | NIL |
| 4. | Commission: | NIL | NIL | NIL | NIL |
| | - as a % of Profit | NIL | NIL | NIL | NIL |
| | - others, specify | NIL | NIL | NIL | NIL |
| 5. | Others, please specify | NIL | NIL | NIL | NIL |
| Total | | - | 600000* | 2,64,000 | 8,64,000 |

*Mr. Chirag Garg has been appointed as CFO of the company w.e.f 16/03/2020. However, his remuneration has been mentioned for the whole year.

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) |
|-------------------------------------|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| B. Directors | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| C. Other officers in default | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |

**By Order of the Board of Directors
FOR SHAKUMBHRI PULP & PAPER MILLS LIMITED**

Sd/-
AYUSH AGARWAL
WHOLE TIME DIRECTOR
DIN :06441664

Sd/-
GIRISH KUMAR AGARWAL
DIRECTOR
DIN :06457199

Dated: 04/09/2020
Place: Muzaffarnagar

Annexure III to Board Report

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 transaction under third proviso thereto.

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2020, which were not an arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Name of Related Party | Nature of Relationship | Nature of Transaction | Duration of Transaction | Amount (in Lacs) |
|----------------------------|-----------------------------------|--------------------------|--------------------------|------------------|
| Shri Ayush Agarwal | Whole time Director | Director Remuneration | 01.04.2019 to 31.03.2020 | 23.00 |
| | | Unsecured Loans Repaid | | 4.85 |
| | | Interest Paid | | 4.2 |
| Shri Anil Kumar | Relative of Director | Unsecured Loans Repaid | 01.04.2019 to 31.03.2020 | 0.94 |
| | | Interest Paid | | 1.01 |
| | | Remuneration paid | | 12.00 |
| Shri Arjun Kumar Agarwal | Director | Unsecured Loans Repaid | 01.04.2019 to 31.03.2020 | 12.00 |
| | | Unsecured Loans Received | | 8.5 |
| | | Interest Paid | | 1.34 |
| Disha Agarwal | Relative of Director | Interest Paid | 01.04.2019 to 31.03.2020 | 0.08 |
| Girish Kumar Agarwal | Director | Interest Paid | 01.04.2019 to 31.03.2020 | 3.75 |
| Saraswati Devi | Relative of Director | Interest Paid | 01.04.2019 to 31.03.2020 | 2.42 |
| Surbhi | Relative of Director | Interest Paid | 01.04.2019 to 31.03.2020 | 1.23 |
| ACS Papers India Pvt. Ltd. | Director's relative is director | Purchases | 01.04.2019 to 31.03.2020 | 567.94 |
| | | Sales | | 491.11 |
| Aviana Enterprises | Director's relative is Proprietor | Purchases | 01.04.2019 to 31.03.2020 | 619.57 |
| Ginny Enterprises | Director's relative is Proprietor | Purchases | 01.04.2019 to 31.03.2020 | 332.92 |
| Vas Enterprises | Director's relative is Proprietor | Purchases | 01.04.2019 to 31.03.2020 | 59.14` |
| Abhinav agarwal | Relative of Director | Remuneration paid | 01.04.2019 to 31.03.2020 | 11.40 |
| Avin Agarwal | Relative of Director | Remuneration paid | 01.04.2019 to 31.03.2020 | 7.61 |

SHAKUMBHRI PULP AND PAPER MILLS LIMITED

| | | | | |
|-----------------|----------------------|-------------------|-----------------------------|------|
| Ayushi Gupta | Company Secretary | Remuneration paid | 01.04.2019 to 31.03.2020 | 2.64 |
| Vikhyat Agarwal | Relative of Director | Remuneration paid | 01.04.2019 to 31.03.2020 | 4.80 |
| Archana Agarwal | Relative of Director | Remuneration paid | 01.04.2019 to 31.03.2020 | 9.60 |
| Puja Agarwal | Relative of Director | Remuneration paid | 01.04.2019 to 31.03.2020 | 1.29 |

**By Order of the Board of Directors
FOR SHAKUMBHRI PULP & PAPER MILLS LIMITED**

**Dated: 04/09/2020
Place: Muzaffarnagar**

**Sd/-
AYUSH AGARWAL
WHOLE TIME DIRECTOR
DIN :06441664**

**Sd/-
GIRISH KUMAR AGARWAL
DIRECTOR
DIN :06457199**

Annexure IV to Board report

Disclosure in the Board's Report under Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

| | | | |
|-------|--|--|--|
| (i) | The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20 | Director's Name | Ratio to median remuneration (As on 31/03/2020) |
| | | Ayush Agarwal | 19.42:1 |
| (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 2019-20 compared to 2018-19. | Director's/CFO/CS name | Percentage increase in remuneration |
| | | Ayush Agarwal, Whole Time Director | 100% |
| | | Chirag Garg, CFO | No Change |
| | | Ayushi Gupta, CS | No Change |
| (iii) | Percentage increase in the median remuneration of employees in the financial year 2019-20 compared to 2018-19.* | 8.42% | |
| (iv) | Number of permanent employees on the rolls of the company** | As on 31.03.2020 | As on 31.03.2019 |
| | | 65 | 60 |
| (v) | Average percentile increase in salaries of Employees other than managerial personnel in financial year 2019-20 compared to 2018-19*** | 21.09% | |
| | Average percentile increase in managerial remuneration financial year 2019-20 compared to 2018-19 | 100% | |
| | Justification for increase | Increase was made as per normal industry standards | |

The Board of Directors of the company affirms that the remuneration is as per the remuneration policy of the company.

* Remuneration of employees as on 31/03/2020 and 31/03/2019.

**Total employees excludes directors of the company.

***Average percentile increase in salaries has been considered on annual basis.

**By Order of the Board of Directors
FOR SHAKUMBHRI PULP & PAPER MILLS LIMITED**

Sd/-
AYUSH AGARWAL
WHOLE TIME DIRECTOR
DIN :06441664

Sd/-
GIRISH KUMAR AGARWAL
DIRECTOR
DIN :06457199

Dated: 04/09/2020
Place: Muzaffarnagar

Annexure V- TOP TEN EMPLOYEES DETAILS

| S.NO. | NAME | DESIGNATION | TOTAL REMUNERATION DRAWN IN 2019-20 | NATURE OF EMPLOYMENT | QUALIFICATIONS & EXPERIENCE | LAST EMPLOYMENT | AGE (In Years) | COMMENCEMENT OF EMPLOYMENT | PERCENTAGE OF EQUITY SHARES(%) | RELATION WITH DIRECTOR |
|-------|---------------------|------------------------|-------------------------------------|----------------------|-------------------------------|--------------------------|----------------|----------------------------|--------------------------------|------------------------|
| 1 | Ayush Agarwal | Whole Time Director | 2300000 | PERMANENT | B tech | N.A | 32 | 1/2/2013 | 1.3 | Director |
| 2 | ANIL KUMAR | STORE MANAGER | 1200000 | PERMANENT | GRADUATE | N.A | 58 | 1/12/2016 | 0 | Father |
| 3 | ABHINAV AGARWAL | ADMINISTRATIVE MANAGER | 1140000 | PERMANENT | GRADUATE | N.A | 30 | 1/4/2014 | 2.9 | Son |
| 4 | SMT ARCHANA AGARWAL | H.R MANAGER | 960000 | PERMANENT | GRADUATE | N.A | 53 | 1/12/2016 | 5.1 | Wife |
| 5 | AVIN AGARWAL | PURCHASE MANAGER | 840000 | PERMANENT | GRADUATE | N.A | 33 | 1/12/2016 | 1.03 | Son |
| 6 | CHIRAG GARG | C.F.O | 600000 | PERMANENT | GRADUATE | N.A | 33 | 1/5/2014 | 0 | N.A |
| 7 | SURESH PAL SINGH | GENERAL MANAGER | 600000 | PERMANENT | GRADUATE & DIPLOMA PAPER TECH | ANAND TISSUE LID, MEERUT | 70 | 16/2/2015 | 0 | N.A |
| 8 | SOMYA GARG | ADMINISTRATIVE MANAGER | 480000 | PERMANENT | GRADUATE | N.A | 35 | 1/4/2016 | 0 | N.A |
| 9 | VIKHYAT AGARWAL | MANAGER | 480000 | PERMANENT | POST GRADUATE | N.A | 35 | 18/06/2018 | 0.01 | N.A |
| 10 | AJAY KR AGARWAL | ACCOUNTS MANAGER | 420000 | PERMANENT | POST GRADUATE | N.A | 57 | 6/1/2009 | 0 | N.A |

By Order of the Board of Directors

FOR SHAKUMBHRI PULP & PAPER MILLS LIMITED

Sd/-

AYUSH AGARWAL

Sd/- GIRISH KUMAR AGARWAL

WHOLE TIME DIRECTOR

DIRECTOR

DIN :06441664

DIN :06457199

Dated: 04/09/2020

Place: Muzaffarnagar

**Independent Auditor's Report
To the Members of SHAKUMBHRI PULP & PAPER MILLS LIMITED**

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **SHAKUMBHRI PULP & PAPER MILLS LIMITED, MUZAFFARNAGAR** ("the Company") which comprise the Balance sheet as at **31 March 2020**, the Statement of Profit and Loss including the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone IND AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31 March 2020**, its profit including other comprehensive income its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143 (10) of the act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained a sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended **31 March 2020**. These matters were addressed in the context of our audit of the Standalone IND AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to the key audit matters to be communicated in our report. We have fulfilled the responsibilities the described in the Auditor's responsibilities for the audit Standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit the included the performance of procedures designed to respond to our assessment to the risk of material misstatements of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedure performed to addressed the matter below, provide the a basis for our audit opinion on the accompanying Standalone Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| <p>Revenue Recognition (as described in note 1 j of the standalone Ind AS financial statements)</p> <p>For the year ended 31 March 2020, the Company has recognized revenue from contracts with customers amounting to Rs. 5766.48 lakhs.</p> <p>Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflect that the consideration to which the Company expects to be entitled in exchange for those goods or services.</p> <p>The company has generally concluded that as principal, it typically controls the goods or services before transferring them to the customers.</p> <p>The variety of terms that defined when control are transfer to the customer, as well as the high value of the transactions, give rise to the risk that revenue is not recognized in the correct period.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the company's revenue recognition policy prepared as per Ind AS 115 ' Revenue from contracts with customers' • Assessed the design and tested the operating effectiveness of internal controls related to revenue recognition, discounts and rebates. • Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. Further, in respect of the samples checked that the revenue has been recognized as per the shipping terms. • To test cut off selected sample of sales transactions made pre-and post year end, agreeing the period of |

| | |
|--|--|
| <p>Revenue is measured net of net return and allowances, cash discounts, trade discount and volume rebates (collectively 'discount and rebates'). There is a risk that these discount and rebates are not correctly reported as it also requires in a certain degree of estimation, resulting in understatement of the associated expenses and accrual.</p> <p>Revenue is also an important element of how the company measure its performance. The company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before the risk and rewards have been transferred.</p> <p>Accordingly, due the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it was determined to be a key audit matter in our audit of the standalone IND AS financial statements.</p> | <p>revenue recognition to third party support, such as transporter invoice and customer confirmation of receipt of goods.</p> <ul style="list-style-type: none"> • Tested the provision calculations related to management incentives, discounts and rebates by agreeing a sample of amounts recognized to underlying arrangements with customers and other supporting documents. • Performed monthly analytical procedures of revenue by streams to identify any unusual trends. • Obtained confirmations from customers on sample basis to support existence assertion of trade receivables and assessed the relevant disclosures made in the financial statements: to ensure revenue from contracts with customers are in accordance with the requirements of relevant accounting standards. |
| Assessment of carrying value of investments | |
| <p>The company has invested in listed equity instruments. We consider this a key audit matter given the relative significance of the value of investments.</p> | <p>Our procedures in relation to assessing the carrying value of investments include the following observations.</p> <ul style="list-style-type: none"> • The equity investments are carried at fair value as on 31st March 2020. • Due to market fluctuation, there has been significant value reduction in the equity investments. |

We have determined that there are no other key audit matters to communicate in our report.

Information other than the Financial Statements and Auditor's Report thereon:

The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report 2019-20, but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS Financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the Financial Position, Financial Performance including Cash Flows and the Statement of Changes in Equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statement, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatements of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(1) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of sub controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

- d. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the company with reference to these Standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- g. In our opinion, the managerial remuneration for the year ended **31 March, 2020**, has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act;
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- (i) The company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 34 to the Standalone Ind As financial statements;
- (ii) The company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses;
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Raj Sandhya & CO.**,
Chartered Accountants,
Firm Regn. No. 002011C

Sd/-
Raj Kumar Sharma
Partner
Membership No.077650
UDIN:20077650AAAACF4768

Dated: 31.07.2020
Place: MUZAFFARNAGAR

The annexure referred to in our report to the members of **SHAKUMBHRI PULP & PAPER MILLS LIMITED, MUZAFFARNAGAR** ('the Company') for the year ended 31 March 2020. We report that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of property, plant & equipment.
- (b) According to the information and explanations given to us, physical verification of property, plant & equipment have been carried out by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the company and nature of its assets.
- (c) In our opinion and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company.
- (ii) In our opinion and according to the information and explanations given to us, the inventory has been physically verified at reasonable intervals by the management during the year. As explained to us, no material discrepancies were noticed on physical verification as compared to book records. In view of the lockdown restriction imposed by Government, our attendance at the physical inventory verification done by the management was impracticable. Related alternate audit procedures were therefore relied up on to obtain assurance over the existence and condition of inventory at the year end.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans or guarantees/made any investments within the meaning of Section 185 & 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public.
- (vi) The Central Government has not prescribed maintenance of cost records under sub section (i) of section 148 of the Act, 2013 in respect of activities carried on by the company.
- (vii) (a) According to the records of company and information and explanation given to us, the company is regular in depositing undisputed statutory dues including, provident fund employees' state insurance, income-tax, duty of customs, goods and service tax and any other statutory dues with the appropriate authorities during the year. There is no undisputed amounts payable, as at 31.03.2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, duty of customs, goods and service tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of trade tax have not been deposited by the Company on account of disputes:

| Name of the statute | Period to which the amount relates | Amount (In Rs.) | Forum where dispute is pending |
|----------------------------|---|------------------------|--|
| Trade Tax | 2010-2011 | 131200.00 | Additional Commissioner, Grade-2 (Appeal), II, Commerical Tax, Muzaffarnagar |
| Trade Tax | 2013-2014 | 195400.00 | Additional Commissioner, Grade-2 (Appeal), II, Commerical Tax, Muzaffarnagar |
| Trade Tax | 2014-2015 | 301168.00 | Additional Commissioner, Grade-2 (Appeal), II, Commerical Tax, Muzaffarnagar |
| Trade Tax | 2015-2016 | 337480.00 | Additional Commissioner, Grade-2 (Appeal), II, Commerical Tax, Muzaffarnagar |
| Trade Tax | 2016-2017 | 387241.00 | Additional Commissioner, Grade-2 (Appeal), II, Commerical Tax, Muzaffarnagar |

- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to financial institution, banks during the year.
- (ix) In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instrument).
- (x) According to information and explanations given to us, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.

- (xi) According to information and explanations given to us and based on our examination of the records of the company, the company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act; 2013.
- (xii) In our opinion, the company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the company.
- (xiii) In our opinion and according to the information and explanation given to us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations provided to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the company.
- (xv) According to the information and explanations provided by the management, the company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations provided to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the company.

For **Raj Sandhya & CO.**,
Chartered Accountants,
Firm Regn. No. 002011C

Sd/-
Raj Kumar Sharma
Partner
Membership No.077650
UDIN:20077650AAAACF4768

Dated: 31.07.2020
Place: MUZAFFARNAGAR

ANNEXURE B TO THE AUDITORS' 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 **SHAKUMBHRI PULP & PAPER MILLS LIMITED, MUZAFFARNAGAR** ('the company') as of 31 March 2020 in conjunction with our audit of the standalone Ind As financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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 the 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 were 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Raj Sandhya & CO.**,
Chartered Accountants,
Firm Regn. No. 002011C

Dated: 31.07.2020
Place: MUZAFFARNAGAR

Sd/-
Raj Kumar Sharma
Partner
Membership No.077650
UDIN:20077650AAAACF4768

SHAKUMBHRI PULP AND PAPER MILLS LIMITED

Shakumbhri Pulp And Paper Mills Limited

Balance Sheet as at 31 March 2020

(Amounts in INR Lakhs, unless otherwise stated)

| | Notes | As at 31 March 2020 | As at 31 March 2019 |
|--|-------|------------------------|------------------------|
| Assets | | | |
| (I) Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 1,737.87 | 1,077.86 |
| (b) Capital work in progress | 3 | - | 449.89 |
| (c) Financial assets | | | |
| Investment in financial assets | 4 | 38.36 | 38.49 |
| (d) Other non-current assets | 5 | 22.97 | 47.60 |
| Total non-current assets | | 1,799.20 | 1,613.84 |
| Current assets | | | |
| Inventories | 6 | 774.77 | 481.73 |
| Financial assets | | | |
| Trade receivables | 7 | 1,060.20 | 1,013.00 |
| Cash and cash equivalents | 8 | 17.66 | 1.88 |
| Bank balances other than cash and cash equivalents | 9 | 0.96 | 7.96 |
| Other current assets | 10 | 65.21 | 29.05 |
| Total current assets | | 1,918.80 | 1,533.62 |
| Total assets | | 3,718.00 | 3,147.46 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 11 | 385.50 | 385.50 |
| Other equity | 12 | 544.99 | 517.10 |
| Total equity | | 930.49 | 902.60 |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 13 | 276.94 | 248.77 |
| Provisions | 14 | 32.93 | 21.95 |
| Deferred tax liabilities (net) | 15 | 79.21 | 46.72 |
| Total non-current liabilities | | 389.08 | 317.44 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16 | 492.07 | 464.53 |
| Trade payables | 17 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | - | - |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,545.94 | 1,123.22 |
| Other current financial liabilities | 18 | 254.87 | 232.10 |
| Other current liabilities | 19 | 99.26 | 104.49 |
| Provisions | 20 | 3.83 | 2.78 |
| Current tax liability (net) | 21 | 2.46 | 0.30 |
| Total current liabilities | | 2,398.43 | 1,927.42 |
| Total liabilities | | 2,787.51 | 2,244.86 |
| Total equity and liabilities | | 3,718.00 | 3,147.46 |

Summary of significant accounting policies

1-2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Raj Sandhya & Co.

ICAI Firm Registration No.: 002011C

Chartered Accountants

Sd/-

Raj Kumar Sharma

Partner

Membership No.: 077650

Place: Muzaffarnagar

Date: 31.07.2020

UDIN:20077650AAAACF4768

Sd/-

Director
(Girish Kumar Agarwal)
DIN- 06457199

Sd/-

CFO
(Chirag Garg)
PAN : AJYPG1223A

Sd/-

Director
(Ayush Agarwal)
DIN- 06441664

Sd/-

Company Secretary
(Ayushi Gupta)
PAN : ASQPG9580K

**For and on behalf of the Shakumbhri Pulp
And Paper Mills Limited**

SHAKUMBHRI PULP AND PAPER MILLS LIMITED

Shakumbhri Pulp And Paper Mills Limited
Statement of Profit and Loss for the year ended 31 March 2020
(Amounts in INR Lakhs, unless otherwise stated)

| | Notes | <u>For the year ended 31 March 2020</u> | <u>For the year ended 31 March 2019</u> |
|---|-------|---|---|
| Income: | | | |
| Revenue from operations | 22 | 5,766.48 | 5,859.61 |
| Other income | 23 | 7.60 | 31.13 |
| Total income | | 5,774.08 | 5,890.74 |
| Expenses: | | | |
| Cost of material consumed | 24 | 5,054.71 | 5,291.35 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 25 | 48.98 | (56.28) |
| Employee benefits expense | 26 | 190.49 | 143.87 |
| Depreciation and amortization expense | 3 | 75.15 | 65.26 |
| Finance costs | 27 | 71.83 | 64.76 |
| Other expenses | 28 | 252.68 | 277.91 |
| Total expenses | | 5,693.84 | 5,786.87 |
| Profit before tax | | 80.24 | 103.87 |
| Tax expense | | | |
| Current tax | | 13.97 | 22.68 |
| Less: MAT credit entitlement | | (13.15) | (22.21) |
| Deferred tax | | 47.17 | 19.99 |
| Profit for the year | | 32.25 | 83.41 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement gains/(losses) on defined benefit plan | | (5.89) | 1.34 |
| Income tax effect | | 1.53 | (0.37) |
| Other comprehensive income | | (4.36) | 0.97 |
| Total comprehensive income | | 27.89 | 84.38 |
| Earnings per equity share of face value of ₹ 10 each : | | | |
| Basic (in ₹) | 29 | 0.84 | 2.16 |
| Diluted (in ₹) | | 0.84 | 2.16 |

Summary of significant accounting policies 1-2
The accompanying notes are an integral part of the financial statements

As per our report of even date

For Raj Sandhya & Co.
ICAI Firm Registration No.: 002011C
Chartered Accountants

Sd/-
Director
(Girish Kumar Agarwal)
DIN- 06457199

Sd/-
Director
(Ayush Agarwal)
DIN- 06441664

Sd/-
Raj Kumar Sharma
Partner
Membership No.: 077650

Sd/-
CFO
(Chirag Garg)
PAN : AJYPG1223A

Sd/-
Company Secretary
(Ayushi Gupta)
PAN : ASQPG9580K

Place: Muzaffarnagar
Date: 31.07.2020
UDIN:20077650AAAACF4768

Shakumbhri Pulp And Paper Mills Limited
Statement of Changes in Equity for the year ended 31 March 2020
(Amounts in INR Lakhs, unless otherwise stated)

A Equity share capital (Refer Note 11)

| | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| Balance at the beginning of the reporting period | 385.50 | 385.50 |
| Changes in equity share capital during the year | - | - |
| Balance at the end of the reporting period | 385.50 | 385.50 |

B Other equity (Refer Note 12)

| Particulars | Security premium reserve | | General reserve | | Equity component of financial instruments | | Retained earning | | Total other equity | |
|------------------------------------|--------------------------|---------------------|---------------------|---------------------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
| | (refer note 12.1) | | (refer note 12.2) | | (refer note 12.3) | | (refer note 12.4) | | (refer note 12) | |
| Opening balance | 112.00 | 112.00 | 39.01 | 39.01 | 20.14 | 20.14 | 345.95 | 261.57 | 517.10 | 432.72 |
| Addition/reduction during the year | - | - | - | - | - | - | - | - | - | - |
| Profit/(loss) for the year | - | - | - | - | - | - | 32.25 | 83.41 | 32.25 | 83.41 |
| Other comprehensive income | - | - | - | - | - | - | (4.36) | 0.97 | (4.36) | 0.97 |
| Total Comprehensive Income | - | - | - | - | - | - | 27.89 | 84.38 | 27.89 | 84.38 |
| Closing balance | 112.00 | 112.00 | 39.01 | 39.01 | 20.14 | 20.14 | 373.84 | 345.95 | 544.99 | 517.10 |

Summary of significant accounting policies 1-2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Raj Sandhya & Co.

ICAI Firm Registration No.: 002011C
Chartered Accountants

Sd/-
Raj Kumar Sharma
Partner
Membership No.: 077650

Sd/-
Director
(Girish Kumar Agarwal)
DIN- 06457199

Sd/-
Director
(Ayush Agarwal)
DIN- 06441664

Place: Muzaffarnagar
Date: 31.07.2020
UDIN:20077650AAAACF4768

Sd/-
CFO
(Chirag Garg)
PAN : AJYPG1223A

Sd/-
Company Secretary
(Ayushi Gupta)
PAN : ASQPG9580K

Shakumbhri Pulp And Paper Mills Limited

Statement of Cash Flows for the year ended 31 March 2020

(Amounts in INR, unless otherwise stated)

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Profit before tax | 80.24 | 103.87 |
| Adjustments for: | | |
| Depreciation and amortization | 75.15 | 65.26 |
| loss on disposal of property, plant & equipment | - | 1.77 |
| Gain/(loss) on fair valuation of investments | 0.14 | - |
| Interest income | (3.77) | (0.09) |
| Dividend income | (0.08) | (0.08) |
| Interest expenses | 94.19 | 67.50 |
| Operating profit before working capital changes | 245.87 | 238.23 |
| Movement in working capital | | |
| (Increase)/decrease in trade receivables | (47.20) | 185.78 |
| (Increase)/decrease in inventories | (293.04) | 51.85 |
| (Increase)/decrease in other current financial assets | 0.13 | - |
| (Increase)/decrease in current tax assets (net) | - | (5.70) |
| (Increase)/decrease in other current assets | (43.16) | 4.93 |
| (Increase)/decrease in other non-current assets | 24.63 | (44.63) |
| Increase/(decrease) in trade payables | 422.72 | 75.90 |
| Increase/(decrease) in other current financial liabilities | 22.77 | 154.55 |
| Increase/(decrease) in other non current financial liabilities | - | - |
| Increase/(decrease) in other current liabilities | (5.23) | (140.69) |
| Increase/(decrease) in current tax liability (net) | 2.16 | - |
| Increase/(decrease) in long term provisions | 3.42 | (19.30) |
| Increase/(decrease) in short term provisions | 1.05 | 2.49 |
| Cash generated from/(used in) operations | 334.12 | 503.41 |
| Direct taxes paid (net of refunds) | (0.82) | (0.47) |
| Net cash generated from/(used in) operating activities | 333.30 | 502.94 |
| Cash flow from investing activities | | |
| Purchase of property, plant & equipment including CWIP and capital advances | (285.27) | (533.53) |
| Proceeds from disposal of property, plant & equipment | - | 4.40 |
| Dividend received | 0.08 | 0.08 |
| Interest received | 3.77 | 0.09 |
| Net cash (used in)/generated from investing activities | (281.42) | (528.96) |
| Cash flow from financing activities | | |
| Repayment of long-term borrowings | 28.17 | 95.79 |
| Proceeds from short-term borrowings | 27.54 | (4.81) |
| Interest paid | (91.81) | (67.50) |
| Net cash (used in)/generated from financing activities | (36.10) | 23.48 |
| Net (decrease) / increase in cash and cash equivalents | 15.78 | (2.54) |
| Cash and cash equivalents at the beginning of the year | 1.88 | 4.42 |
| Cash and cash equivalents at the end of the year | 17.66 | 1.88 |
| Components of cash and cash equivalents | | |
| Cash and cheques on hand | 1.62 | 1.51 |
| Balances with banks: | | |
| - On current accounts | 16.04 | 0.37 |
| (refer note 8) | 17.66 | 1.88 |

Notes:

The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

Disclosure of changes in liabilities arising from financing activities

| Particulars | Term Loans including current maturities | Unsecured Loans | Short Term Loan- CC | Interest |
|---|---|-----------------|---------------------|-------------|
| Opening Balance as at April 01, 2019 | 202.12 | 82.77 | 464.53 | 0.06 |
| Add:- Proceeds from borrowings/ Interest accrued during the year | 144.75 | 22.52 | 6,303.41 | 94.19 |
| Less:- Repayment of borrowings / Interest payment during the year | 109.82 | 19.19 | 6,275.87 | 91.81 |
| Non Cash items :- | | | | |
| - Amortization | - | 7.14 | - | - |
| Closing Balance as at March 31, 2020 | 237.05 | 78.96 | 492.07 | 2.44 |

| Particulars | Term Loans including current maturities | Unsecured Loans | Short Term Loan- CC | Interest |
|---|---|-----------------|---------------------|-------------|
| Opening Balance as at April 01, 2018 | 80.17 | 111.19 | 469.34 | - |
| Add:- Proceeds from borrowings/ Interest accrued during the year | 169.75 | 24.84 | 6,725.70 | 58.37 |
| Less:- Repayment of borrowings / Interest payment during the year | 47.80 | 45.92 | 6,730.51 | 58.31 |
| Non Cash items :- | | | | |
| - Amortization | - | 7.34 | - | - |
| Closing Balance as at March 31, 2019 | 202.12 | 82.77 | 464.53 | 0.06 |

As per our report of even date

For Raj Sandhya & Co.
ICAI Firm Registration No.: 002011C
Chartered Accountants

Sd/-
Director
(Girish Kumar Agarwal)
DIN- 06457199

Sd/-
Director
(Ayush Agarwal)
DIN- 06441664

Sd/-
Raj Kumar Sharma
Partner
Membership No.: 077650

Sd/-
CFO
(Chirag Garg)
PAN : AJYPG1223A

Sd/-
Company Secretary
(Ayushi Gupta)
PAN : ASQPG9580K

Place: Muzaffarnagar
Date: 31.07.2020
UDIN:20077650AAAACF4768

Shakumbhri Pulp And Paper Mills Limited

(Amounts in INR Lakhs, unless otherwise stated)

Background

Shakumbhri Pulp & Paper Mills Limited is a company domiciled in India, incorporated on 06 February 1986 with its registered office situated at 4.5 K.M., Bhopa Road, Muzaffarnagar U.P, the company has been incorporated under Indian Companies Act and its equity shares are to be listed on the Metropolitan Stock Exchange of India." The financial statements are approved for issuance by the company's Board of Directors on 31.07.2020"

Note 1: Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation**(i) Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and as amended from time to time and other relevant provisions of the Act.

(ii) Historical Cost Convention

The financial statement have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value; and
- defined benefit plans and their liabilities are measured at fair value.

(b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting year. The difference between the actual results and estimates are recognised in the year in which the results are known/materialize.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

(c) Segment Reporting

The company is engaged in the business of Paper Manufacturing (refer note-1) considering the nature of company's business and operations, there are no other reportable segments in accordance with Ind AS 108 'Operating segments' and hence, there are no additional disclosures required.

(d) Foreign Currency Transactions and Translations

Transactions in foreign currencies are initially recorded by the company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(e) Financial instruments - initial recognition, subsequent measurement and impairment

A financial instrument is any contract that gives use to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Financial assets are measured at amortised cost or fair value through other comprehensive income or fair value through profit or loss depending on its business model for managing those financial assets and the assets contractual cash flow characteristics.

Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes significant financial assets are tested on an individual basis, other financial assets are assessed collectively that share similar credit risk characteristics.

Derecognition of financial assets

A financial asset is derecognised only when the company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial Liabilities

At initial recognition, all financial liabilities other than fair valued through profit and loss are recognised initially at fair value less transaction costs that are attributable to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss is expensed in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date at fair value with all the changes recognized in the Statement of Profit and Loss.

Financial liabilities measured at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ('EIR') except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting year.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Subsequent recoveries of amounts previously written off are credited to other income.

(f) Trade and other payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(g) Cash Flow statements

Cash flows are reported using the Indirect Method, where by profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregate based on the available information.

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as security premium reserve.

(j) Revenue recognition**Sale of goods**

For sale of goods, revenue is recognised when control of the goods has transferred at a point in time i.e. when the goods have been dispatched to the location of customer. Following dispatch, the customer has full discretion over the responsibility, manner of distribution, price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are dispatched to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment is due within 30-90 days. The Company considers the effects of variable consideration, non-cash consideration, and consideration payable to the customer (if any).

Interest income

Interest income from financial instrument is recognised using the effective interest rate (EIR) method. EIR is the rate which exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset. When calculating the EIR the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions, call and similar options) but does not consider the expected credit losses.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably.

Variable consideration

If the consideration in a contract includes a variable amount, estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The company recognizes changes in the estimated amount of variable consideration in the period in which the change occurs. Some contracts for the sale of goods provide customers with volume rebates and pricing incentives, which give rise to variable consideration.

Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the company applies the most likely amount method for contracts with a single-volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Contract balances**Trade receivables**

A receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy (n).

Contract liabilities (which the company refer to as advance from customer)

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Cost to obtain a contract

The company pays sales commission to its selling agents for each contract that they obtain for the company. The company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included in 'commission on sales' under other expenses) because the amortization period of the asset that the company otherwise would have used is one year or less.

Costs to fulfil a contract i.e. freight, insurance and other selling expenses are recognized as an expense in the period in which related revenue is recognised.

Financing components

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

Also, refer Note 22 for other disclosures.

(k) Provisions, contingent liabilities and assets

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are disclosed where an inflow of an economic benefit is probable.

(l) Earning Per Share

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

(m) Taxation

Provision for tax consists of current tax and deferred tax. Current tax provision is computed for current income based on the tax liability after considering allowances and exemptions. Deferred tax assets and liabilities are computed on the basis of timing differences at the Balance Sheet date between the carrying amount of assets and liabilities and their respective tax basis. Deferred tax assets are recognized based on management estimates of available future taxable income and assessing its certainty.

(i) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

(ii) Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period.

Ind AS 12, "Income Taxes" requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12, has resulted in recognition of deferred tax on new temporary differences, which was not required under Indian GAAP, if applicable.

In addition, the various transitional adjustments lead to additional temporary differences. According to the accounting policies, the Company has to account for such differences. Tax impact on Deferred tax adjustments are recognized in reserves for opening balance sheet and statement of profit and loss in subsequent years.

(n) Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(o) Inventories (Raw material and stores, work in progress, traded and finished goods)

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the later being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average / first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(p) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The above cost of the assets includes the revaluation of assets carried out in the previous years' and the accumulated amount of revaluation forms part of the other equity in Shareholders' Funds with name of "Revaluation Reserve"

(ii) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term.

The useful lives have been determined as per those specified by Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are de-recognized in the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised Rs. 22.36 lacs during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment obligations

The group operates the following post-employment schemes:

- (a) defined benefit plan viz. gratuity; and
- (b) defined contribution plans such as provident fund.

(a) Defined benefit plan

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(b) Defined contribution plans

The group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Impact of Covid-19

The company believes that thus far, there is no significant impact of Covid-19 pandemic on the financial position and performance of the company. Further, the company is not expecting any significant change in estimates as of now as the company is running its business and operations as usual without any major disruptions.

(v) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

Note 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The company makes estimates and judgments that affect the reporting amounts of assets and liabilities within the next year. Estimates and judgments are continually evaluated and are based on historical experience and other factor, including expectations of future events that are believed to be reasonable under the circumstance.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimation of current tax expense and payable – **Note 21**

Estimation of defined benefit obligation – **Note 30**

Recognition of deferred tax liabilities – **Note 15**

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

Shakumbhri Pulp And Paper Mills Limited

(Amounts in INR Lakhs, unless otherwise stated)

3 Property, plant & equipment

| | Land | Buildings | Effluent treatment plant | Plant & machinery | Office furniture & equipment | Computer | Vehicles | Total | Capital work in progress |
|--|-------|-----------|--------------------------|-------------------|------------------------------|----------|----------|----------|--------------------------|
| Gross carrying value as of March 31, 2019 | 12.29 | 38.84 | 94.55 | 1,686.67 | 10.78 | 7.59 | 138.04 | 1,988.76 | 449.89 |
| Additions during the year | - | - | 2.20 | 730.29 | - | 2.67 | - | 735.16 | - |
| Deletions during the year | - | - | - | - | - | - | - | - | 449.89 |
| Gross carrying value as of March 31, 2020 | 12.29 | 38.84 | 96.75 | 2,416.96 | 10.78 | 10.26 | 138.04 | 2,723.92 | - |
| Accumulated Depreciation as of March 31, 2019 | - | 29.67 | 41.28 | 737.32 | 8.35 | 5.09 | 89.19 | 910.90 | - |
| Depreciation | - | 1.05 | 2.84 | 61.71 | 0.48 | 1.61 | 7.46 | 75.15 | - |
| Accumulated Depreciation on deletions | - | - | - | - | - | - | - | - | - |
| Accumulated Depreciation as of March 31, 2020 | - | 30.72 | 44.12 | 799.03 | 8.83 | 6.70 | 96.65 | 986.05 | - |
| Carrying value as of March 31, 2020 | 12.29 | 8.12 | 52.63 | 1,617.93 | 1.95 | 3.56 | 41.39 | 1,737.87 | - |
| Carrying value as of March 31, 2019 | 12.29 | 9.17 | 53.27 | 949.35 | 2.43 | 2.50 | 48.85 | 1,077.86 | 449.89 |

Note:

2 Term loans from UBI are secured by way of equitable mortgage of land & building and hypothecation of Plant & Machinery and personal guarantee by Directors of the Company.- Refer Note 13

SHAKUMBHRI PULP AND PAPER MILLS LIMITED

Shakumbhri Pulp And Paper Mills Limited

(Amounts in INR Lakhs, unless otherwise stated)

| 4 Non current financial assets | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Investment carried at fair value through profit or loss | | |
| Quoted | | |
| Equity shares of Union Bank of India | 0.06 | 0.19 |
| Unquoted | | |
| Equity shares of Gulshan Mercantile Urban Co-Operative Bank Ltd. | 0.63 | 0.63 |
| Others | | |
| Security deposits | 37.67 | 37.67 |
| Total | 38.36 | 38.49 |
| 5 Other non current assets (Unsecured, considered good unless otherwise stated) | | |
| Capital advance | 15.00 | 38.90 |
| Balances with Government authorities | 7.97 | 8.70 |
| Total | 22.97 | 47.60 |
| 6 Inventories | As at 31 March 2020 | As at 31 March 2019 |
| Raw materials | 346.43 | 242.81 |
| Work-in-process | 7.39 | 8.01 |
| Finished goods | 66.45 | 115.80 |
| Stores and spare parts | 104.00 | 80.00 |
| Others* | 250.50 | 35.11 |
| | 774.77 | 481.73 |
| *Others include Chemicals, Packing Material & Fuel | | |
| 7 Trade receivables | As at 31 March 2020 | As at 31 March 2019 |
| Unsecured | | |
| Considered good | 1,056.74 | 1,009.54 |
| Considered doubtful | 3.46 | 3.46 |
| | 1,060.20 | 1,013.00 |
| Less: Provision for doubtful debts | - | - |
| Total | 1,060.20 | 1,013.00 |
| No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, director or a member. Trade receivables are non-interest bearing and are generally on terms of 30-90 days. | | |
| 8 Cash and cash equivalents | As at 31 March 2020 | As at 31 March 2019 |
| Cash in hand | 1.62 | 1.51 |
| Balance with bank | 16.04 | 0.37 |
| | 17.66 | 1.88 |
| 9 Bank balances other than cash and cash equivalents | As at 31 March 2020 | As at 31 March 2019 |
| Margin money deposited* | 0.96 | 7.96 |
| | 0.96 | 7.96 |
| * Margin money held with banks for F.Y. 2019-20 Rs. 0.80 lakhs against pollution and for F.Y. 2018-19 Rs. 0.80 lakhs against pollution and Rs. 7.00 lakhs for letter of credit (LC). | | |
| 10 Other current assets (Unsecured, considered good unless otherwise stated) | As at 31 March 2020 | As at 31 March 2019 |
| Advances to suppliers | 58.82 | 3.80 |
| Balances with Government authorities | - | 19.82 |
| Others | 6.39 | 5.43 |
| Total | 65.21 | 29.05 |

Shakumbhri Pulp And Paper Mills Limited
(Amounts in INR Lakhs, unless otherwise stated)

11 Share capital

Authorised share capital

Equity shares of INR 10 each

As at 31 March 2019

Increase during the year

As at 31 March 2020

| Number of shares (lakhs) | Amount |
|--------------------------------|---------------|
| 40.00 | 400.00 |
| - | - |
| 40.00 | 400.00 |

Issued share capital

Equity shares of INR 10 each issued, subscribed and fully paid up

As at 31 March 2019

Shares issued during the year

As at 31 March 2020

| Number of shares (lakhs) | Amount |
|--------------------------------|---------------|
| 38.55 | 385.50 |
| - | - |
| 38.55 | 385.50 |

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company will declare and pay dividends in Indian rupees.

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

No shares have been issued by the company for consideration other than cash, during the period of five years immediately preceding the reporting date.

11 B Details of shareholders holding more than 5% shares in the Company

| Name of the shareholder | As at 31 March 2020 | | As at 31 March 2019 | |
|-------------------------------------|---------------------|-----------|---------------------|-----------|
| | Number (lakhs) | % Holding | Number (lakhs) | % Holding |
| Equity shares of INR 10 each | | | | |
| Shri Arjun Kumar Agarwal | 2.49 | 6.46% | 2.49 | 6.46% |
| Shri Amit Bindal | 7.06 | 18.31% | 7.06 | 18.31% |
| Smt. Archana Agarwal | 1.97 | 5.11% | 1.97 | 5.11% |

As per records of the company, including its register of shareholders/members the above shareholding represents both legal and beneficial ownerships of shares.

12 Other equity

12.1 Security premium reserve

Opening balance

Addition/Reduction during the year

Closing balance

| As at 31 March 2020 | As at 31 March 2019 |
|------------------------|------------------------|
| 112.00 | 112.00 |
| - | - |
| 112.00 | 112.00 |

12.2 General reserve

Opening balance

Addition/Reduction during the year

Closing balance

| | |
|--------------|--------------|
| 39.01 | 39.01 |
| - | - |
| 39.01 | 39.01 |

12.3 Equity component of financial instruments

Opening balance

Addition/Reduction during the year

Closing balance

| | |
|--------------|--------------|
| 20.14 | 20.14 |
| - | - |
| 20.14 | 20.14 |

12.4 Retained earning

Statement of Profit & Loss

Opening balance

Profit for the year

Closing balance

| | |
|---------------|---------------|
| 345.95 | 261.57 |
| 27.89 | 84.38 |
| 373.84 | 345.95 |

Shakumbhri Pulp And Paper Mills Limited

(Amounts in INR Lakhs, unless otherwise stated)

| 13 Long term borrowings | As at 31 March 2020 | As at 31 March 2019 |
|------------------------------------|--------------------------------|--------------------------------|
| | <u> </u> | <u> </u> |
| (Secured) | | |
| Term loans from banks | 174.24 | 138.01 |
| Vehicle loans from banks | 23.74 | 27.99 |
| | (a) <u>197.98</u> | <u>166.00</u> |
| (Unsecured) | | |
| From directors and their relatives | 78.96 | 82.77 |
| | (b) <u>78.96</u> | <u>82.77</u> |
| Total long-term borrowings | (a+b) <u>276.94</u> | <u>248.77</u> |

Notes:

Details of terms of repayment and security provided in respect of the secured long-term borrowings:

Term Loan from Banks

Security:

Term loans from UBI are secured by way of equitable mortgage of land & building and hypothecation of plant & machinery and personal guarantee by Directors of the company. Following are the details of loans.

Other information:

From Union Bank of India (Original loan Amount 120.00 lacs)

At the rate of 10.40 % p.a. (Previous year 10.85% p.a.). Repayable in 48 Monthly installments of 2.50 lacs each starting from April 2016.

From Union Bank of India (Original loan Amount 249.60 lacs)

At the rate of 12.75 % p.a. (Previous year 13.35 % p.a.) Repayable in 60 Monthly installments of 4.16 lacs each starting from April 2019.

Vehicle Loan

From Union Bank of India (Original loan Amount 15.00 lacs)

At the rate of 10.95% p.a. (Previous year 10.95.% p.a.) Repayable in 60 Monthly installments of 0.26 lacs each from December 2012.

From Union Bank of India (Original loan Amount 13.00 lacs)

At the rate of 9.00% p.a. (Previous year 9.00% p.a.) Repayable in 60 Monthly installments of 0.27 lacs each from January 2019.

From Union Bank of India (Original loan Amount 6.00 lacs)

At the rate of 9.00% p.a. (Previous year 9.00% p.a.) Repayable in 60 Monthly installments of 0.125 lacs each from April 2019.

Security:

Vehicle Loan is secured by hypothecation of respective vehicles and guaranteed by Directors of the Company.

14 Provisions

| | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| | <u> </u> | <u> </u> |
| Provision for gratuity (Refer note 30) | 32.93 | 21.95 |
| Total | <u>32.93</u> | <u>21.95</u> |

Shakumbhri Pulp And Paper Mills Limited
(Amounts in INR Lakhs, unless otherwise stated)

15 Deferred tax liabilities (net)

| | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Deferred tax liabilities | | |
| Property, plant & equipment: Impact of differences between tax depreciation charged as per Financial Reporting | 189.03 | 156.60 |
| Compound financial instruments | 11.69 | 9.83 |
| | <u>200.72</u> | <u>166.43</u> |
| Deferred tax assets | | |
| Unabsorbed losses | 18.07 | 33.85 |
| Impact of gratuity expenditure charged to the statement of profit & loss in current year but allowed for tax purposes on payment basis | 11.09 | 6.43 |
| Disallowances under the Income Tax Act, 1961 | - | 0.23 |
| | <u>29.16</u> | <u>40.51</u> |
| MAT Credit Entitlement | | |
| MAT credit entitlement | 92.35 | 79.20 |
| | <u>92.35</u> | <u>79.20</u> |
| Total | <u>79.21</u> | <u>46.72</u> |

Income Tax

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss:

Profit or loss section

| | As at 31 March 2020 | As at 31 March 2019 |
|---|--------------------------------|--------------------------------|
| Current income tax: | | |
| Current income tax charge | 13.97 | 22.68 |
| Less: MAT credit entitlement | -13.15 | -22.21 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 47.17 | 19.99 |
| Income tax expense reported in the statement of profit or loss | <u>47.99</u> | <u>20.46</u> |

OCI section

Deferred tax related to items recognised in OCI during in the year:

| | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Net loss/(gain) on remeasurements of defined benefit plans | 1.53 | -0.37 |
| Income tax charged to OCI | <u>1.53</u> | <u>-0.37</u> |

| | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Accounting profit before tax | 80.24 | 103.87 |
| Non deductible income for tax purposes: | | |
| Taxable Profit | 80.24 | 103.87 |
| Add: 1/5 of Equity component of compound financial instruments | 4.03 | 4.03 |
| At India's statutory income tax rate of 15.60% (31 March 2019: 20.5868%) | 13.15 | 22.21 |
| Adjustments in respect of current income tax of earlier years | 0.82 | 0.47 |
| MAT credit entitlement | (13.15) | (22.21) |
| Deferred tax expenses reported in the statement of profit and loss* | 47.17 | 19.99 |
| At the effective income tax rate | <u>47.99</u> | <u>20.46</u> |
| Income tax expense reported in the statement of profit and loss | 13.15 | 22.21 |
| Deferred tax expenses reported in the statement of profit and loss | 47.17 | 19.99 |
| Current income tax of earlier years | 0.82 | 0.47 |
| Less: MAT credit entitlement | (13.15) | (22.21) |
| | <u>47.99</u> | <u>20.46</u> |

Shakumbhri Pulp And Paper Mills Limited
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16 Short term borrowings

| | As at 31 March 2020 | As at 31 March 2019 |
|---------------------------------|--------------------------------|--------------------------------|
| Secured | | |
| Working capital loan from bank* | 492.07 | 464.53 |
| Total | 492.07 | 464.53 |

*Working capital loan from union bank of india is secured by way stock of raw material, store & spares, work in process, finished goods, bills and book debts of the company and personal guarantee by directors of the company.

17 Trade payables

| | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Trade Payable | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,545.94 | 1,123.22 |
| Total | 1,545.94 | 1,123.22 |

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled on 90-day terms

18 Other current financial liabilities

| | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Current maturities of long term debt | 36.64 | 36.06 |
| Interest accrued and due on borrowings | 2.44 | 0.06 |
| Salaries & wages payable | 31.13 | 20.02 |
| Cheque payable | 172.73 | 168.89 |
| Other payable | 11.93 | 7.07 |
| Total | 254.87 | 232.10 |

Note:

Pursuant to Circular DOR No. BP.BC.47/21.04.048/2019-20 dated March 27, 2020 and Circular DOR No. BP.BC.63/21.04.048/2019-20 dated April 17, 2020, issued by Reserve Bank of India announcing certain regulatory major on account of COVID-19 disruptions for "Rescheduling of Payments", the bank has approved the requests to the company to extend the moratorium of three months on payment of installments and interest due on March 31, 2020 and further to extend the moratorium by another three months on payment of installments and interest due on May 31, 2020.

19 Other current liabilities

| | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Advance from customers | 27.53 | 85.19 |
| Statutory dues (including provident fund, esic,gst and tax deducted at source) | 71.73 | 19.30 |
| Total | 99.26 | 104.49 |

20 Provisions

| | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Provision for gratuity (Refer note 30) | 3.83 | 2.78 |
| Total | 3.83 | 2.78 |

21 Current tax liability (net)

| | As at 31 March 2020 | As at 31 March 2019 |
|--------------|--------------------------------|--------------------------------|
| Income tax | 2.46 | 0.30 |
| Total | 2.46 | 0.30 |

Shakumbhri Pulp And Paper Mills Limited
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22 Revenue from operations

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------|---|---|
| Sale of products | 5,766.48 | 5,859.61 |
| Revenue from operations | 5,766.48 | 5,859.61 |

A. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------------------------|---------------------------------|
| Trade receivables * | 1,060.20 | 1,013.00 |
| Contract liabilities | | |
| Advances from customers (Refer Note no 19) | 27.53 | 85.19 |

* Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

B. Reconciliation of revenue recognised with contract price:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---------------------------------|--|--|
| Revenue as per contracted price | 5,766.48 | 5,862.76 |
| Adjustments | | |
| Sales return | - | 3.13 |
| Discount | - | 0.02 |
| Revenue from operations | 5,766.48 | 5,859.61 |

C. The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at year end are, as follows:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------------------------|---------------------------------|
| Advances from customers (Refer Note no 19) | 27.53 | 85.19 |

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting period will be recognised as revenue during the next financial year.

23 Other income

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------|---|---|
| Interest income | | |
| - on fixed deposit with banks | 3.77 | 0.09 |
| Unclaimed balance written back | 3.42 | 30.92 |
| Other income | 0.41 | 0.12 |
| Total | 7.60 | 31.13 |

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24 Cost of raw material and components consumed

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|-------------------------------------|---|---|
| Cost of raw materials (Waste paper) | 3,242.41 | 3,448.40 |
| Other components consumed | | |
| Chemicals | 253.56 | 184.28 |
| Packing material | 84.84 | 92.39 |
| Stores & spares | 184.45 | 185.90 |
| Power & fuel | 1,255.28 | 1,347.78 |
| Repairs - plant & machinery | 34.17 | 32.60 |
| Total | 5,054.71 | 5,291.35 |

25 (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|------------------------|---|---|
| Opening stock | | |
| Finished goods | 115.80 | 60.95 |
| Stock in process | 8.01 | 7.58 |
| Scrap | 15.00 | 14.00 |
| Total (a) | 138.81 | 82.53 |
| Closing stock | | |
| Finished goods | 66.44 | 115.80 |
| Stock in process | 7.39 | 8.01 |
| Scrap | 16.00 | 15.00 |
| Total (b) | 89.83 | 138.81 |
| Total (a) - (b) | 48.98 | (56.28) |

26 Employee benefits expense

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Salaries, wages and bonus | 173.48 | 130.27 |
| Contribution to provident and other funds | 9.44 | 8.02 |
| Gratuity expense | 7.57 | 5.58 |
| Total | 190.49 | 143.87 |

27 Finance costs

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Interest expense on: | | |
| - term loans | 33.65 | 9.70 |
| - bank borrowings & others | 60.54 | 57.80 |
| Total | 94.19 | 67.50 |
| Less: Amount included in capital work in progress | 22.36 | 2.74 |
| | 71.83 | 64.76 |

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28 Other expenses

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Printing & stationery | 0.47 | 0.83 |
| Communication expenses | 6.34 | 1.31 |
| Travelling & conveyance | 7.18 | 8.05 |
| Insurance charges | 3.57 | 1.96 |
| Legal expenses | 0.35 | 0.49 |
| Professional charges | 3.00 | 1.49 |
| Bank charges | 4.23 | 4.57 |
| Rates & taxes | 4.69 | 2.41 |
| Security service charges | 7.10 | 6.88 |
| Loss on sale of property, plant & equipment | - | 1.77 |
| Loss on fair valuation of investment | 0.14 | - |
| Business promotion expenses | 0.79 | 6.38 |
| Rebate & discount | - | 0.10 |
| Freight outward & loading charges | 112.74 | 115.63 |
| Commission on sales | 74.24 | 96.32 |
| Payment to auditors | 1.00 | 1.00 |
| Vehicle running & maintenance | 12.18 | 15.18 |
| ETP running expenses | 12.16 | 10.48 |
| General expenses | 2.50 | 3.07 |
| Total | 252.68 | 277.92 |

Detail of Payment to Auditors

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------|---|---|
| As auditor: | | |
| Audit fee | 0.75 | 0.75 |
| Tax audit fee | 0.25 | 0.25 |
| Total | 1.00 | 1.00 |

29 Earnings per share (EPS)

The following reflects the profit and loss share data used for the basic and diluted EPS computations:

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|---|---|
| Net profit/(loss) for calculation of basic EPS | 32.25 | 83.41 |
| Weighted average number of equity shares for calculating basic EPS | 38.55 | 38.55 |
| Basic earnings/(loss) per share | 0.84 | 2.16 |
| Net profit/(loss) for calculation of diluted EPS | 32.25 | 83.41 |
| Weighted average number of equity shares for calculating diluted EPS | 38.55 | 38.55 |
| Diluted earnings/(loss) per share | 0.84 | 2.16 |
| | No. of shares | No. of shares |
| Weighted average number of equity shares in calculating basic EPS | 38.55 | 38.55 |
| Effect of dilution | - | - |
| Weighted average number of equity shares in calculating diluted EPS | 38.55 | 38.55 |

Shakumbhri Pulp And Paper Mills Limited

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30 Employee benefit obligations

a) Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company has recognised the following amounts in the Statement of Profit and Loss for the year: (Refer Note- 26)

| Particulars | 2019-20 | 2018-19 |
|--|----------------|----------------|
| Contribution to provident & other fund | 9.44 | 8.02 |
| Total | 9.44 | 8.02 |

b) Defined benefit plan

Gratuity is payable to eligible employees as per the company's policy and The Payment of Gratuity Act, 1972. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit (PUC) method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

Provision for leave benefits is made by the company on the basis of actuarial valuation using the Projected Unit Credit (PUC) method.

Liability with respect to the gratuity is determined based on an actuarial valuation done by an independent actuary at the year end and is charged to Statement of Profit and Loss.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the other comprehensive income as income or expense.

Other disclosures required under Indian Accounting Standards 19 "Employee benefits" are given below:

Statement of profit and Loss

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|---|---|
| Net employees benefit expense recognised in employee cost | | |
| Current service cost | 5.80 | 4.48 |
| Interest cost on benefit obligation | 1.77 | 1.47 |
| Net benefit expense recognised in profit & loss | 7.57 | 5.95 |

Balance sheet

| | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|--------------------------------|--------------------------------|
| Benefit asset/(liability) | | |
| Present value of unfunded obligation | (36.75) | (24.74) |
| Fair value of plan assets | - | - |
| Net liability | (36.75) | (24.74) |

Changes in the present value of the defined benefit obligation

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| Opening defined benefit obligation | 24.74 | 20.12 |
| Current service cost | 5.80 | 4.48 |
| Interest cost | 1.77 | 1.47 |
| Past service cost | (1.44) | - |
| Benefit paid | - | - |
| Actuarial (gains)/ losses on obligation | 5.89 | (1.34) |
| Closing defined benefit obligation | 36.75 | 24.74 |

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Closing defined benefit obligation

Since the entire amount of plan obligation is unfunded therefore changes in fair value of plan assets, categories of plan assets as a percentage of the fair value of total plan assets and company's expected contribution to the plan assets for the next year as not given.

The principal assumptions used in determining gratuity obligation

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---------------------------|---|---|
| Discount rate | 6.60% | 7.60% |
| Salary escalation | 8.00% | 8.00% |
| Rate of employee turnover | 2.00% | 2.00% |
| Retirement age | 60 Years | |
| Mortality table | 100% of IALM (2012-2014) | |
| Average withdrawal rate | Withdrawl Rate | Withdrawl Rate |
| a) Upto 25 years | 5.00% | 5.00% |
| b) From 26 to 35 years | 3.00% | 3.00% |
| b) From 36 to 45 years | 2.00% | 2.00% |
| c) Above 45 years | 1.00% | 1.00% |

The estimates of future salary considered in actuarial valuation take account of inflation, total amount of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company regularly assesses these assumptions with the projected long-term plans and prevalent industry standards. The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefit obligation is given in the table below.

| Particulars | Change in assumptions | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|------------------------------|---|---|
| Defined benefit obligation based on current assumptions | | 36.75 | 24.74 |
| Discount rate | +0.50% | 1.67 | 2.57 |
| | -0.50% | (1.82) | 0.21 |
| Salary escalation | +0.50% | (1.33) | 0.56 |
| | -0.50% | 1.24 | 2.34 |
| Employee Turnover | +1% | - | - |
| | -1% | - | - |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of resonable changes in key assumptions occurring at the end of the reporting period.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Shakumbhri Pulp And Paper Mills Limited

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Projected plan cash flows:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date

| <u>Maturity Profile</u> | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------|---|---|
| Within next 12 months | 3.83 | 1.34 |
| Between 2 and 5 years | 10.38 | 8.42 |
| Between 5 and 10 years | 16.99 | 9.66 |

Risk analysis

The company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefit plans and management estimation of the impact of these risks are as follows :

Inflation risk

Currently the company has not funded the defined benefit plans. Therefore, the company, will have to bear the entire increases in liability on account of inflation.

Longevity risk/life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increases in the salary of the plan participant will increase the plan liability.

31 Financial instruments-fair values and accounting classification

Set out below, are the fair values of the financial instruments of the Company, including their accounting classification;

| Financial assets | As at 31 March 2020 | | As at 31 March 2019 | |
|--|----------------------------|--------------|----------------------------|--------------|
| | Amortised | FVTPL | Amortised | FVTPL |
| | Cost | | Cost | |
| Trade receivables | 1,060.20 | - | 1,013.00 | - |
| Cash and cash equivalents | 17.66 | - | 1.88 | - |
| Bank Balance other than cash & cash equivalent | 0.96 | - | 7.96 | - |
| Total | 1,078.82 | - | 1,022.84 | - |
| | | | | |
| Financial liabilities | | | | |
| Term loans (Secured) | 174.24 | - | 138.01 | - |
| Vehicle loans (Secured) | 23.74 | - | 27.99 | - |
| Loans from directors & relative (Unsecured) | 78.96 | - | 82.77 | - |
| Short-term borrowings | 492.07 | - | 464.53 | - |
| Trade payables | 1,545.94 | - | 1,123.22 | - |
| Current maturities of long term debt | 36.64 | - | 36.06 | - |
| Interest accrued and due on borrowings | 2.44 | - | 0.06 | - |
| Salaries & wages payable | 31.13 | - | 20.02 | - |
| Cheque payable | 172.73 | - | 168.89 | - |
| Other payable | 11.93 | - | 7.07 | - |
| Total | 2,569.82 | - | 2,068.62 | - |

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Financial Instruments-Fair value hierarchy

The company categorizes financial assets and financial liabilities measured at fair value into one of three level depending on the ability to observe inputs employed in their measurement which are described as follows:

- i) Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- ii) Level 2 Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the financial asset or financial liabilities.
- iii) Level 3 Inputs are unobservable input for the assets or liability reflecting the significant modifications to observable related market data or company's assumptions about pricing by market participants.

The following table provides the fair value measurement hierarchy to the financial assets and financial liabilities of the Company :-

Quantitative disclosure fair value measurement hierarchy for assets/liabilites as at period end

| Particulars | Level of the Fair Value | As at 31 March 2020 | | As at 31 March 2019 | |
|---|-------------------------|---------------------|-----------------|---------------------|-----------------|
| | | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets not measured at fair value | | | | | |
| Measured at amortised cost | | | | | |
| Financial assets (current) | | | | | |
| Trade receivable | Level 3 | 1,060.20 | 1,060.20 | 1,013.00 | 1,013.00 |
| Cash and cash equivalents | Level 3 | 17.66 | 17.66 | 1.88 | 1.88 |
| Bank balance other than cash and cash equivalent | Level 3 | 0.96 | 0.96 | 7.96 | 7.96 |
| Total | | 1,078.82 | 1,078.82 | 1,022.84 | 1,022.84 |
| Financial liabilities not measured at fair value | | | | | |
| Measured at amortised cost | | | | | |
| Term loans (Secured) | Level 3 | 174.24 | 174.24 | 138.01 | 138.01 |
| Vehicle loans (Secured) | Level 3 | 23.74 | 23.74 | 27.99 | 27.99 |
| Loans from directors & relatives (Unsecured) | Level 3 | 78.96 | 78.96 | 82.77 | 82.77 |
| Total | | 276.94 | 276.94 | 248.77 | 248.77 |
| Short term borrowings | Level 3 | 492.07 | 492.07 | 464.53 | 464.53 |
| Trade payables | Level 3 | 1,545.94 | 1,545.94 | 1,123.22 | 1,123.22 |
| Financial liabilities (Current) Others | | | | | |
| Current maturities of long term debt | Level 3 | 36.64 | 36.64 | 36.06 | 36.06 |
| Interest accrued and due on borrowings | Level 3 | 2.44 | 2.44 | 0.06 | - |
| Salaries & wages payable | Level 3 | 31.13 | 31.13 | 20.02 | 20.02 |
| Cheque payable | Level 3 | 172.73 | 172.73 | 168.89 | 168.89 |
| Other payable | Level 3 | 11.93 | 11.93 | 7.07 | 7.07 |
| Total | | 254.87 | 254.87 | 232.10 | 232.04 |

Notes:

- i) Fair valuation of current financial liabilities is considered as approximate to respective carrying amount due to the short term maturities of their instrument.
- ii) Trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities have fair value that approximate to their carrying amounts due to their short-term nature.
- iii) There are no transfer between Level 1, Level 2, and Level 3 during the year ended 31 March 2020 and 31 March 2019.

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32 Financial Risk Management objectives and policies**Financial risk factors**

The company's activities expose it to a variety of financial risks; market risk (including currency risks, interest rate risks and price risk), credit risk and liquidity risk. This note presents information about the company's exposure to each of the said risks, the company's objectives, policies and processes for measuring risks and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of director has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and in the company's activities.

The company's exposure to the various types of risks associated to its activity and financial instruments is detailed below:

Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of a customer on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instrument that are subject to concentration of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instrument of the Company result in material concentration of credit risk.

Provision for expected credit losses

Recognition of provision of expected credit losses provision is done on the basis of:

| | |
|--------------------|---------------------------------|
| Trade receivables: | Lifetime expected credit losses |
| Other assets: | 12 months expected credit |

For the year ended 31 March 2020

| Particulars | Estimated gross carrying | Expected credit loss | expected credit losses | Carrying amount net of impairment provision |
|---------------------------|--------------------------|----------------------|------------------------|---|
| Trade Receivables | 1,060.20 | - | - | 1,060.20 |
| Cash and cash equivalents | 17.66 | - | - | 17.66 |

For the year ended 31 March 2019

| Particulars | Estimated gross carrying | Expected credit loss | expected credit losses | Carrying amount net of impairment provision |
|---------------------------|--------------------------|----------------------|------------------------|---|
| Trade receivables | 1,013.00 | - | - | 1,013.00 |
| Cash and cash equivalents | 1.88 | - | - | 1.88 |

Liquidity risk

Liquidity risk is the risk that the company will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of the company to manage liquidity is to ensure, as far as possible, that these will have sufficient liquidity to meet their respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to their reputation.

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The table below summarises the maturity profile of financial liabilities of company based on contractual undiscounted payments:

| For the year ended 31 March 2020 | On demand | Within 1 year | 1 to 5 years | > 5 years | Total |
|---|-----------|---------------|--------------|-----------|----------|
| Borrowings | | | | | |
| Term loans (Secured) | - | 52.42 | 153.44 | - | 205.86 |
| Vehicle loans (Secured) | - | 8.61 | 20.15 | - | 28.76 |
| Loans from director & relatives (Unsecured) | - | - | - | 78.96 | 78.96 |
| Short term borrowings | | | | | |
| Working capital loan from bank | - | 492.07 | - | - | 492.07 |
| Other financial liabilities | | | | | |
| Current maturities of long term borrowings ¹ | - | 36.64 | 173.59 | - | 210.23 |
| Interest accrued and due on borrowings | - | 2.44 | - | - | 2.44 |
| Trade payables | | | | | |
| Trade payables | - | 1,545.94 | - | - | 1,545.94 |

| For the year ended 31 March 2019 | On demand | Within 1 year | 1 to 5 years | > 5 years | Total |
|---|-----------|---------------|--------------|-----------|----------|
| Borrowings | | | | | |
| Term loans (Secured) | - | 30.00 | 138.01 | - | 168.01 |
| Vehicle loans (Secured) | - | 6.06 | 27.99 | - | 34.05 |
| Loans from directors & relatives (Unsecured) | - | - | - | 82.77 | 82.77 |
| Short term borrowings | | | | | |
| Working capital loan from bank | - | 464.53 | - | - | 464.53 |
| Other financial liabilities | | | | | |
| Current maturities of long term borrowings ¹ | - | 36.06 | 166.00 | - | 202.06 |
| Interest accrued and due on borrowings | - | 0.06 | - | - | 0.06 |
| Trade payables | | | | | |
| Trade payables | - | 1123.22 | - | - | 1,123.22 |

33 Market Risk

Market risk is the risk that the Company's assets and liabilities will be exposed to due to a change in market prices such as foreign exchange rates and interest rates that determine the valuation of these financial instruments. Financial instruments affected by market risk include receivables, payables, and loans and borrowings.

(a) Foreign currency risk exposure:

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| | USD | USD |
| Financial assets | | |
| Trade receivables | - | - |
| Net exposure to foreign currency risk (assets) | - | - |
| Financial liabilities | | |
| Trade payables | - | 0.17 |
| Net exposure to foreign currency risk (liability) | - | (0.17) |

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(b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

| | Impact on Profit after Tax | |
|--|----------------------------------|----------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| USD Sensitivity | | |
| INR/USD -Increase by 5% (31 March 2019-5%) | - | (0.01) |
| INR/USD -Decrease by 5% (31 March 2018-5%) | - | 0.01 |

(c) Interest rate risk exposure:

The exposure of the group's borrowing to interest rate changes at the end of the reporting period are as follows:

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---------------------------------|---------------------|---------------------|
| Variable rate borrowings | | |
| Term loan from banks | 174.24 | 138.01 |
| Vehicle loan from banks | 23.74 | 27.99 |
| Total | 197.98 | 166.00 |

(d) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

| Particular | Impact on profit after tax | |
|---|----------------------------------|----------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Interest rates – increase by 50 basis points* | 0.39 | 0.45 |
| Interest rates – decrease by 50 basis points* | (0.39) | (0.45) |
| Total | | |

* Holding all other variable constant

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

| | <u>As at 31 March 2020</u> | <u>As at 31 March 2019</u> |
|--|--------------------------------|--------------------------------|
| Bank guarantee | - | 7.80 |
| Commercial tax | 13.52 | 9.30 |
| Commitment | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 25.96 | 74.14 |

Shakumbhri Pulp And Paper Mills Limited

(Amounts in INR Lakhs, unless otherwise stated)

35 Details of dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2020 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the company.

- | | | |
|--|---|---|
| a. the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year; | - | - |
| b. the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |
| c. the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |
| d. the amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| e. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

36 Related Party Disclosure

Related Parties names and relationship

| Name of Party | Principal Place of Operation | Principal Activities | Relation |
|---------------------------|------------------------------|----------------------|--------------------------------------|
| Shri Ayush Agarwal | India | Investing | Key Management Personnel |
| Shri Chirag Garg | India | Investing | Key Management Personnel |
| Smt. Ayushi Gupta | India | Company Secretary | Key Management Personnel |
| Shri Sanjeev Singhal | India | Investing | Relative of Key Management Personnel |
| Shri Amit Agarwal | India | Investing | Relative of Key Management Personnel |
| Shri Arjun Agarwal | India | Investing | Relative of Key Management Personnel |
| Shri Girish Kumar Agarwal | India | Investing | Relative of Key Management Personnel |
| Smt. Alka Rani | India | Investing | Relative of Key Management Personnel |
| Shri Shikhar Agarwal | India | Investing | Relative of Key Management Personnel |
| Smt. Disha Agarwal | India | Investing | Relative of Key Management Personnel |
| Smt. Saraswati Devi | India | Investing | Relative of Key Management Personnel |
| Shri Anil Kumar | India | Investing | Relative of Key Management Personnel |
| Smt. Surbhi | India | Investing | Relative of Key Management Personnel |
| Shri Ashok Kumar | India | Investing | Relative of Key Management Personnel |

SHAKUMBHRI PULP AND PAPER MILLS LIMITED

Shakumbhri Pulp And Paper Mills Limited
(Amounts in INR Lakhs, unless otherwise stated)

Companies/firms controlled by directors/relatives

ACS Papers Pvt. Ltd., Delhi
ACS Papers Pvt. Ltd., Muzaffarnagar
Aviana Enterprises
Ginny Enterprises
Vas Enterprises Pvt. Ltd.

Related parties transaction and balance

| Name of the Related Parties and Relationship | Key Management personnel | | Companies controlled by Directors / Relatives | |
|--|--------------------------|---------------------|---|---------------------|
| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
| Salary | 25.64 | 8.64 | 46.70 | 28.47 |
| Unsecured loans repayment | 4.85 | 19.00 | 12.94 | 26.92 |
| Unsecured loans received | - | - | 8.50 | 12.50 |
| Interest paid | 4.20 | 4.33 | 9.82 | 9.39 |
| Sale | - | - | 491.11 | 437.56 |
| Purchase | - | - | 1,579.57 | 1,500.59 |
| Outstanding payable as on 31.03.2020 | | | | |
| Unsecured loans | 34.12 | 46.21 | 44.84 | 36.56 |
| Trade receivable | - | - | 55.15 | 169.88 |
| Trade payable | - | - | 364.57 | 188.05 |
| Salary | 3.02 | 0.62 | 10.80 | 3.80 |

37 Segment Reporting

In line with IND AS 108 - Operating Segments and on the basis of review of operations being done by the senior management, the operations of the Company fall under Manufacturing of Paper products, which is considered to be the only reportable segment by the management.

Details of Revenue from Single Customer more than 10%

There is no revenue from single customer which exceeds the 10% of the total revenue of the company for the FY 2019-20

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------------------|-------------------------------------|
| Non Current Assets | | |
| (Other than financial instruments; post employment benefits; deferred tax assets; and right arising under insurance contracts) | | |
| Within India | 22.97 | 47.60 |
| Outside India | - | - |

38 Capital management

(a) Risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the followings gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)
divided by

Total 'equity' (as shown in the balance sheet, including non-controlling interests)

Shakumbhri Pulp And Paper Mills Limited

(Amounts in INR Lakhs, unless otherwise stated)

The company's gearing ratio were as follows:

| Particular | As at 31 March 2020 | As at 31 March 2019 |
|---------------------------------|--------------------------------|--------------------------------|
| Net debt | 790.43 | 747.54 |
| Total equity | 930.49 | 902.60 |
| Net debt to equity ratio | 85% | 83% |

In order to achieve this overall objective, the company's capital management amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowing that define capital structure requirement. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

Impact of Covid-19

The company believes that thus far, there is no significant impact of Covid-19 pandemic on the financial position and performance of the company. Further, the company is not expecting any significant change in estimates as of now as the company is running its business and operations as usual without any major disruptions.

Balances of trade receivables, trade payable and advances as at 31st March, 2020 are subject to confirmation.

Previous year figures have been re-arranged and re-grouped wherever necessary.

Summary of significant accounting policies

1-2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Raj Sandhya & Co.
ICAI Firm Registration No.: 002011C
Chartered Accountants

For and on behalf of the Shakumbhri Pulp & Papers Mills Limited

Sd/-
Raj Kumar Sharma
Partner
Membership No.: 077650

Sd/-
Director
(Girish Kumar Agarwal)
DIN- 06457199

Sd/-
Director
(Ayush Agarwal)
DIN- 06441664

Place: Muzaffarnagar
Date: 31.07.2020
UDIN:20077650AAAACF4768

Sd/-
CFO
(Chirag Garg)
PAN : AJYPG1223A

Sd/-
Company Secretary
(Ayushi Gupta)
PAN : ASQPG9580K

SHAKUMBHRI PULP AND PAPER MILLS LIMITED

4.5 KM BHOPA ROAD MUZAFFARNAGAR
UTTAR PRADESH UP 251001 IN