

# ANNUAL REPORT 2020-21



**JK PAPER LTD.**

## Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Online Annual report  
[www.jkpaper.com](http://www.jkpaper.com)

# Corporate information

## Board of Directors

**Bharat Hari Singhania**

*Chairman*

**Harsh Pati Singhania**

*Vice Chairman & Managing Director*

**Arun Bharat Ram**

**Deepa Gopalan Wadhwa**

**Dhirendra Kumar**

**M.H. Dalmia**

**R.V. Kanoria**

**Sandip Somany**

**Shailendra Swarup**

**S.K. Roongta**

**Vinita Singhania**

**A.S. Mehta**

*President & Director*

## Offices

### Registered Office

P.O. Central Pulp Mills - 394 660

Fort Songadh

District Tapi (Gujarat)

### Administrative Office

Nehru House,

4, Bahadur Shah Zafar Marg

New Delhi - 110 002

## Bankers

State Bank of India

Axis Bank

IDBI Bank

Indusind Bank

ICICI Bank

## Plants

**JK Paper Mills (Unit JKPM)**

Jaykaypur - 765 017

Rayagada (Odisha)

**Central Pulp Mills (Unit CPM)**

P. O. Central Pulp Mills - 394 660

Fort Songadh

District Tapi (Gujarat)

## Company Website

[www.jkpaper.com](http://www.jkpaper.com)

## Auditors

**Lodha & Co.**

Chartered Accountants

## Company Secretary

**Deepak Gupta**



## Chairman's statement

**The global economy remains in uncharted waters even after more than a year into the COVID-19 pandemic. While green shoots of recovery are visible, these are restricted to the developed world, particularly the US and less so Europe. This is creating a dichotomy with the emerging economies, the global growth engine of the last two decades. A disproportionate distribution of fiscal stimulus and vaccination is enhancing the uncertainty.**

Given the limited space for fiscal policy support, the emerging economies, including India, are expected to undergo greater pain, a reality reflected also in the paper industry. While the global paper and paperboard market contracted by around 6% in 2020, India, the fastest growing paper market before the pandemic outbreak, was the worst hit. The market narrowed by almost 15%, led by a sharp demand contraction for printing & writing paper arising out of weaker demand from schools, colleges, offices and institutions that remained shut.

Given this background, your Company's performance can be considered satisfactory as it came in the backdrop of national and local lockdowns in the early part of the year. The economy improved appreciably in the second half of the year, reflected in a pick-up in demand for packaging board as

the pandemic accelerated online purchases due to social distancing restrictions. The emphasis on hygiene increased the demand for tissue paper. Going forward, we expect that growth will be driven by these and specialty paper segments induced by plastic substitution as the world replaces single-use plastic with eco-friendly paper-based alternatives.

Even as the pandemic made it difficult to train employees in the conventional physical format, the Company enhanced skills and knowledge through the online learning portal. Continuing its pledge to the 'green' initiative, the Company undertook initiatives across its manufacturing plants to moderate power costs and increase the use of renewable energy. The result is that we were felicitated with the Best Pollution Control Excellence Award. JK Paper remained committed to the interests of the marginalised community; its CSR footprint covered more than 400,000 direct beneficiaries across 578 villages as it focused on empowering the youth, women and farmers. I am pleased to communicate that efforts to improve irrigation facilities enabled farmers to practice multi-crop farming in lands that had earlier been rain-fed, resulting in a two to three-fold yield increase and equivalent growth in income. We formed 22 Farmer Producer Groups during the year and our farm livelihoods programme reached over 3,000 farming families. In partnership with 'Climate Reality Project' and 'One Tree Planted', your company planted 150,000 fruit trees to provide sustainable livelihoods to families affected by Cyclone Fani in Odisha.

Uncertainty prevails following the second pandemic wave that proved more devastating than the first. Even though a gradual unlocking has commenced, disruptions are expected to sustain for some time. One is unsure about the willingness of consumers to spend as they could be prone to precautionary savings. Besides, COVID-19 brought untimely misery to many, especially those who lost their family members, and in some cases their sole earning member. Your Company announced a comprehensive relief package called JK CARES (Covid Assistance, Relief & Support) for the bereaved families

comprising financial assistance and education support for the children.

However these are not enough, as to move the economy forward, end consumers need more safety nets to revive demand, as successfully seen in developed countries. Estimates show that without swift fiscal support, last year's severe collapse could have been three times worse.

India was projected to grow in double-digit percentage growth rates this year but the second pandemic wave has raised downside risks. Whether the recovery materialises soon will depend on the government's policy support, faster vaccination and return to normalcy.

Your Company remains committed to do its best to prevail over the ongoing challenges. With your continued support, we expect to soon return to growth.

Bharat Hari Singhania





## Vice-chairman & Managing Director's statement

**The Indian economy was poised for a double-digit expansion in 2021 after a tumultuous 2020. The devastating second wave turned that euphoria into paranoia; growth forecasts have since been scaled down. Estimates suggest that India would only just be able to recover lost ground, effectively losing two years of growth unlikely to be recovered.**

The COVID induced lockdown significantly affected the operations of India's paper manufacturing, of which a major part is clustered in only eight states and JK Paper has a presence in three - Gujarat, Odisha and Telangana. Despite initial disruptions, the Company's capacity utilization improved to 70-75% by end of the first half and by the end of the fiscal year, it was operating at over 100% capacity utilisation; much of this recovery was driven by exports, which almost doubled.

India's printing & writing segment contracted almost 20%, following a steep decline in the publishing and school note books segment, which accounts for almost 65% of the W&P market. Some of the loss was offset by a 4-5% growth in the packaging board segment. Overall volumes declined almost 15% over the previous year. The demand decline in the printing & writing segment led to weaker paper prices.

On the other hand, a lockdown in most countries resulted in a global supply chain disruption, resulting in abnormally high pulp and other commodity prices towards the end of the fiscal year under review. We offset some of this cost increase with price corrections in the last quarter of the year. The result is that our turnover, which had declined to ₹500 cr in the first quarter, increased to ₹980 crores by the fourth quarter.

During these severely testing times, your Company achieved the best performance in the paper industry. Team JK Paper demonstrated its passion to outperform. The Company's focus on cost austerity, especially in raw material sourcing from plantations within 200 km of its manufacturing facilities, enabled it to reduce input costs. We moderated our finance through better working capital management and reduction in interest rates. Optimized steam and water consumption resulted in significant cost savings. Digital transformation in key manufacturing processes helped reduce process variations, improve quality and moderate costs. The Packaging Board project at Unit CPM progressed well and the Company has made a provision for virtual commissioning and is likely to commence trial production in the second quarter of the current fiscal year. This bodes well as packaging board markets are likely to grow at more than 10% per annum for the next few years.

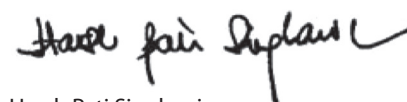
To maintain quality leadership, trials were conducted by the Company to upgrade existing product quality and introduce new products, which made it possible to participate in all market segments. The Company revamped its customer incentive programme called JK Super Sitare, re-launched as JK Super Sitare Premium League to make it more interesting for our customers. We conducted the second season of the Auther Awards, which strengthened our brand recall across the print, television and digital media.

In line with Atmanirbhar Bharat drive, we developed lower GSM Coated Paper, with the objective to reduce imports into India. The Company's farm forestry programme

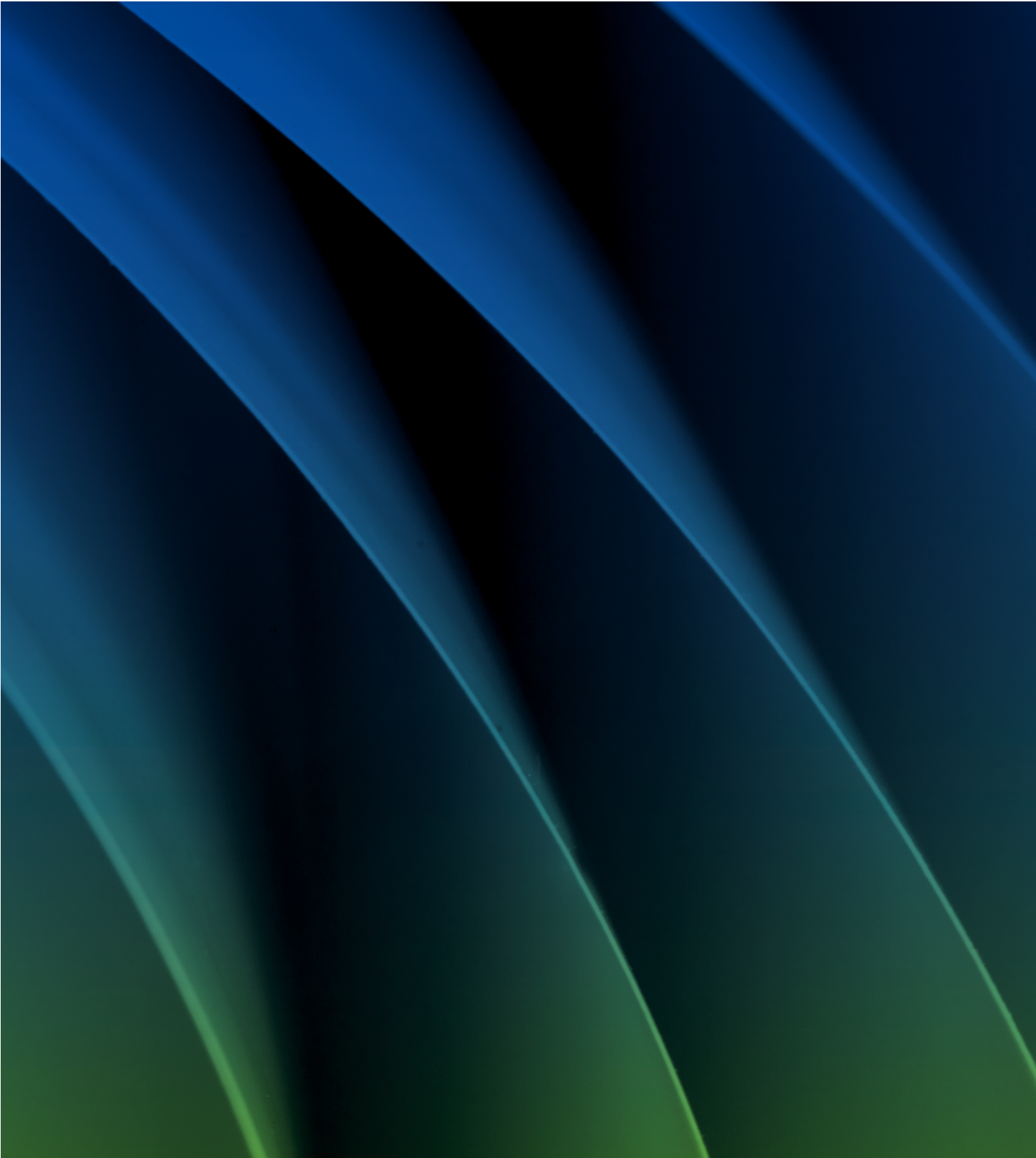
enhanced rural economic sustainability by providing over 65,000 farmers an assured income, while enhancing raw material supply predictability for the Company. The Company's state-of-art clonal production centres ensured the production of quality planting material round the year. As an extension of your Company's capacity to pioneer and embrace latest environment friendly technologies, the new pulp mill will not only be efficient, but also the quality of the pulp will be better. We are replacing the chlorine-based pulp mill with the Elemental Chlorine Free (ECF) process. Water saving schemes will reduce the consumption of water, steam and power per ton of paper. Our GHG emissions are consistently declining.

I am pleased that our collective resilience resulted in no job losses or pay cuts at any level. We ensured timely payments to our suppliers and distributors.

On account the strength of this eco-system, your Company is prepared to return to growth and overcome prevailing challenges.



Harsh Pati Singhania





# Resilience & Responsiveness

At JK Paper, we encountered one of the most challenging years in our existence in 2020-21.

The year was marked by demand destruction in the first half and a sharp demand shock in the second half.

The Company was required to protect its Balance Sheet in the first half and move with agility in the second half.

At JK Paper, we built our company around the capacity to remain among the most cost competitive paper companies during challenging market cycles and among the first to be off the blocks as soon as markets recovered.

The combination of resilience and responsiveness was validated during this challenging year.

# JK Paper Limited. Among the most respected paper companies in India.

Respected for cost leadership on the one hand and a value-added product mix on the other.

Respected for its scale of operations on the one hand and among the lowest sectoral carbon footprints on the other.

Respected for investment in cutting-edge technologies on the one hand and catalysing social forestry on the other.

Making the Company resilient during sectoral downtrends on the one hand and responsive to market recovery on the other.

## Group legacy

The JK Group has evolved as one of the major business conglomerates in India with an industrial and business legacy of over 100 years. The Group has demonstrated its dominating presence across the paper, automotive tyres, cement, and power transmission, V-belts, oil seals, hybrid seeds, dairy products, textiles, health care, education and clinical research sectors. JK Paper is an integral part of this prestigious JK Group. The Group commenced its journey in 1938 with an investment in the manufacture of straw board; the Company established its first paper manufacturing unit at JKPM, Odisha, in 1962.

## Leadership

The Company is led by Mr. Bharat Hari Singhania (Chairman) and Mr. Harsh Pati Singhania (Vice-Chairman and Managing Director) and headed by Mr. A.S. Mehta (President and Director) supported by a team of competent professionals.

## Ethical legacy

### Vision

To be a dynamic benchmark and leader in the Indian paper industry

### Mission

To be a world-class company, creating shareholder value by achieving growth and leadership through:

- JK brand equity
- Customer obsession
- Technological innovation
- Cost-competitiveness
- Environmental and social care

## Respect

JK Paper enjoys visibility, exposure and experience drawn from nearly six decades in India's paper sector; it is among India's largest wood-based paper companies and a leader in various operating segments like copier paper, writing & printing, packaging board and coated paper.



## Brands

The Company provides a range of prominent brands like JK Copier, JK Easy Copier, JK Sparke, JK Excel Bond, JK SS Maplitho (SHB), JK Cote, JK Ultima and JK Endure, among others.

## Products

The Company's extensive products range comprises Office Paper and Writing and Printing Paper to Packaging Board and Speciality Paper. The JK Paper brand name is respected for superior product attributes and timely customer service, translating into trust.

## Manufacturing competence

The Company's manufacturing facilities in three locations service the country's demand, moderate logistics cost, capitalise on locational advantages and address market needs with speed.

**The Company's three manufacturing facilities comprise the following:**

- JK Paper Mills in Rayagada, Odisha, with an installed capacity of 2,95,000 TPA
- Central Pulp Mills in Songadh, Gujarat, with an installed capacity of 1,60,000 TPA
- Sirpur Paper Mills in Kagaznagar, Telangana (owned through its subsidiary), with an installed capacity of 1,36,000 TPA

## Talent

JK Paper is among the largest employers in India's paper industry; the Company employed 2655 permanent employees as on 31st March 2021. The average employee age of 38.35 years represented a balance of experience and enthusiasm.

## Coverage

The Company's products are marketed within India and available in more than 60 countries (US, the UK, Sri Lanka, Bangladesh, Singapore, Malaysia and African and Middle East), marked by a respect for consistent quality a superior price-value proposition.

## Listing

The Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Market capitalization was ₹2539 crores as on 31st March, 2021.

## Certifications

The Company's compliance with strict quality management norms and environment norms is validated through ISO 9001 and ISO 14001 certifications. The ISO 45001 and FSC certification indicates the Company's health, safety and sustainable procurement capabilities.

## Awards & Recognition

8th Quality System Excellence Awards for Industry 2020 by FICCI

JK Paper Mills received the Energy Efficient Unit award at the 21st National Award for Excellence in Energy Management 2020 organized by CII

'Best Innovative Kaizen Award - Silver Trophy' in 39th CII National Kaizen Competition

# How we have evolved over the years

1938

Commenced the manufacture of straw board

1962

Launched the first fine paper machine at Unit JKPM (Odisha)

1992

Acquired the unit CPM (Gujarat)

2005

Inaugurated a coating plant at Unit JKPM (Odisha)





## 2007

Inaugurated a superior packaging board plant at unit CPM (Gujarat)

## 2013

Inaugurated a cutting-edge fibre line and paper manufacturing machine at unit JKPM (Odisha) of 165,000 tonnes per annum capacity

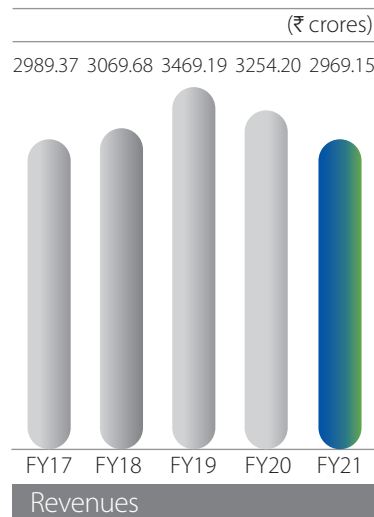
## 2018

Acquired Sirpur Paper Mills in Telangana with an installed capacity of 136,000 metric tonnes per annum

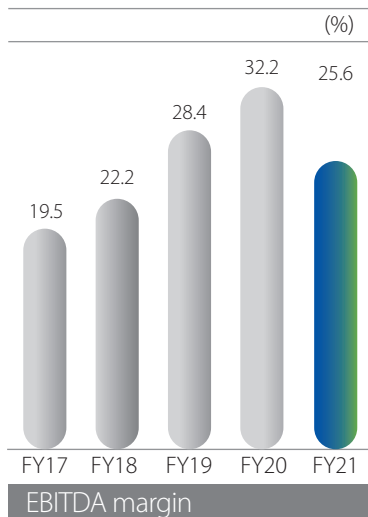
## 2019

Certified as a Great Place to Work and ranked amongst top 100 companies in India as a Great Place to Work

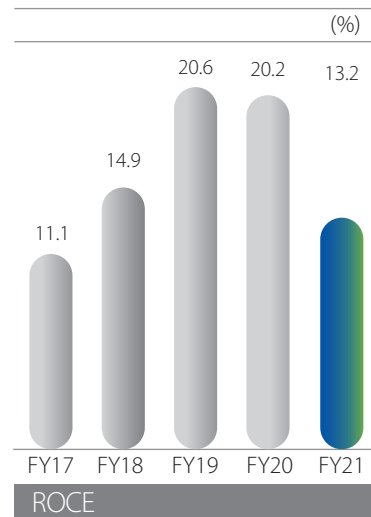
# How we have grown in the last few years



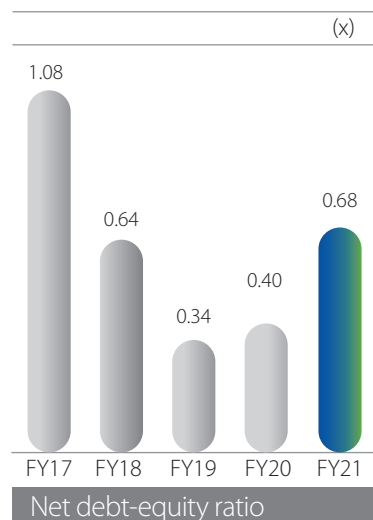
Aggregate sales have been relatively steady across the years on account of the Company's brand acceptance



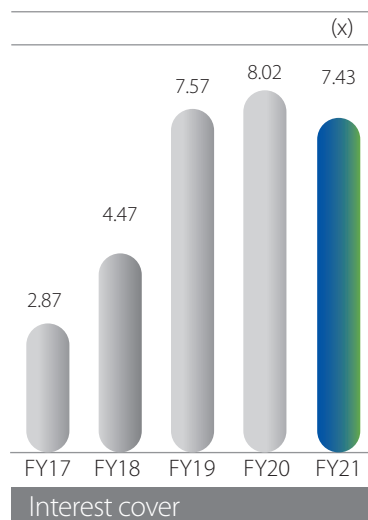
The Company registered EBITDA margin growth across the years (except for 2020-21), a reflection of higher production, superior product mix and enhanced efficiency



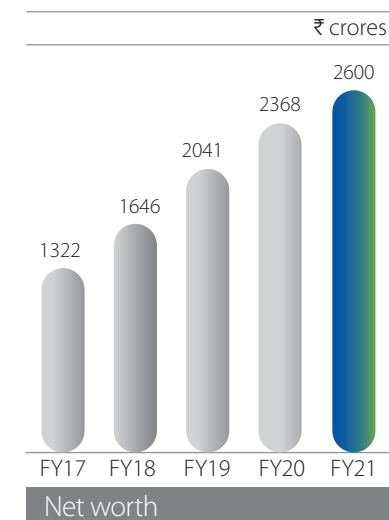
The Company invested in technologies, knowledge and value-added products, enhancing capital return (except in the last financial year on account of the pandemic)



The Company's gearing is well below 1.0 despite sizable investments made in the packaging board expansion



The Company's reduced debt and strong trade terms strengthened liquidity (except for 2020-21)



The Company's enhanced surplus translated into increased net worth every year in the last few years



# How we enhanced value in an integrated manner in 2020-21



## Overview

In a sensitised world, there is a premium on reporting how companies enhance value for all stakeholders.

The Integrated Reporting format covers diverse reporting strands (financial,

management commentary, governance, remuneration, social responsibility and sustainability reporting).

The result is a statement that indicates how an organisation enhances value for all stakeholders (shareholders, financial

institutions, employees, customers, suppliers, business partners, local communities, legislators, regulators and policy makers) in a sustainable manner.

## Our strategy

Strategic focus	Procurement relationships	Manufacturing excellence	Talent competence	Distribution breadth	Brand and customer experience	Environment commitment	Community engagement
Key facilitators	The Company focused on strengthening the quantum and quality of raw material sourcing.	The Company progressively invested in advanced equipment and research and development	The Company institutionalized the recruitment of competent talent	The Company widened its presence across the national land mass	The Company's brand is respected for superior quality	The Company invested in strengthening its environment integrity	The Company undertook community-supporting initiatives steps
	The Company encouraged social forestry in the hinterlands of its manufacturing presence	This enhanced the Company's ability to moderate process costs, enhance efficiencies and increase and product quality	The Company deepened training and other programmes to enhance people competencies	The Company's products are available wherever customers need them across urban and semi-urban India	The Company provides a one-stop solution comprising a range of products (writing & printing, coated, copier paper and packaging boards)	The Company made forward-looking investments in effluent and sewage treatment coupled with responsible environment practices	The Company's engagement extended to farmers, youth and women in the villages around its plants
	The Company procured 75% of wood resource from within a 200 km radius of its two manufacturing plants in 2020-21 from ~6500 farmers	The Company's manufacturing operations are marked by high asset utilisation, resulting in cost leadership	The Company reported an attrition of 4.71% against a higher industry average in 2020-21	The Company has engaged deeper with trade partners resulting in a quicker delivery of products	The Company strengthened its recall around on-time and in-full, strengthening the Company's respect as an any-time material provider	The Company has delivered among the lowest water and power consumption benchmarks in India's wood-based paper sector	The Company's engagements covered education, healthcare and rural infrastructural development.
	This moderated logistics costs, increased the availability of superior raw material and enhanced paper quality		The Company reported higher per person productivity in 2020-21	The Company's distribution network comprised 357 trade partners	The Company extended into direct retail marketing, strengthening its market presence and customer access		The Company incurred ₹10.35 crores on CSR activities in 2020-21
Material issues resolved	Predictable quantum and quality of resource availability, enhancing corporate stability	State-of the art technology resulting in superior operating efficiency	Better engagement with employees resulting in higher productivity	Deeper engagement with trade partners, making it possible to distribute products with speed	Enhanced customer assurance with the Company's brand evolving into a trust mark	Greater environment sustainability across the Company's operations, enhancing stakeholder confidence	Improvement in the livelihood of communities and increased prosperity.
Capitals affected	Financial, Manufacturing and Social	Manufacturing, Intellectual and Financial	Intellectual and Human	Intellectual, Manufacturing and Social	Intellectual, Manufacturing and Social	Social, Natural and Manufacturing	Social and Natural

## Defined Capitals

### How we augment value

#### Financial capital

The financial resources that the Company requires are on the basis of funds it generates from investors, promoters, banks and financial institutions in the form of debt, net worth or accruals.

#### Manufacturing capital

The Company's assets, technologies and equipment form its Manufacturing capital. The logistics for the transfer of raw materials and finished products are an inherent part of its manufacturing capability

#### Human capital

The Company's management, employees and contractual workers constitute to be a part of its workforce.

#### Intellectual capital

The Company's concentration on optimising costs and operational efficiency, along with its archive of proprietary knowledge, constitute its intellectual resource

#### Natural capital

The Company procures raw materials in a manner that does not adversely affect the environment

#### Social capital

The Company's engagements with the communities and partners (vendors, suppliers and customers) catalyse role as a responsible corporate statesman.

### Value that we shared with in 2020-21

#### Investors

The Company enriched investors through dividends and capital appreciation

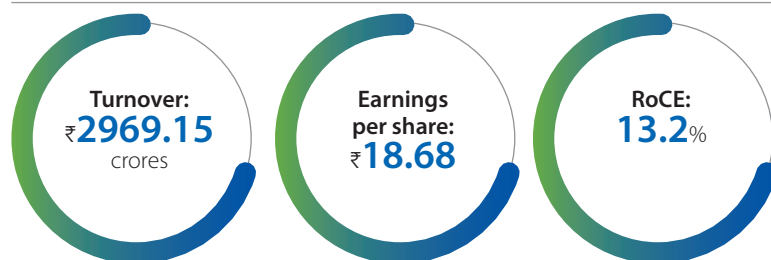
#### Farmers

The Company procured approximately ₹500 crores worth of wood from farmers



## Value that we created in 2020-21

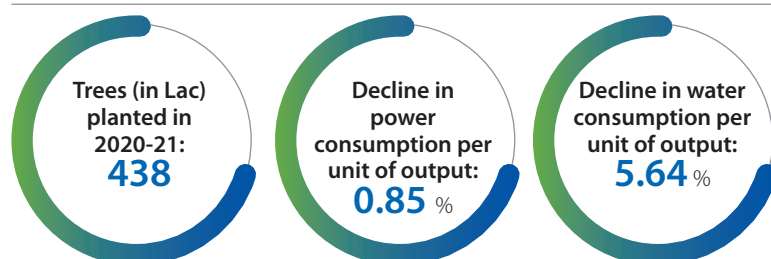
### Financial capital



### Human Capital



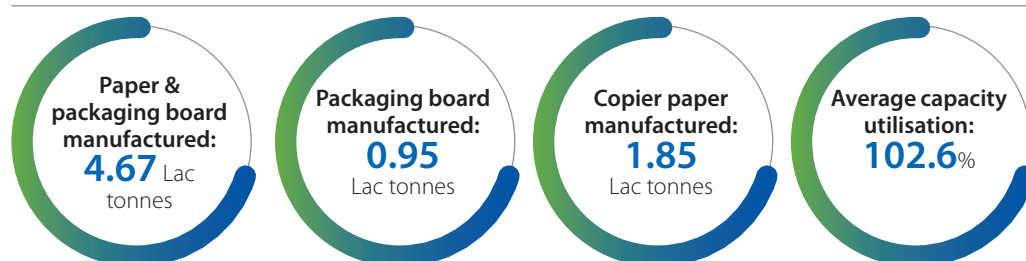
### Natural Capital



### Social and Relationship capital



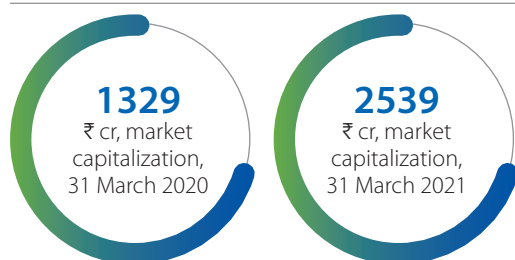
### Manufacturing capital





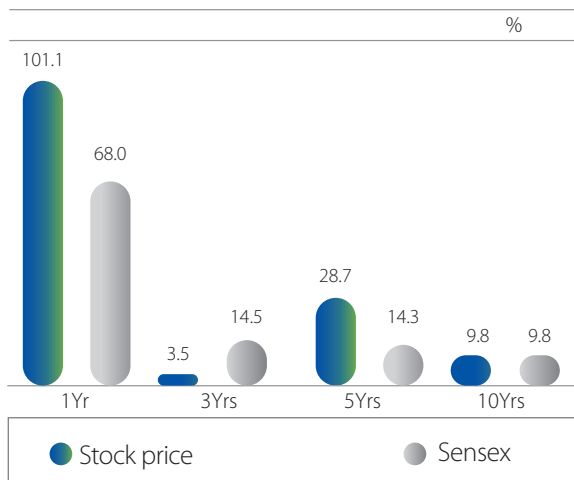


## Capital appreciation



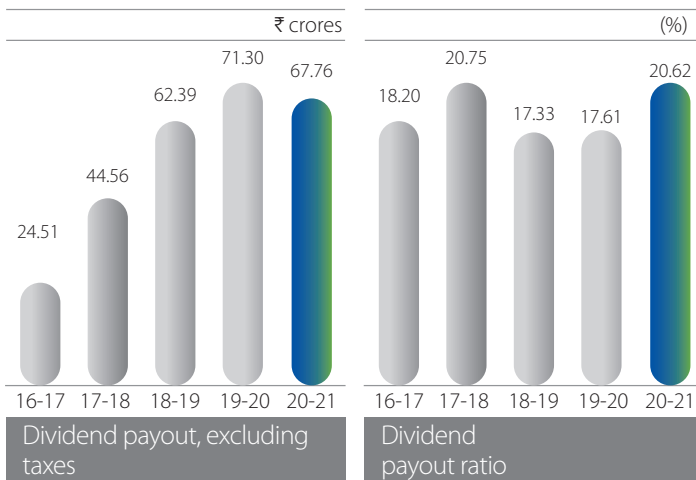
## Relative outperformance

How JK Paper's equity price (CAGR) performed vis-à-vis the BSE Sensitive Index



## Dividend payout

JK Paper has announced dividends for eight years out of the last ten years. The Company paid an aggregate ₹305.27 cr in dividend across the ten years ending 2020-21.



# How ESG is core to our existence at JK Paper



## Overview

At JK Paper, a commitment towards Environment-Social-Governance (ESG) has marked our business. This commitment is important considering that we manufacture a product that consumes water, natural resources, fossil fuels and electricity; any reduction in their consumption holds significant upsides for the earth and communities.

**Our environmental commitment** ensures that we consume environmentally

responsible resources, utilize an optimal quantum of finite fossil fuels, recycle waste, moderate our carbon footprint and build a resistance to climate change.

**Our social commitment** addresses a proactive investment in talent, relationships (customer and vendors) and social responsibility.

**Our governance commitment** indicates how we will do business, indicating strategic clarity, explaining conduct codes,

highlighting Board composition, indicating an alignment with UNGC principles and extensive de-risking, among others.

This holistic approach – environment, social and governance – makes it possible to extend corporate endurance, enhance resistance to economic downturns and generate sustainable long-term growth for the benefit of all stakeholders.





## Environment

A growing number of manufacturers are recognizing financial benefits arising out of environmentally sustainable practices. There is a growing priority for inclusive growth that considers the needs of the earth, community and larger stakeholder eco-system with a focus on moderating resource depletion, water scarcity, pollution and other impacts.

The result of these realities is a premium on truly sustainable manufacture. This comprises the manufacture of products

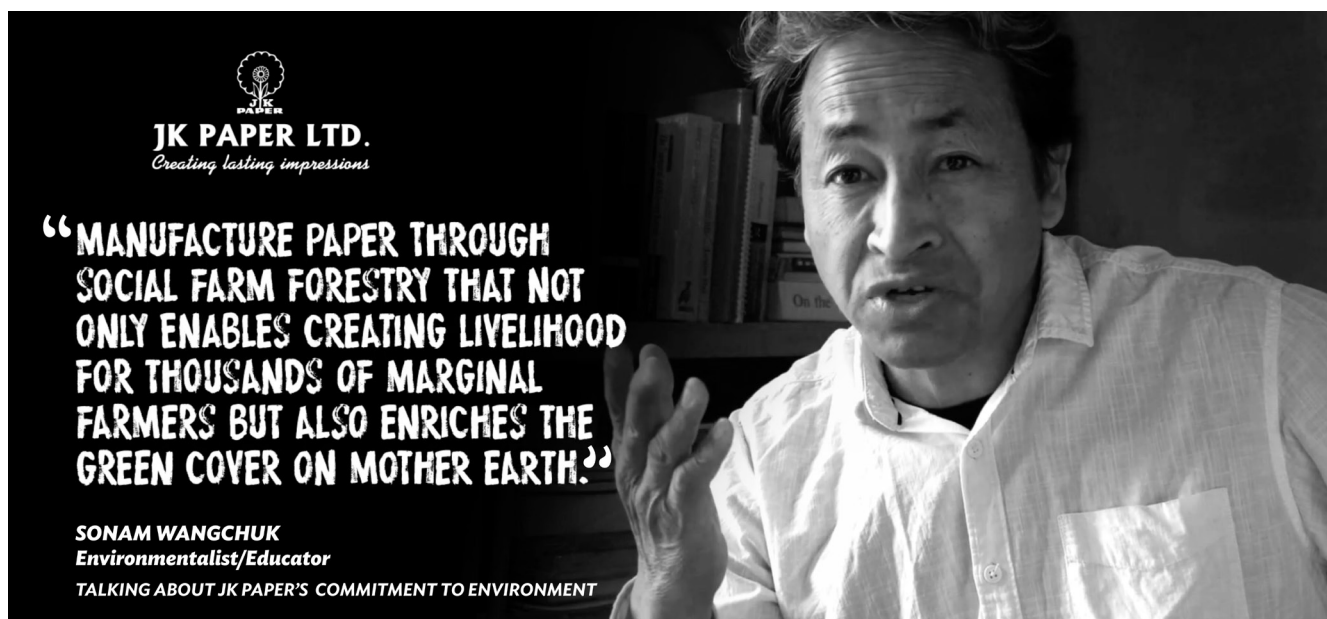
through economically sound processes that moderate the consumption of energy and natural resources, while reducing negative environmental impact, in addition to enhancing employee, community and product safety.

At JK Paper, we focus on manufacturing more from less, the basis of all environmental responsibility. This approach has been woven around the elements of Plan-Mitigate-Adapt-Resilience. There is a growing commitment to reduce energy intensity, moderate greenhouse

gas emission intensity and graduate to cleaner processes and fuels. The Company intends to achieve zero waste to landfill and moderate water consumption intensity.

The Company emphasises the alignment of its business with United Nations' 10 principles for manufacturing responsibility and environmental sustainability, covering Human Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

# How we prioritized environment conservation through operational responsibility



## Overview

The business of paper manufacturing is among the most environmentally sensitive, by the virtue of the business warranting the use of large quantities of wood, chemicals, power and water.

This reality makes it imperative to invest in technologies and knowledge to moderate the consumption of finite resources and carbon footprint. The result is that paper manufacturers are no longer appraised on the basis of their size, portfolio and revenues but also by the declining quantity of resources consumed per unit of the end product.

Over the years, JK Paper strengthened its

industry statesmanship through forward-looking investments in technologies directed to moderate the consumption of finite resources, increasing operating efficiency and reinforcing margins. The Company's Triple Bottomline Approach validates that 'green' business is good business.

JK Paper has been a pioneer in investing in cutting-edge environment-friendly technologies. Over the years, the Company moderated effluents and emissions and turned carbon-positive. The Company was the first in the Indian paper industry to receive the ISO 14001 Environment Management Certification in 1998,

'Greenest Paper Mill' Award of CSE in 1999 and among the two leading paper mills for getting the Three Leaves Award from CSE in 2004. The Company was also winner of the Best Pollution Control Excellence Award for implementing effective pollution control measures and adopting good environmental management practices in 2019 by Odisha Pollution Control Board. The Company has been certified for ISO 45001: 2018 (Occupational Health and Safety Management System). The Company achieved the prestigious Energy Management System and Energy Conservation Efficiency awards from CII, Hyderabad, in 2020.



## Strengths

**Respect:** The Company is respected for its extensive compliances with regulatory environment standards, showcasing a culture of credibility in the face of sustained scrutiny; besides, the Company's operating standards (water consumption parameters per tonne) are respected among the best in the sector

**Utilisation:** The Company progressively reduced the consumption of finite natural resources, resulting in a lower environment load and a lower cost of staying in business

**Positioning:** The Company is an environmentally responsible and sustainable organisation, it makes paper in a way which not only protects the environment but also creates livelihood for marginal farmers

**Integrated:** The Company manufactures pulp and paper (integrated), resulting in value-addition and superior operating efficiency

**Investment:** The Company invested in cutting-edge equipment and infrastructure to neutralise effluents and emissions, making its operations completely safe for workers, ecology and community

## Challenges and responses

### There was a requirement of increasing colour acceptability of treated effluents at Unit-JKPM

*The Company conducted a plant trials with different suppliers for the chemical treatment of effluents; for the last five months, chemical treatment standardization and the colour of treated effluents reduced significantly.*

### The Company faced issues regarding water conservation at Unit-CPM

The Company adopted various water

conservation measures, such as improved recycling from paper machines in the existing mill, enhanced use of paper machine effluents after treatment in the clarifier, recycling filtrate from the chlorine washer of the bleach plant for dilution of chlorinated pulp from the chlorine tower to the chlorine washer vat, installation of a multi plate settler at the board machine influent etc. to reduce specific water consumption per ton of product at the existing mill.

### The Company faced problems regarding old inefficient boilers that caused pollution at Unit-SPM

The Company replaced two 75 TPH legacy inefficient and pollutant boilers with one 130 TPH economical (saving of ₹350 per tonne of steam) and efficient boiler (85%), resulting in lower emissions (<30umg)

## Highlights, 2020-21

- The Company achieved a prestigious energy management system and energy conservation efficiency award from CII, Hyderabad
- The Company explored the possibility for incinerating the effluent treatment plant's

secondary sludge in the recovery boiler with black liquor (approved by Central Pollution Control Board)

- The Company obtained a 'No increase in Pollution Load Certificate' consent to enhance pulp production from 230,000

TPA to 250,000 TPA and increase in paper capacity from 320,000 TPA to 350,000 TPA from Odisha State Pollution Control Board

- The Company moderated water, steam, coal and power consumption per ton of paper produced at its unit JKPM

## Outlook, 2021-22

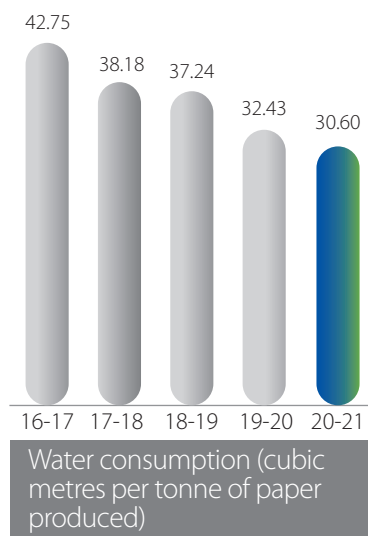
The Company plans to enhance treatment capabilities of coloured effluents for better reuse. It will seek to increase the utilization of treated effluents for irrigation.

## How JKPL strengthened its environment responsibility

### Moderated water intake

The Company reinforced its position among the most efficient water consuming paper companies in India

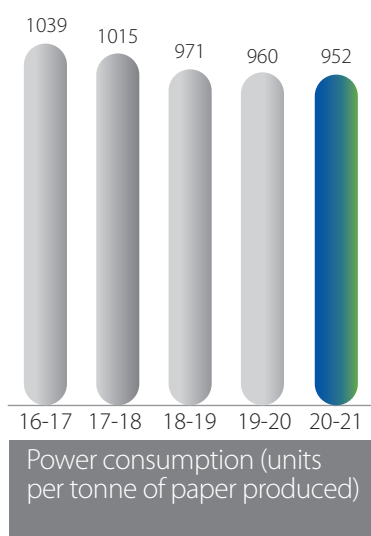
(cubic metres per tonne of paper produced)



### Optimum power intake

Over the years, the Company moderated its power consumption per unit of output

(in KWH per tonne of production)



The Company obtained a 'No increase in Pollution Load Certificate' consent to enhance pulp production from 230,000 TPA to 250,000 TPA and increase in paper capacity from 320,000 TPA to 350,000 TPA from Odisha State Pollution Control Board

## Social



**At JK Paper, business transformation and related competitiveness are derived from a passionate people ferment, touching a range of stakeholders.**

### Employees

At JK Paper, we invested in a culture of excellence, marked by job security, training, productivity, timely talent investments (recruitment, retention and training) and safety.

### Customers and vendors

The Company grew its stable eco-system of vendors (provided capital equipment and spares and primary customers (trade partners). The Company derived a large proportion of revenues from primary customers of ten years or more, strengthening operating stability.

### Community

The Company engaged with the community around its manufacturing locations, widening its circle of prosperity in line with United Nations' Sustainable Development Goals.

## Governance



**At JK Paper, our governance platform comprises a clarity on the manner in which we will grow our business. This enhances organizational predictability and stability; it indicates to stakeholders how we are likely to respond to situations.**

### Board of Directors

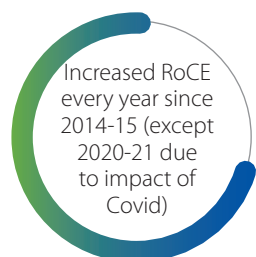
At JK Paper, our strategic direction is influenced by our Board of Directors, who comprise individuals of standing. They have enriched our multi-sectorial business

understanding and strategic direction. Our Board members possess a rich bandwidth of industrial and commercial experience; they engage with our executives to ascertain prevailing ground realities; they act as umpire, guide and consultant.

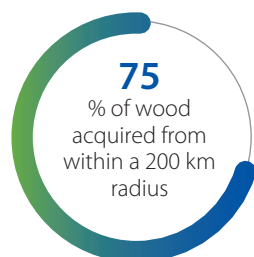
We provide an environment where our Directors can engage, debate and dissent, resulting in decisions that are compatible with our desired risk appetite and long-term direction.

# Our sustainability report card

## Comprehensive effect



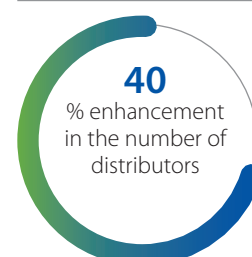
## Procurement economies



## Talent competence

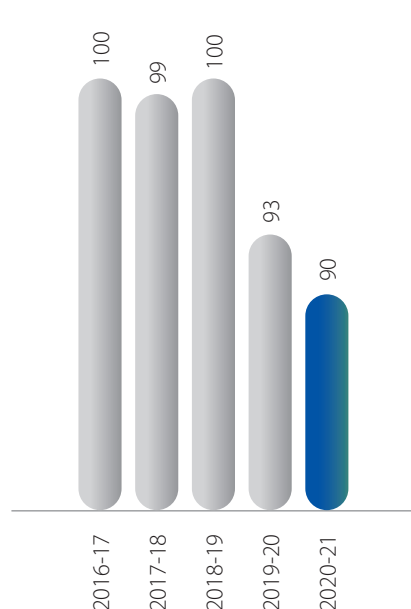


## Distribution network



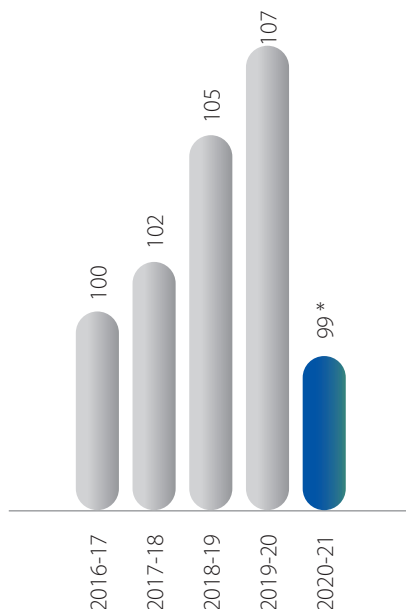
## Decline in manufacturing costs since 2016-17

### Index of manufacturing cost



## Asset Utilisation since 2016-17

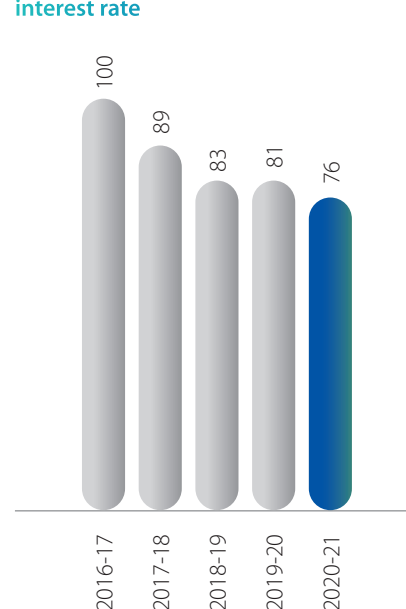
### Index of asset utilization



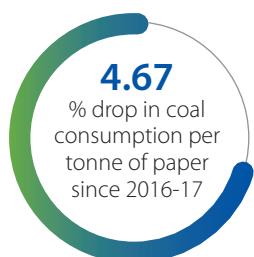
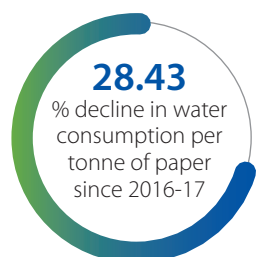
\* Reduction due to COVID-19 pandemic

## Decline in Average Interest Rate since 2016-17

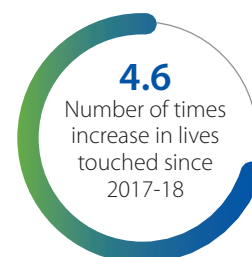
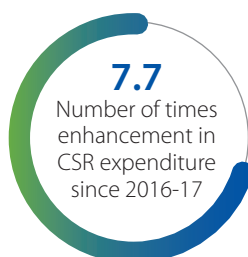
### Index of reduction in the average interest rate



## Environment integrity



## Community support





## Excellence driver

# How we protected our financial integrity in a volatile year



## Overview

One of the biggest resources employed in the manufacture of paper is financial. In a funds-intensive business, there is a premium on the need to be adequately liquid and profitable at all times.

Over the years, JK Paper has strengthened

its sustainability through an adequate access to low-priced and long-tenure debt coupled with accruals. Besides, the Company enhanced output, strengthened realisations, improved terms of trade and grew the business onward a declining capital intensity, strengthening overall viability.

During the year under review, the Company's single biggest achievement was its capacity to protect the Balance Sheet from impairment, not seek loan repayment deferment and graduate to a higher credit-rating, possibly the only such instance in India's paper industry.

## Challenges and mitigation

There was a pressure on debt repayment and interest servicing during the first quarter of the last financial year when sales and realisations were depressed.

*The Company did not avail of a moratorium or repayment deferment; it leveraged its existing cash flows and treasury strength to address external stakeholder needs*

There was a premium on capacity utilisation to protect the Balance Sheet from impairment especially during the sluggish first half of the last financial year.

*The Company continued to operate largely out of accruals with a low drawal against working capital sanctions.*

The business encountered a sharp appreciation in pulp prices.

*The Company was protected on account of*

*its integration, making it easier to absorb the increase in costs.*

There was a sharp increase in fuel and commodity prices from the third quarter onwards.

*The Company strengthened operating efficiencies to moderate the impact of the increase; a part of the increase needed to be absorbed.*

## Strengths

**Credit rating:** The Company maintained its long-term credit rating of AA-/Stable from CRISIL; India Ratings upgraded it from A+/Stable to AA-/Stable.

**Debt tenure:** The Company's average long-term debt repayment tenure (98 months as on 31 March 2021), provided adequate repayment comfort and a positive asset-liability mismatch between project payback and the repayment tenure.

**Economies of scale:** The Company's economies of scale enabled a considerably lower manufacturing cost per tonne, a competitive advantage in a capital-intensive sector. The Company engaged in prudent capital spending that moderated capital cost per tonne

**Gearing:** The Company's gearing at 40% as on 31 March 2021 provided adequate repayment and servicing comfort; besides, there was a room to borrow afresh at attractively low costs if the situation warranted

**The debt mix and low interest rate have led to a continuous decline in financial cost - a competitive hedge against cyclical market realities**

**Treasury gains:** The Company's cash and cash equivalent corpus of ₹534.66 cr as on 31st March 2021 made it possible to generate treasury returns that enhanced liquidity

**Working capital:** The Company reduced working capital load on its business through superior terms of trade; during the year, net working capital reduced to a negative ₹57 crores (from a positive ₹73 crores in the previous year), among the best in India's paper sector.

**Cost management:** The Company invested in numerous projects with a short payback; total costs (ex-interest and tax) declined as a percentage of revenues to among the lowest in India's wood-based paper sector

## Highlights, 2020-21

● The Company performed better than its peers during a difficult year for the economy and industry, validating its strengths (cost competitiveness, market standing and supply chain). Despite

challenges in the first half of the year under review, the Company's operations rebounded in the second half. Despite prevailing challenges, the Company maintained its long-term credit rating of AA-/Stable from CRISIL while India Ratings

upgraded it from A+/Stable to AA-/Stable.

● The Company progressed its 1.7 Lac TPA Packaging Board expansion at Unit CPM without serious cost or time overruns.

## Outlook

The impact of the second wave of COVID-19 on the Company's business appears less intense than the first. The outlook appears hazy and disruptions in the coming months are not ruled out. However, a superior export performance and certain end use segments in the packaging board business augurs well for the Company and prospects

for the expansion. If education institutions restart, there could be a significant positive impact on the writing & printing segment.

The Company reinforced its funding lines with two loans, marked by a repayment tenure of more than 98 months. Besides, the Company possessed 35% undrawn working capital as on 31 March 2021. The Company intends to moderate debt (mobilized to

fund the new packaging board unit).

The Company intends to ramp up manufacturing capacity at the expanded unit and generate accruals with the objective to moderate its net debt-EBITDA ratio from 2.52 to less than 1.0 in next 3 years.

## How the expansion of packaging board has improved our financial sustainability

**Expansion:** The extended packaging board unit at CPM is anticipated to start in FY22, the next growth round of the Company. The new pulp mill is likely to be more efficient than the prevailing standard; the quality of pulp is expected to be better

**Consolidation:** The Company is expected to strengthen its value owing to the integration of the packaging board and pulp mill

**Considerable dimensions:** The Company is likely to emerge as one of the largest packaging paper board companies in India following the proposed expansion by 1.7 Lac TPA

**Placement:** The extended packaging board unit is well placed to address increasing paperboard demand in Western India, marked by declining delivery turnaround time

**Competitive:** The project cost for

the expansion is likely to be less than that for a greenfield plant of similar capacity

**Financing:** The project is being financed by debt at an overall interest rate of about 8% per annum for twelve-year with a three-year moratorium, graduating the debt to quasi-equity status



# How we protected our talent in a pandemic year



## Overview

The business of paper manufacturing is marked by a convergence of knowledge across various specialised competencies – plantations management, manufacturing, health-safety-environment, sales cum marketing as well as finance, among various disciplines.

Over the years, the Company strengthened its talent capital through prudent recruitment, training, retention and career growth. The result is that the Company is respected for being among the most competent and knowledgeable in its business, reflected in the ability to generate consistent sectorial outperformance, sweat

more from its given manufacturing capacity and enhance realisations higher than the sectorial average.

The result is that JK Paper has emerged as the largest and most respected employer in India's paper industry.

## Challenges and mitigation

**The Company encountered the ongoing challenge of the engagement of professionals to be stationed in semi-urban and rural locations.**

*The Company increased employee head count through attractive remuneration, workplace learning and career growth.*

**There was a premium in enhancing worker morale during the pandemic.**

The Company enhanced operational safeguards that resulted in shopfloor safety and worker well-being. The Company deepened its communication across all levels, sending out a message of solidarity and unity.

**There was a fear of job loss and salary reduction during the first half of the year under review.**

The Company presented a humane face, marked by no forced attrition and no reduction in remuneration for direct employees and contract labourers. The result was that the Company's talent was protected, a decisive advantage when demand revived.

## Strengths

**Leadership:** The Company is respected as a stable, responsible and respected employer, the preferred employment choice in India's paper sector

**Responsible:** The Company invested in safety and responsible work practices that enhanced operational safety in and around its manufacturing premises

**Automation:** The Company invested in automation and digitalization with the objective to enhance process predictability and productivity

**Trust:** JK Paper is the only company in India's paper industry to figure within the top 25 in the Employee Trust Index.

**Balance:** Total permanent employees were 2655 as on 31 March 2021 with an average age of 38.35 years; retention was over 95% in 2020-21

**Technology:** The Company established cloud-based human resource information system, facilitating HR On-The-Go (anytime anywhere)

**Knowledge:** The Company established cross-functional learning through 'Kitabon ki aur' (Book Club), which facilitated learnings, including an online library

## Highlights, 2020-21

● The Company launched two e-induction modules for new hires

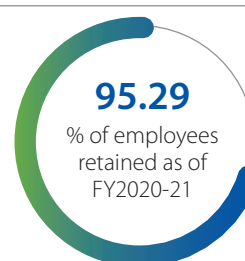
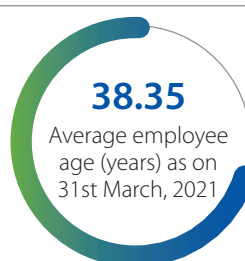
● The Company undertook initiatives related to health and wellness during the lockdown

● The Company launched JK Paper Leadership Talk Series in March 2021

## Outlook

The Company will seek to enhance people productivity, morale and output from the packaging board expansion through prudent people redeployment.

## Big numbers



## How we leveraged our Human Capital

### Preparing freshers for growth

JK Paper strengthened a structured training module for freshers, starting with group induction for management trainees, plant visits, detailed product understanding and familiarization with operational functions. Besides, the Company provides on-the-job training, following which they are evaluated by the functional head/unit head/ HR head and business head.

Employee category	Orientation	Exposure
Management trainee	45 days	JKO Group company visits; all plant processes / functions Assignment of a mentor
GETs/ETs	30-60 days	All plant process/ function Assignment of a mentor

### How we protected our talent from the COVID-19 pandemic

Based on the communication of the State government and district administration, an isolation facility was commissioned. A Quick Response Team was constituted that focused on the following:

- Periodic screening of employees and colony residents coupled with door-to-door health checks
- Community health checks camps in nearby villages
- Sanitization and disinfection of the factory premises, colony and areas
- Enhanced health and hygiene awareness
- Commissioning of an isolation and quarantine home comprising beds; distribution of food and medicines to the asymptomatic and facility occupants.
- Distribution of daily provisions, sanitary kits, sanitizing chemicals in nearby villages
- Support for the conversion of a portion of the ESI Hospital (Jaykaypur) into a 50+30 bed isolation ward (identified as COVID Care Centre, district Rayagada). The Sirpur unit tied up with Mancherial and Kagaznagar hospitals for treatment; it developed a 25-bed quarantine centre with basic arrangements.
- Organized antigen and RT-PCR test camps for employees and their family members in our school building
- Managed protocol, food supplies and medication for all post-COVID+ declaration cases within the premises until recovery
- The Sirpur unit carried out 650 RAT tests for employees and enlisted the services of an online doctor
- LPS Public School at Songadh converted into 50 bed Covid hospital
- The timely response to our activities was followed by vaccination in February 2021.



## Excellence driver

# How we sustained our manufacturing excellence in 2020-21



## Overview

The business of paper manufacturing is marked by capital-intensive investment. This makes it imperative for the manufacturing facility to be consistently operated at a high utilisation, generating superior operating efficiencies while protecting quality, environmental and other operating standards.

Over the years, JKPL established a respect for its capacity to deliver a high output, consistency in the production of a range of quality products, moderated costs and high process efficiency, the basis of its any-market competitiveness. The Company's manufacturing competence represents an industry benchmark.

As per an industry study, the Odisha paper manufacturing was rated among the five most competitive machines in Asia and possibly the most competitive for its capacity. Besides, the Company's operations are benchmarked with World Bank standards on environment norms, biodiversity, cumulative impact assessment and critical habitat standards, making the



Company one of the first few in India's paper industry to be similarly benchmarked.

Despite the pandemic impact, the Company reported an asset utilisation of 102.6% (ex-Sirpur Paper Mills) during the period under review (compared with 111.1% for the previous financial year). This

capacity utilisation was higher than the sectorial average, making it possible for the Company to capitalize on broadbased output and moderate the impact of the slowdown.

During the year under review, the Company was among the first in the sector to reach

rated capacity utilization, strengthening its ability to amortise fixed costs and offer customers products on-time and in-full. Besides, the integrated nature of operations made it possible for the Company to capitalise on the sharp improvement in pulp and paper prices from the second half of the financial year.



## Strengths

### JKPM, Odisha

- The plant is one of the largest in the sector in India; its plant accounted for 2.95 Lac of manufacturing capacity in 2020-21; the plant accounted for 65% of the Company's overall manufacturing capacity

- Despite the pandemic impact, the plant manufactured 2.91 Lac tonnes during the year under review, compared with 3.20 Lac tonnes in the previous year; the plant was invested with modern technologies (commissioned in 2013-14) resulting in the manufacture of superior copier paper

- The plant optimised the consumption of resources and consumables, strengthening competitiveness and retaining its position as the sectorial benchmark

### CPM, Gujarat

- The plant addressed the manufacturing of packaging boards and writing & printing paper.
- The plant is among one of the largest in the packaging board sector in India; its plant accounted for 1.60 Lac TPA of the Company's manufacturing capacity in 2020-21
- The plant manufactured 1.76 Lac tonnes during the year under review, compared with 1.86 Lac tonnes in the previous year

### Sirpur Paper

- The plant focused on the production of coloured paper around superior realisations
- The plant comprised four modern machines, producing paper ranging from 44 to 400 GSM.
- The plant is among one of the largest in the writing and printing segment in Central India; its plant (4 machines) accounted for 1.36 Lac TPA manufacturing capacity in 2020-21

## Highlights, 2020-21

### JKPM, Odisha

- The Company received consent to operate plant with enhanced capacity of 350,000 MT of Paper and 250,000 MT of Pulp
- The Company installed duo shakers in Paper machines 4 & 5 to improve quality parameters
- The Company installed a new automated winder for Paper machine 5 to reduce converting losses and improve the quality of wound rolls

### CPM, Gujarat

- The Company installed a multi-plate settler in the paperboard plant, which resulted in the reuse of treated water leading to a reduction in freshwater consumption along with fibre recovery.
- The Company installed three new refiners (two for hard wood pulp and one for soft wood pulp) to support increased draw requirements along with consistency in strength properties.
- The Company increased refiner tackle life up to 1200 hours as against 700 hours earlier.

### Sirpur Paper

- The Company commenced farm forestry plantation promotion activities in its mill catchment areas through advanced clonal technology.
- The Company installed a new power plant (130TPH AFBC boiler and 20 MW turbine), which helped achieve 100% power generation through captive sources and improve equipment reliability

## Outlook, 2021-22

### JKPM, Odisha

- The Company plans to install new automated refiners and centri-cleaners in Paper Machine 1
- The Company plans to undertake a digital transformation journey in key manufacturing processes to reduce process variations, improving quality and cost economy

### CPM, Gujarat

- The Company aspires to augment production capacities through the rollover of new pulping and other utilities along with the commissioning of the new board plant capacity addition.
- The Company will launch digital transformation journey drive to enable make processes more capable to deliver better, faster and cheaper to our customers

### Sirpur Paper

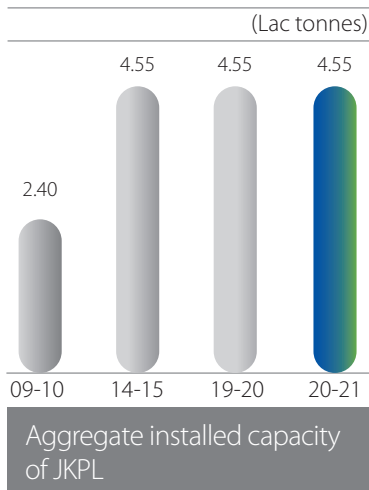
- The Company plans to replicate the successful farm forestry plantation model of JKPM and CPM for sustainable generation of quality raw material resources in the Sirpur catchment areas
- The Company plans to enhance capacity utilisation to 100% in the next fiscal year



# Manufacturing excellence at JKPL

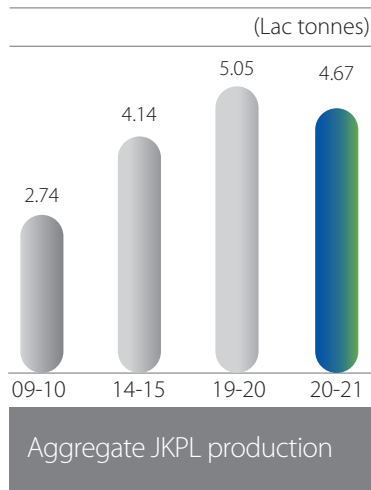
## Capacity enhancement

The Company is among the major players in the country's organised paper manufacturing sector



## Production

The Company has generally delivered production growth, strengthening its market presence and competitiveness



## Our Sirpur Paper operations

The Company is a near-100% step-down subsidiary held through another subsidiary; however, the Sirpur operation markets all its products through JK Paper.

Following extensive repairs and maintenance, capacity utilization gradually improved to around 70 % in the last quarter of 2020-21

The Sirpur unit delivered consistent production and quality during the year under review

The competitiveness of the unit will be strengthened following the commissioning of the power block

The operating economics will improve once the unit crosses 75 % capacity utilization during the current financial year



# How we optimized our wood procurement and strengthened competitiveness



## Our R&D activities

The Company invested in research to develop new tree clones with higher wood productivity, superior bleached

yield and a early maturity. The research has helped enhance farmer incomes on the one hand and increased access to superior wood on the other, strengthening competitiveness.





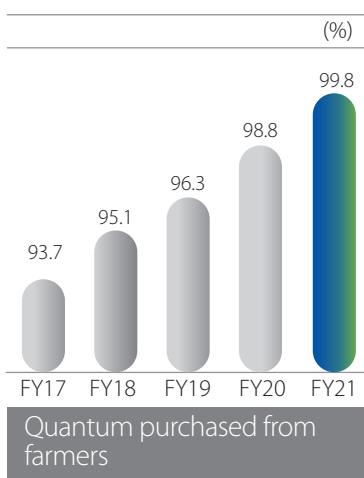
### Highlights of 2020-21

- The Company increased the procurement of wood from farmers from 93.7 % of its total procurement to 99.8 % in the last five years
- The Company's social forestry scheme benefited more than 65,000 farmers; the Company planted across 32,700 acres in 2020-21 (cumulatively more than 4.65 Lac acres)
- The Company increased clonal production and clonal plantation, gradually reducing seedling based plantation from 55% to less than 26% in six years.
- The Company's units were certified for FSC® COC/CW and FSC®FM

## How JKPL has benefited farmers

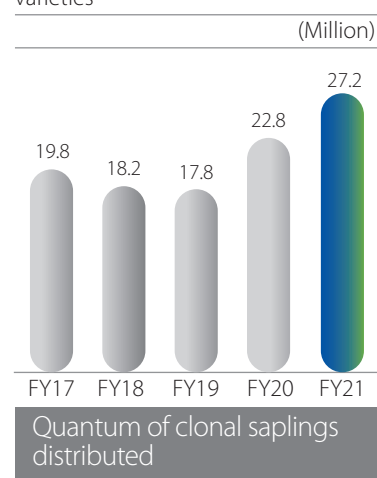
### Superior farmer incomes

The Company acquired a larger quantum from farmers, creating a basis for larger volumes



### Clonal saplings

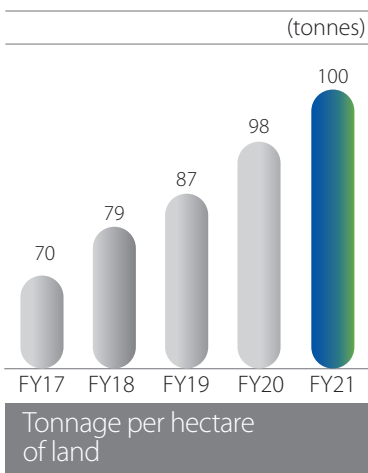
The Company established a clonal development centre and produced clonal saplings of high yielding eucalyptus casuarina & subabul varieties





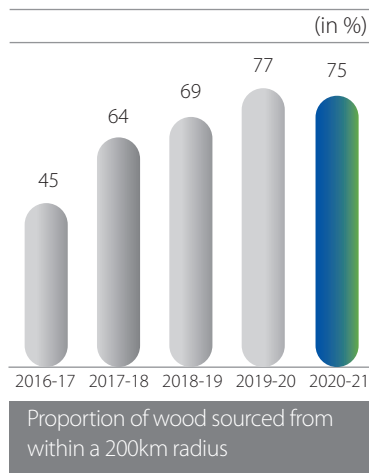
## Yield

The Company provided clonal saplings to farmers, increasing their yield per hectare of land holding

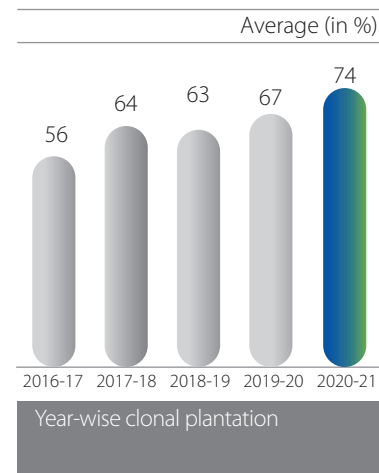


## Increased farmer proximity

The Company developed a growing plantation wood ecosystem within a 200km radius of its JKPM and CPM plants.



## Year-wise clonal plantation coverage



## Our FSC® certification

JKPL is certified for FSC® COC/ CW and FSC® FM Certificates, which indicates that the Company consumes wood from responsible forests and well-managed group plantations, which ensures that only legally harvested wood is used for the manufacture of paper and paper products.

The products from forests are managed responsibly to address

the social, economic and ecological needs of the present and future generations. The Company has already obtained the Forest Management, Chain of Custody Certificates and is in a position to manufacture FSC® COC Certified products viz; FSC® 100%, FSC® Mix in its writing, printing, copier, bond papers, coated and uncoated papers.

JKPL is committed to procure only

wood coming from known and legal sources on a sustainable basis. During 2020-21, the Company procured 100% raw material from all sustainable sources into two categories i.e. FSC® 100% wood from its 'Well Managed Group Plantations' and verified controlled wood through suppliers from Odisha, Andhra Pradesh, Chhattisgarh, Gujarat, Maharashtra and Madhya Pradesh.

# How we strengthened our marketing in a challenging year



## Overview

In the business of paper manufacturing, a range of products is produced in a centralised location that needs to be marketed pan-India (even overseas), putting a premium on the need to build a wide and deep distribution network.

Over several decades of the Company's existence, it addressed a number of urban and semi-urban demand clusters, making it possible to cater to the growing market needs with timely product supply.

The Company provides writing & printing paper along with packaging board; these varieties, with completely different downstream applications, helped broadbase revenues and address different ground realities, customers, downstream applications and sustainability .

In the writing and printing paper segment, the Company continued to manufacture a variety of brands addressing the needs of the retail markets, education and printing sectors; in the packaging board segment, the Company addressed the growing needs

of downstream sectors like FMCG, food, pharma and textiles, among others.

During the last few years, the Company extended from a complete dependence on trade partners to a consumer-facing presence, resulting in a closer interaction with actual users, ability to capture emerging trends and stronger distributor engagement.

## Challenges and responses

### **There was a threat of extensive discounting when the market environment weakened.**

*The Company resisted the decision to discount, leveraging the power of its brand, product quality and service.*

### **The Company's offtake was affected during the first half of the year under review.**

*The Company increased exports during this period, addressing product demand across 62 countries besides an increased share of the domestic market.*

### **The Company needed to counter the extensive demand and realisations destruction during the first half of the year under review.**

*The Company explored commercial non-educational applications with the objective to sustain product movement and protect realisations.*

### **The Company needed to address a decline in the offtake of packaging board during the lockdown.**

*The Company worked closely with customers; demand revived when the full lockdown was relaxed and reached pre-Covid levels. The diversified portfolio helped the Company cushion the impact of the pandemic.*

### **The Company needed to counter the erosion in realisations during the first half of the year.**

*The Company's broad-based portfolio made it possible to capitalize on improved offtake*

*and realisations of coated paper, office paper, writing & printing paper and packaging board (an attractive improvements following the first quarter of 2020-21).*

### **The Company was required to market additional volumes generated by the acquired Sirpur Paper Mills.**

*The Company worked closely with trade partners to increase throughput per distributor in addition to reaching end customers directly.*

### **The year was marked by volatile pulp prices resulting in increased landed prices during the second half of the financial year.**

*The Company leveraged the integrated nature of its operations (pulp and paper manufacture) to enhance competitiveness.*

## Highlights, FY2020-21

- The Company increased its market share from 8.5% to 12.5% for Maplitho and VAP during the year under review, a validation of its commitment to enhance output and leverage its distribution channels; the Company increased its share of the packaging board segment from 10% to 13%
- The Company widened its distribution network following the addition of 57 trade partners, taking the total to 357 trade partners (retailers, wholesalers and direct parties) and over 4000 dealers across India
- The Company leveraged its extensive distribution network to service the growing demand for packaging board; even though the packaging board plant operated at more than 100% capacity utilization, the Company successfully reduced its inventory down to 3.5 days of finished production, one of the lowest in years
- As an industry statesman, the Company sustained its brand positioning as an environmentally responsible paper manufacturer through the use of the digital media on occasions like Earth Day, Environment Day, International Forest Day etc.
- The Company enhanced brand visibility across downstream users through the second season of AutHer Awards (in collaboration with Times of India), an event directed to empower women authors and to inspire young women to write
- The Company stabilized cup stock grade in terms of quality at Sirpur Paper Mills



## Strengths

**Recall:** The Company leverages the rich legacy of the JK Group of more than a century, reflected in a brand recall of trust, customer-centricity and integrity.

**Leadership:** The Company enjoys the respect of a market leader, reflected in a superior paper quality on the one hand and superior realisations on the other. The Company is a market leader in the office paper segment and one of only two companies manufacturing coated paper in the country. The Company was the first in the paper industry to extend into retail, thereby reaching out to all major photocopy shops and stationery outlets.

**Breadth:** The Company's distribution footprint covers 28 States and 8 Union Territories; the strength of this coverage is reflected in the ability to distribute manufactured throughput without inventory accumulation or a pressure on realisations. The Company comprises one of the largest networks of >350 trade partners compared to an industry average of ~100 partners per paper company.

**Demand catalyst:** The Company's trade partners do more than just distribute products; they help seed new paper grades and create markets from scratch

**Range:** The Company enjoys the respect in the market for being able to provide one-stop solutions on account of a large range of writing and printing paper as well as packaging board, enhancing its wallet share of trade partners.

**Proposition:** The Company has strengthened its service proposition through the ability to provide the right paper products across the right grade, grammage, lustre and other technical requirements, graduating from being a manufacturer to the level of an active service provider.

**Exports:** The Company enjoys a global existence across 62 countries comprising quality-demanding markets like USA, Europe, Middle East, Asia and Africa

**Outsourcing:** The Company engaged in select product outsourcing, which helped leverage its brand on the one hand and generate asset-light revenues on the other, strengthening the Company's respect as a one-stop solutions provider.

**Retail:** The Company was the first within the paper sector in India to extend to proprietary retail, which helped widen its value chain, engage with customers and capture consumer insights.

**People:** The Company serviced the growing needs of its downstream trade partners through the engagement of technical sales professionals, making the act of marketing our products informed, technical and customised.

**Responsible:** The Company reinforced its credentials through a brand-enhancing FSC certification with regard to the responsible sourcing of raw material



Even as the Company reported a creditable rebound during the second half of the last financial year, the demand outlook appears dependent on the effectiveness with which India contains the second COVID-19 surge during the current financial year.

The Company intends to capitalise on the commencement of its packaging board plant 1,70,000 TPA at the CPM unit from the second half of the current financial year.

Besides, the Company intends to widen its product mix following the introduction of products like liquid packaging, cigarette board, anti-fungal board and aqueous boards.

From a long-term outlook, the Company is optimistic of India's per capita paper consumption potential, presently much

lower than the global average consumption average and where even a moderate improvement in consumption could translate into a substantial increase in national appetite.

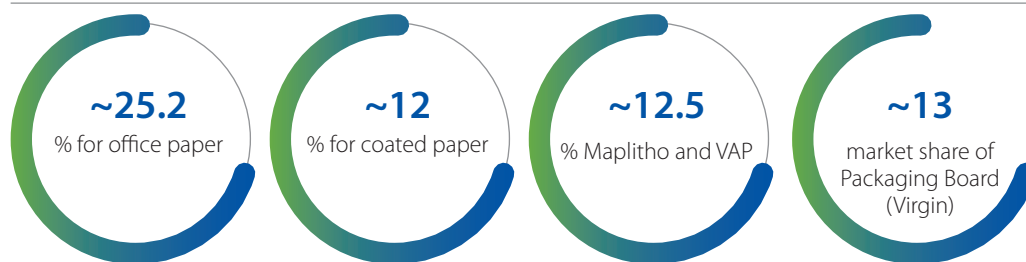
The Company's new packaging board capacity is likely to start production from the second half of the current financial year. The project is financially closed; the Company possesses additional credit lines to complete the project. During the second half of the financial year, the Company aggregated a large number of labourers on site and returned the project to its erstwhile schedule. The new pulp mill will operate around chlorine-free technology, generate superior pulp, deliver a better board quality and report a lower cost of production, strengthening competitiveness.

The increase in capacity will broadbase the Company's market risk and portfolio, strengthening its competitiveness across market cycles.

The outlook for the paper sector is optimistic in India on account of the intrinsic use of paper in education in India, based on which the market for writing & printing paper in India is expected to grow around 4% per annum, higher than the global average.

The market for packaging board is likely to grow at 9% to 10% annually in India compared to around 4% the world over. This growth is catalysed by personal consumption and the growing substitution of plastic products..

## Our market shares in India



## Big numbers



### Zonal proportion of volumes

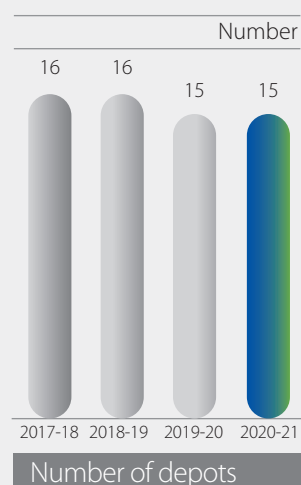
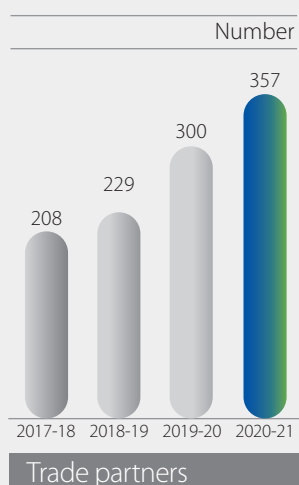
Parameter	East	West	South	North	Export
Zonal proportion of volumes	15%	32%	19%	20%	14%

### JKPL's social media footprint

**7.5%**

Average engagement rate for 2020-21 (%)

## How JKPL empowered distributors over the years





## How JK Paper enhances value for its primary customers



"What makes JK Paper different? During our hour of need, the JK Paper team helped prioritize orders, provided alternate supply options and extended payment terms. In 2019, when paper realisations increased, the Company took note of one of our clients (Gita Press, a religious charitable organization) and continued to supply at a subsidized price, validating its values over profits."

**Krishna Kumar Khemka,  
Sarthak Vanijya, Varanasi**

"We saw a caring face of the Company during the pandemic months of 2020. The Company provided some leeway in making payments; altered payment terms, encouraged us to be aggressive in pricing over competing mills and helped us stay in the game. Some years ago, when a customer was seeking a considerably lower price, the Company, on the basis of its market intelligence, asked us to not dilute the integrity of our realisation. Even without reducing our price, we got the order and my respect for JK Paper increased. It is not my principal; it is my partner!"



**Vinit Badruka,  
Badruka Exim, Hyderabad**



"JK Paper's diversified product portfolio – writing & printing paper as well as packaging board - has helped us grow. Whenever we feel we are at a saturation point in a particular product, we find that the product can be used in other segments as well. The result: if some of the products are not selling well, we can always move to other products. We started with a transaction volume of 50 tonnes, which has now reached 450 MT per month. The best part of the Company is *sunvaayi*: on one occasion, the Company delivered less than the 50 tonnes than was needed on account of technical issues; I escalated the issue and within two days, additional material had been dispatched."

**Mayur Mehta,  
Mehta Overseas, Ahmedabad**

"I have been associated with JK Paper for 17 years. During this period, the Bhopal market of JK Paper increased from 50-60 MT per month to 900 tonnes per month. What made it happen? One reason: the management was supportive. Take an instance: in 2003, we had an urgent requirement of coated paper and JK Paper pulled out all stops to provide us the material, which is how we got associated. The service of the Company has been outstanding: never delayed dispatching material. During the lockdown, I had an outstanding of a reasonable amount with the Company; the Company understood the situation and did not put any pressure on me to return the amount. Which is why we refer to the Company as 'family'."



**Arvind Goenka,  
Paper Traders, Bhopal**

# How we deepened our community engagement in 2020-21



## CSR at JK Paper: Inclusive and sustainable growth

### Overview

The global pandemic impacted the livelihood of millions, straining public and private health care infrastructure. The challenge for CSR at our company was to ensure minimal livelihood loss within our beneficiary groups, promote Covid appropriate behaviour and keep infections to a minimum. Frequent lockdowns and containment reduced education and

entrepreneurship opportunities for the youth.

Our company's focus on creating socially harmonious and economically viable communities was validated in these times. While retaining our focus on key beneficiary segments viz. women, farmers and youth; we increased our geographical coverage and overall number of beneficiaries.

Year	2017/18	2020/21	% Growth
Villages	240	600	150
Households	32000	52000	62.5
Population	137000	400000	191

This resulted in their availing enhanced institutional credit and grants from government and other development sector agencies.

We deepened our alignment with Sustainable Development Goals. In 2020-21, we addressed 13 Sustainable

Development Goals (SDG). The goal 8 remained our focus, emphasizing our commitment to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. We made significant gains in SDG 8.1, 8.3, 8.4, 8.5 & 8.6 relating to gains in per capita income,

promoting entrepreneurship, enhancing resource efficiency in agriculture and microenterprises. We helped increase the share of women and youth in productive employment and education.

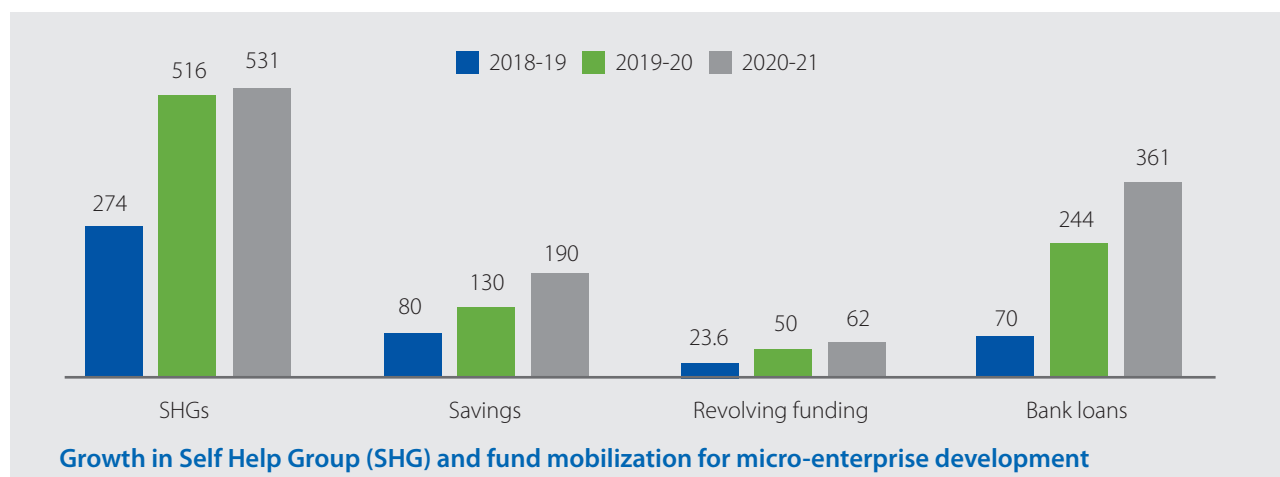


## Women's empowerment



Increasing women's contribution to the GDP is a focus area of our CSR initiative. This can be achieved only by empowering women, by mainstreaming their livelihood interventions, enhancing financial stability and enhancing the decision-making in households.

The graph below illustrates how women's empowerment has been achieved over the years.





### Highlights, 2020-21

- More than 5500 tribal women from 178 peripheral villages were mobilised to form 531 self-help groups (SHGs)
- More than 130 SHGs with 1350+ women were actively engaged in group economic activities.
- SHGs were empowered through training related to savings, credit, book keeping and supporting group economic activities
- SHG savings increased by 45% to ₹190 Lakh
- SHGs received revolving funds of ₹62 Lac through government linkages.
- SHGs accessed bank loans of ₹361 Lac (₹244 Lac in the previous financial year)
- 142 out of 189 tribal girls trained in sewing and tailoring started their own business, earning ₹500 to 6000 per month.
- Approximately 43% women were covered under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Jeevan Suraksha Yojana (PMJSY).
- Collective enterprises (broom collection, processing, binding and marketing; mushroom cultivation; siali leaf plate manufacturing; bamboo art and craft products; organic food processing and packaging; animal husbandry and tailoring) emerged as sustainable livelihood opportunities.
- Rural Mart, Rayagada, was established to support sales of SHG produce; since November 2020, it reported a turnover of ₹21 Lac and profit of ₹2.65 Lac.

## Sustainable farming



To increase awareness of scientific farming, JKPL engaged with government agencies, research agencies and farm sector experts. The farm-based livelihood interventions focused on 'more than doubling farmer incomes' helped farmers with better seed and agricultural practices, supported with perennial irrigation to ensure higher yield and round-the-year production.

	Farmer Clubs	FPO	Farmer Interest Groups
Groups	84	4	180
Farmers	6667	900	2767

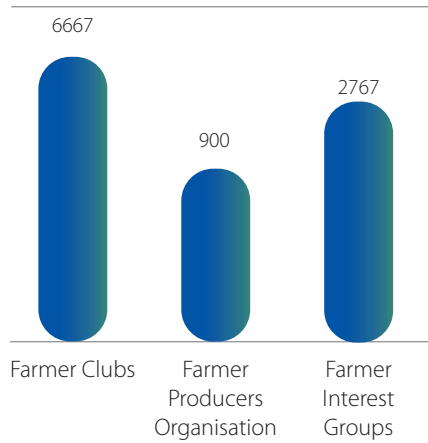
### Highlights, 2020-21

- The Company helped form four FPOs, 84 farmer clubs and 184 farmer interest groups, reaching out to more than 10,300 farmers across 168 villages (Odisha and Gujarat).
- Two new Farmer Resource Centres (FRC) were initiated, increasing the FRCs to seven. The FRCs provided a linkage with government schemes, organic seed cum technology supports to increase farmer income.
- 12 group-based solar irrigation facilities drew 7.2 Lac liter water per day, irrigating 300 acres (collectively by 450 farmers). This enabled farmers to practice multi crop farming across erstwhile rain-fed lands. Seed support was provided by JK Paper to enable the production of 150 tonnes of organic vegetables worth ₹45 Lakh. These farmers reported near-three-fold yield and income.
- More than 930 farmers received KVK Farmers' Training; 47 received exposure visits; 118 farmers received quality paddy seeds from KVK, Vyara; 134 received creeper vegetable seeds, trap and bio-fertilizer.
- Mushroom farming was initiated among 87 farmers
- About 8,500 saplings were planted on common land, schools, anganwadis, farm land etc. in collaboration with Social Farm

Forestry Department, Gujarat.

- Farmer schools were established in 20 villages from 11 gram panchayats of Tapi to improve agriculture practices, non-pesticide management, seasonwise crop planning and related training. About 1030 farmers adopted organic farming and non-pesticide management; they were provided kits, including demonstration of organic manure preparation.
- In Tapi, water resource development was initiated under our watershed project. Bore well recharging (using roof recharging) was installed in 22 government schools in 11 gram panchayats; 16 bori bandhs were constructed to benefit 95 farmers and irrigate 80 acres. The initiative helped repair dysfunctional check dams; a solar mini lift-irrigation unit was established to support more than 100 farmers and irrigate 19 acres.
- To prevent soil erosion, 35 acres were brought under soil erosion prevention through farm bunding, land leveling and nala plugging, engaging 38 farmers.
- 30 farmers and 7.5 acres were connected to drip and laser jet irrigation systems from the Songadh and Ucchhal talukas
- 716 farmers were registered under I-Khedut, 720 under Tribal Sub Plan (TSP) and 379 under Kisan Credit Card (KCC), facilitating subsidy mobilisation (₹38 Lac)

### Farmers

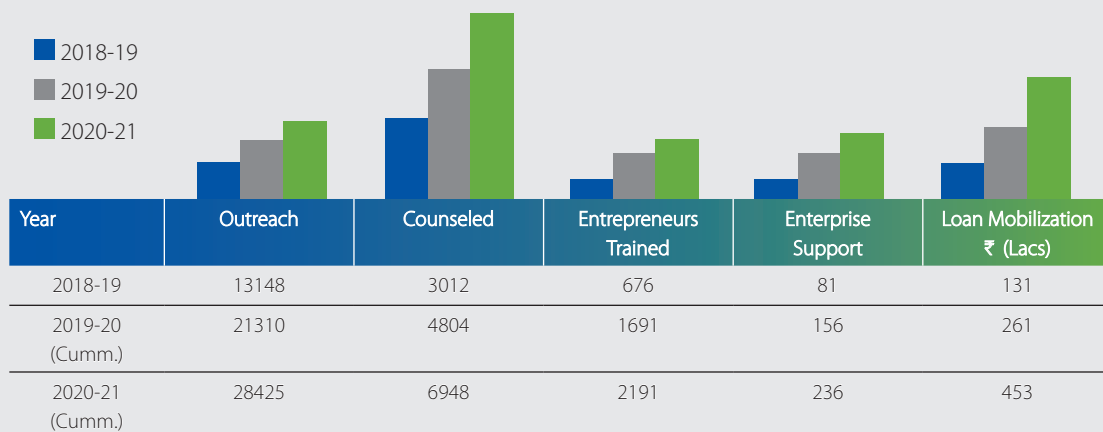


## Youth engagement



Approximately 66% of India's population is less than the age of 35 and the median age of the country is around 28. Against this backdrop, the Company focused on skill development (tailoring, driving, mobile repair shop and MSME initiatives), enhancing economic self-reliance and productivity.

### Cumulative overview of YEDP through Bharatiya Yuva Shakti Trust



### Highlights, 2020-21

- The Company, through its partner NGO Bharatiya Yuva Shakti Trust (BYST), reached out to 7115 youth under Youth Entrepreneurship Development Programme (YEDP).
- Provided counselling support to 2144 youths; 500 youth received

entrepreneurship training.

- Supported 80 youth enterprises through financing and mentoring. ₹453 Lac loan was mobilised for youth enterprises under this programme.
- Helped form 27 Youth Clubs and 27 Balika Mandals, with a total outreach across 928

boys and 659 girls across Odisha.

- Affiliated 85% Youth Clubs and Balika Mandals to Nehru Yuva Kendra Sangh (NYKS).
- Trained 698 individuals across 11 trades; supported skill development programmes and entrepreneurship initiatives in ITI,



Ukai (Tapi district of Gujarat)

- Organized E-career counselling for employment. Counseled 558 youth from 14 villages for placement-linked skill training programmes and enterprise

opportunities across Odisha.

- Placed 19 girls and one boy under PMKVY in Hyderabad and Vishakhapatnam
- Mobilized 25 tribal girls in the aspirational districts of Rayagada to form a Bamboo

Jewellery Producer Group, the first start-up by tribal girls. These girls received Artisan Status

- Engaged youth volunteers in community-led sanitation drives

## Community healthcare



JK Paper undertook initiatives to provide free medical checks, treatment and medicines. The Company improved healthcare access through dedicated platforms (Balika Mandals) to handhold adolescent girls in the subjects of personal hygiene, reproductive and sexual health. The healthcare initiatives included access to quality primary care services to underprivileged communities, conducting need-based health camps and providing consultation and medicines, among others. The Company ensured better maternal and child healthcare services; it provided mobile health care services for patients finding it difficult to travel.

### Highlights, 2020-21

- 114 medical camps and 5000+ patients were covered across 58 villages in Tapi; 318 patients were provided free medicines in three health camps in Rayagada
- 1872 patients were provided regular treatment and genetic counselling for Sickle Cell Anemia in 58 villages of Tapi
- Under Malnutrition, Child and Mother Health programme, more than 270 children

were provided nutrition support (multi-vitamins); mothers received counselling in Tapi

- 500 households received support for setting up a nutrition garden to address the nutritional needs of children and their mothers in Tapi
- Two cataract screening camps were organized and 31 screened for surgery (13 underwent surgery) in Rayagada

- 32 cataract screening camps were organized with 408 screened for eye-related issues; 158 underwent cataract surgery in Tapi
- Under Project Roshni, 7500+ patients received OPD facility and more than 500 patients received support for eye surgery
- Supported free diagnostic and treatment facilities for below poverty line patients in Delhi through Pushpawati Singhania Hospital & Research Institute (PSRI)

## Holistic education



As per the 2011 Census, 32.2% rural Indians were illiterate. JK Paper undertook initiatives to educate local communities and counter centuries-old exploitation.

### Highlights, 2020-21

- A 'green campus' programme was conducted in partnership with Climate Reality Project, USA. The programme works on air, water, biodiversity, energy and waste management parameters. Teachers and students were trained to move to sustainable practices; this comprised solar and LED lights, waste segregation and composting, rain water harvesting, biodiversity by developing gardens in and around the campus and improving air quality by reducing the use of fossil fuel; sustainability audits were performed by students in five schools in Rayagada.
- A team from Lakshmi Pat Singhania Public School was internationally ranked in the

top three teams for contributing towards a sustainable community/campus, a contest under International Youth Innovation Awards from UNESCO and Earth Network.

- Nutan Gyanvardhini, the only school for children with special needs in Rayagada district, continued to be supported. Every year, new students with special needs are enrolled to be trained and join the mainstream. 34 children with special needs enrolled during the current year.
- Lack of digital infrastructure deprived rural youth and pre-teens in capitalising on internet-enabled opportunities. To bridge this divide, eight solar powered Digital Centres were set up where basic IT and internet operating skills were provided. This

facility was hugely successful

- 376 youth/children were imparted digital literacy trainings and 25 were imparted soft skill training. An independent assessment was conducted by ICE Foundation (DGT, MoSDE approved). 59 students participated in the ICT evaluation, 96.6% passed and 58% scored above 70%; 25 students participated in soft skills evaluation, where 92.3% passed and 62.5% scored above 70%.
- Financial and infrastructure support was provided to government schools and girls ashrams to promote education in tribal areas. Renovation of school buildings and construction of toilets were carried out in Rayagada and Tapi.

## Rural infrastructure development



With the Government advocating the cause of rural infrastructure, the Company built crematoriums, village approach roads and overhead water tanks.

### Highlights, 2020-21

- Four villages were being supported for drinking water in Tapi, reaching 2666 households and a population of 10357. The pipelines are being extended to two more villages
- Seven locations were supported with a water cooler and purifier (six in government schools and one in a community health

centre). An RO plant was provided in ITI, Ukai. These initiatives enhanced access to safe drinking water in 178 neighboring villages.

- Two Common Facility Centers (CFC) were handed over to gram panchayats and accessible to 2371 households of Ghoda and Gunsada gram panchayats; community toilets were installed in Tapi

- Mega rural haat, in partnership with NABARD, is under construction. The Rural Mart plugs the gap of traditional mandis and will benefit 15,000 farmers from 30 villages. Besides, 5 stalls, 2 godowns and a common facility center (total area 60,000 sq. feet) have been created. Some 1.4 acres was provided by the gram panchayat.

### Awards & Recognition

JK Paper received the FICCI award for excellence in CSR for the third year running

The Speaker of Odisha legislative assembly conferred the CSR Business Leadership Award to JK Paper for excellence in CSR leadership in the State



## Emergency response & COVID -19 response



- Mobile RO water unit was supported since Cyclone Fani. This drinking water facility is reaching 1750 beneficiaries from 350 households in two blocks of Puri district with 80-90% reduction in water-borne diseases

- Post Cyclone Fani, the Mission One Million Fruit Tree plantation programme, was launched. JK Paper, in partnership with Climate Reality Project and One Tree Planted, planted 150,000 fruit trees to provide sustainable livelihoods to cyclone-affected families.

Under 'COVID-19 Awareness and Relief Programme', the Company undertook the following measures:

- Launched an awareness campaign,

covering 58 villages of Songadh and Ucchhal blocks of Tapi district. Through this awareness drive, the Company reached 72,000 villagers, educating them about the do's and don'ts during the pandemic.

- Supported 1,624 marginalised households of primitive tribal groups (Kotwalia / Khatud / Bhil) and landless daily wage labourers by providing ration kits (pre-packed food rations including rice, flour, pulses, salt, sugar and cooking oil). The Company manufactured khadi / cotton masks at JKPL's tailoring centre and distributed them among tribal communities.

- Health and Safety essential kits were distributed among 2,797 households in 13 villages. The kits included soap, washing powder, sanitary napkins, bleaching powder

and face masks. Soap and other hand-washing items were provided to promote personal/public hygiene. Beneficiaries comprised daily wage workers and BPL families in Rayagada.

- JK Paper Mills, in consultation with the district administration of Rayagada, undertook COVID-19 safety awareness campaigns in over 150 villages through the distribution of 50,000 leaflets, hundreds of flexes and posters within 100 km from Jaykaypur.

- Distributed food in Puri and Bhubaneswar through its NGO network to 750 farming families and 170 slum houses. JK Paper engaged with a network of 70 NGOs in six districts following Super Cyclone Fani in May 2019.



# Management discussion and analysis



## Global economic overview

Even after more than a year into the pandemic, the global economy still remains on highly uncertain ground. COVID cases are accelerating in many countries, new virus strains are emerging and death toll rising continuously even as WHO warns that the pandemic will be more deadly this year than 2020. Although vaccination has started, the disproportionate distribution is a cause for worry, with only the US, China, Europe, UK and Canada accounting for over 70% of all vaccine doses administered vis-à-vis only 0.3% of going to low-income countries. Even though the economic recovery has taken hold, they are hugely divergent across countries and sectors. The policy action, although quite swift,

provided about \$16 trillion in fiscal support worldwide and yet there was a huge variation in policy support across nations. Global growth is projected at 6% in 2021, led primarily by the smart recovery in the US, which is expected to grow by 6.4%, making it the only large economy projected to surpass the pre-pandemic level of GDP. Other advanced economies, including the euro area, will also rebound this year but at a slower pace, after witnessing a double-dip recession in Q1 due to slower vaccination drive and tougher restrictions/lockdowns. Among the emerging economies, China is projected to grow 8.4% this year. However, many other emerging countries are not expected to return to pre-pandemic GDP until 2023.

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While short-term pains are considerable, especially in the emerging countries for want of limited fiscal support, medium-term losses are expected to be smaller as a financial crisis was averted. However, these divergent recovery paths are likely to undo the gains made over the past decades of growth and create wider gaps in living standards across countries. An additional 95 Million people have been pushed into

extreme poverty in 2020. With some of the jobs lost unlikely to return, this would further undermine economic recovery. Moreover, learning losses have been more severe in low-income developing countries, which have had more difficulty coping with school closures, and especially for low-income households, which could further amplify income inequality.

But the immediate priority would be more healthcare spending and well targeted fiscal support to the affected households and firms. The outlook would thus depend on not only fighting the virus with rapid vaccination and COVID-appropriate behavior but also hinges on effective implementation of the economic policies to limit lasting damage from this unprecedented crisis.

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## Indian economic review

The Indian economy after witnessing record contraction in first half of last fiscal, made a stronger-than-expected recovery in the second half of 2020 following the easing of lockdowns. Going into the new year 2021, the economic activity seemed to be gathering momentum at a sustainable pace with people demonstrating greater confidence in stepping out and spending. This was reflected in the significant recovery in the auto manufacturing and construction sectors, the two major segments with almost 350 upstream and downstream linkages, and especially with

the MSME sector. IMF projected in January 2021 that India would be the only major economy in the world likely to witness double-digit growth in 2021.

But as India entered the second wave of the pandemic, new cases started to rise with cases in the last two months more than double than the cumulative case load during the previous 12 months, accompanied by 5-6 times rise in the death toll. This, along with renewed lockdowns and containment measures, put a big dent on consumer sentiment, increasing the likelihood of medium-term scarring effects on the potential output. Already

the double digit growth forecasts for India made before the second wave has been scaled back considerably. Even with the aid of low base of last year, growth level would only be able to manage to reach the pre-pandemic level by end of 2021 or early next year, effectively meaning a loss of two years of growth. Rapid vaccinations and continued fiscal and monetary support measures are the only means to the path of recovery as exemplified by the US and China. Otherwise it is likely to take a while for the growth trajectory of Indian economy to reach the potential.

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## Impact from COVID-19

### During 2020-21

The whole of last year, businesses all over the world had been impacted due to the global pandemic COVID-19. What initially manifested in China soon spread to most countries across the world. The medical world was caught completely by surprise without appropriate diagnostic tools, preventive medicine or treatment. The initial reaction to prevent the spread of disease was one of lockdown, which was imposed in most parts of the world. There were few countries which did not show higher levels of incidence.

Indian government also imposed a complete lock down during late March 2020 to mid-May 2020. Restrictions on movements of goods and people severely affected economic activity. In compliance with the Government directives, the

Company had to temporarily suspend operations at both its manufacturing facilities - Unit CPM at Fort Songadh, Gujarat and Unit JKPM at Rayagada, Odisha in the last week of March 2020. Operations resumed in the third week of April 2020 at both its Units. However, the operations continued only at low key through much of 1st and 2nd Quarter of 2020-21 owing to a difficulty in procurement of raw materials, logistic issues both in procuring raw materials and despatch of finished products, non-opening of markets and consequent demand contraction. Demand started recovering after September 2020 when the lock down restrictions came down across the country leading to economic recovery where some sectors recovered faster than others. For your company, the Packaging Board segment recovered faster than the other segments.

The Company put in place Standard

Operating Procedure (SOP), as per the guidelines and directives of the Ministry of Home Affairs and the Ministry of Health, to safeguard against spread of COVID-19. The Company organized campaigns to bring awareness amongst all employees and workers on safeguards against COVID-19. Thermal temperature measurements at the entry and exit gates, mandatory use of face masks, hand washing and sanitizing facilities at entry and exit and at different locations of the plant have been put in place along with strict ban on non-essential visitors. Safeguards for social distancing at the workplace were also implemented. Meetings, gatherings, travelling etc. were avoided with a focus on video conferencing and other digital modes.

Many of these restrictions either continue till date or have been reintroduced if earlier relaxed.



## Outlook for 2021-22

By the end of calendar year 2020, there was a sharp revival of economic activity and there were predictions of a V-shaped recovery. The International Monetary Fund's (IMF) projections showed India to be the fastest growing for the year 2021-22 at 11.5% real growth. But by mid-March 2021 all those rosy recovery projections seem once again in jeopardy due to the arrival of the second wave. The COVID-19 had been replaced by a much more virulent

and faster spreading and more deadly Indian Variant (B.1.617). This has once again placed huge uncertainties on the speed of recovery, the ability of Government to take incremental economic impact from one more wave of the pandemic and the dent on consumption habits of people twice hit by loss of income in a short time.

The Reserve Bank of India has been at the forefront of creating and maintaining liquidity in the systems so that businesses faced the least disruption. While RBI had

announced several high impact measures, the percolation of these measures was rather tepid given the risk aversion of key lenders – banks and NBFCs. The stimulus package especially the Production Linked Incentives scheme has revived some sectors faster while other unsupported sectors continue to face uncertain times.

The Company believes that it can manage the extreme event with its cash balances, liquid investments and undrawn bank limits.

## Key government initiatives

COVID-19 is not only transforming economies and ways of doing business but also reshaping geopolitics. The disruption of global supply chains due to the lockdowns has pushed the world to have a rethink on reducing its dependence on China and foster new relations away from it. A new world order is taking shape, one of contained globalisation and India has a big role to play in it. From India's perspective, domestic manufacturing has become particularly important to ensure critical supplies against any future disruption and its ambition to become a key player in global supply chains. In this regard, the government has already set in motion the Atmanirbhar Bharat Yojana, positioning India as an alternative manufacturing hub. The overarching vision of the Atmanirbhar Bharat envisages self-reliant economic development via 'vocal for local' and 'make for the world' approaches. This will be helped by the Production Linked Incentive (PLI) scheme extended to 13 sectors to incentivize domestic manufacturing. This has been further supported by temporary support to indigenous product in the form of import licensing requirements and higher customs duties and also prompt remedial measures to prevent import surge.

To support business during the COVID pandemic, the government introduced the Emergency Credit Line Guarantee Scheme, under which collateral-free loans of ₹3 Lac crores were earmarked for businesses. This

has been further expanded twice with liberalised thresholds to provide liquidity to the smaller business which were hit harder.

Further, the government revised the qualifying limits of investment for MSMEs and also established a new criterion based on the firm's annual turnover and also there will be no separate categorisation of MSMEs from service and manufacturing sectors.

The Union Budget for 2021-22 provided a roadmap for a rapid economic recovery with a high priority for spending and capex, where almost one-sixth of the total budget spending was earmarked for capex with particular impetus on infrastructure.

In a welcome change, the government has also been realistic about the fiscal deficit and allowed a glided path of reduction of the fiscal deficit over the next 5 years, reiterating its firm commitment to boost economic growth by investing in infrastructure. As a further aid to its endeavour, the National Monetization Pipeline would be launched, which would include monetisation of govt. assets, including land.

The Govt. has also put in motion the proposal to set up a Development Financial Institution (DFI) to raise low-cost long-term funds for infrastructure. This will serve as a big catalyst to infrastructure financing needs envisioned through national infrastructure pipeline (NIP).

To encourage private investment in agriculture, the government passed three farm laws – viz., liberalization of rules/ norms in marketing (APMC Act), less restriction on exports (Essential Commodities Act), contract farming and food processing. This will no doubt pave the way for licence-free purchase directly from farmers. Besides the ₹1 Lac crores Agri Infrastructure Fund (AIF) was announced that will be available to APMCs to augment their infrastructure facilities. Operation Green has now been extended to 22 perishable products to encourage cultivation and agri-processing.

The distress faced by the migrant workers during the COVID pandemic was no doubt unfortunate. But the One Nation One Ration Card System is an important reform in this regard, which ensures pan-India availability of food grain entitlements to beneficiaries under National Food Security Act (NFSA) and other welfare schemes, especially the migrant workers and their families. So far, 17 States have successfully operationalised it, covering 80% of the intended beneficiaries.

To provide ease of living to urban migrants/ poor in Industrial Sectors, the government initiated Affordable Rental Housing Complexes (ARHCs), which will enable them to get access to dignified affordable rental housing close to their workplace.

The National Education Policy (NEP), 2020 was released during the year that not only

aims to provide infrastructure support and bring dropouts into the mainstream, but also tracking of students and their learning levels, and facilitating multiple pathways to learning. Continuing with

the social infra focus, the Budget also proposed to strengthen 15,000 schools by implementing all NEP components, which shall act as exemplar schools in their regions for mentoring others. To further

enhance the reach of digital education, the PM e-Vidya was launched, which is One Nation One Digital Platform. This programme is announced for the top universities of the country and for schools.

## Global paper& packaging industry overview

The global paper and packaging board market was estimated to be growing at a CAGR of 1% pre-Covid. In terms of volume, the market stood at 419 Million tonnes in 2019 with Asia contributing more than 40% of the total demand. However, in 2020, the global paper and paperboard market is estimated to have contracted by 6%, year-on-year.

The Covid pandemic has accelerated trends such as digitization and emphasis on hygiene. Work-from-home, closure of schools and colleges, increasing online shopping & home deliveries and increased

usage combined with stocking of toilet & tissue papers were witnessed almost across the globe. The shift in consumption pattern is evident in the segment-wise growth as during 2020, the printing & writing segment is estimated to have contracted by 17-18%, packaging segment is estimated to have breakeven and tissue segment estimated to have grown by 4-5%, vs. the year before.

The significant decline in printing & writing segment demand led to demand-supply mis-match thereby resulting in sharp decline in paper prices and subsequently closure or conversion of various printing & writing grade paper mills into packaging

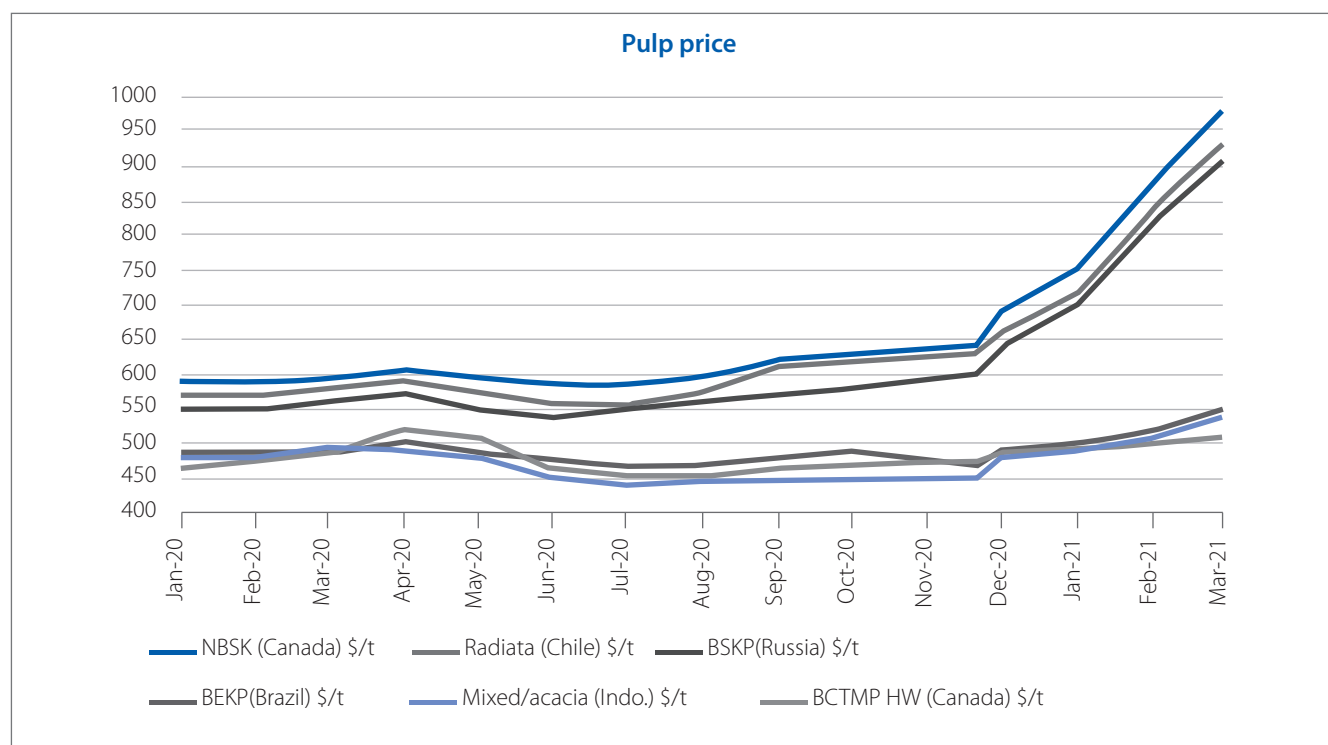
paper grades, globally.

The COVID 19 pandemic and subsequent lockdown in most countries saw large scale disruption of global supply chain resulting in abnormally high Pulp and other commodity prices towards the end of FY21.

Going forward, we expect the growth of global paper and packaging board market will be driven by packaging, tissue and specialty paper segments incl. various plastic substitution efforts towards replacing single-use plastic with eco-friendly paper-based alternatives.

[Source: Poyry, UBS, BCG, Stora Enso, Internal Analysis]

## Pulp price trends



[Source: Hawkins wright]

The Chemical Pulp prices started moving up in Jan'20 after remaining subdued in previous year and the international forecast for the Year 20 was in positive direction. The orders placed in last Quarter of 2019-20 had the arrivals in Q1 of FY21. As the impact of the Corona Pandemic gripped the Europe in Feb'20, the Pulp prices started falling in March'20 and due to lockdowns imposed in many countries the production suddenly stopped and demand plummeted. There were few buyers as due to uncertainty the purchasing decisions were postponed. The Hardwood pulp traded below 450\$ level and soft wood also sold near to 500\$ level. After the control of the 1st wave of the corona the demand started increasing and the China economy bounced back

faster than expected and Pulp Price started shooting to new level from Dec'20. The various factors like speculative physical buying, increasing Tissue/ Hygiene paper production, weakening of the Dollar, and significant planned /unplanned outage of Softwood producer's mills and Logistics issues of container supported the month to month rapid price increase. The Shanghai Future Index price went up by 100% since March'20 and further triggered the speculative buying at higher price. Though no country has recovered after the downfall of Corona pandemic, except China, but the Pulp prices breached the new high of above 1000\$ for the softwood and 800\$ for the hardwood after many years. The Mechanical Pulp which is used

for the Board production also followed the similar price trend and container shortages not only increased the CIF price but also increased the order cycle to shipment arrival time to six months. The situation has given advantage to the market pulp producers to have healthy order booking and reduction in the inventory which is going to help them to sustain the higher price in year 21 also. The pandemic impact is continuing globally in 2021 and the high uncertainty in economy and continuing containers' shortage is posing new challenges to the supply chain for pulp other commodities.

## Indian paper and packaging industry overview

India accounts for 4% share of the global paper demand and is the fastest growing paper and packaging board market, globally. The Indian paper and packaging board market was estimated to be growing at a CAGR of 6.2% pre-Covid. In terms of volume, the market stood at 20 Million tonnes in 2019-20. However, in 2020-21, the Indian paper and paperboard market is estimated to have contracted by 15%,

year-on-year, led by a massive contraction in demand for printing & writing paper grades.

The Indian paper industry was severely impacted due to Covid pandemic and ensuing lockdown. Around 80% of the domestic manufacturing capacity is clustered in 7 states, namely Uttar Pradesh, Uttarakhand, Andhra Pradesh, Telangana, Tamil Nadu, Maharashtra and Gujarat. These 7 states are also major demand centers as they constitute nearly 50% of India's GDP.

However during Covid lockdown, 80-90% of Paper Mills in these 7 states were in 'red' or 'orange' zones at some point in time and were operationally affected.

The long-term outlook of the Indian paper and packaging board market remains positive with growth expected to be driven by the packaging segment. Rising imports, due to surplus capacity globally, remain a concern for domestic manufacturers.

[Source: IPMA, Crisil, Internal Analysis]

## SWOT analysis of the Indian paper industry

Strengths	Weaknesses	Threats
<ol style="list-style-type: none"> <li>1. Fastest growing paper market</li> <li>2. Production of a wide paper variety range</li> <li>3. Enhancing farmer incomes</li> <li>4. High employability</li> <li>5. Recyclability of waste paper</li> </ol>	<ol style="list-style-type: none"> <li>1. Low capacity utilization</li> <li>2. High water requirement</li> <li>3. Capital-intensive</li> <li>4. Most plants funded through higher debt</li> <li>5. Growing requirement of scale to survive</li> </ol>	<ol style="list-style-type: none"> <li>1. Increasing raw material costs</li> <li>2. Rising competition from Imports</li> <li>3. Trends like- Work from home, Online education accelerating the pace of digitalisation</li> <li>4. Technological obsolescence</li> <li>5. Intermittent closures and lockdowns due to COVID-19 pandemic outbreak affecting demand</li> </ol>
Opportunities		
<ol style="list-style-type: none"> <li>1. Huge growth headroom from per capita consumption perspective and literacy rate</li> <li>2. Increase in consumption of packaging paper/board in food and pharma sector</li> </ol>	<ol style="list-style-type: none"> <li>3. post Covid (due to permanent shift in consumption pattern)</li> <li>3. Room for socioeconomic development</li> <li>4. Growing demand from some downstream sectors (mainly, kraft,</li> </ol>	<ol style="list-style-type: none"> <li>corrugation, duplex)</li> <li>5. Innovative product create possibilities</li> <li>6. Use of clonal development centers</li> <li>7. Ban on single-use plastic, creating an alternative paper market</li> </ol>



## Demand drivers

<b>Urbanisation</b> The population of India is anticipated to rise to 1.52 Billion by the year 2036. Out of this the urban share in the demographic is expected to rise from 34% in 2020 to 39% in 2036, strengthening paper offtake	<b>Young population</b> The Indian median population of 28 years is lower than the global average of 30. This young population is expected to drive the demand for paper through writing and printing by students through e-commerce.	<b>Rising literacy</b> India's literacy rate at 77.7% in 2020 is on the rise, strengthening the offtake of writing & printing paper	<b>Corporate activity</b> Economic development and globalization catalysed corporate activity and paper consumption.
<b>Packaging demand</b> Although the COVID-19 pandemic caused a paper demand decline, the paperboard market strengthened on account of product consumption growth	<b>E-commerce growth</b> The e-commerce sector has grown since the COVID-19 pandemic. The Indian e-commerce industry expected to reach an estimated market size of US\$ 84 Billion in 2021 compared to US\$ 64 Billion in 2020.	<b>Health and hygiene</b> With the need for health and hygiene increasing due to the COVID-19 pandemic, the demand for medical grade tissues has increased also higher office and paper consumption in hospitals, resulting in higher paper production.	<i>(Source: The wire, Statista, Hindu Business line, Trading Economics)</i>

## Product review

<b>Uncoated writing-printing and speciality papers</b> The Company, a leader in the copier paper segment on account of its superior quality and brand visibility, also possesses a diversified portfolio in the other uncoated writing & printing as well as speciality paper segments addressing the needs of publishers, print houses and corporates. visibility	<b>Highlights, 2020-21</b> <ul style="list-style-type: none"> <li>● Sold 3,40,976 MT of Uncoated W&amp;P and Speciality paper (including exports) in FY20-21</li> <li>● Exported 59,041 MT of copier and office paper in FY20-21</li> <li>● Strengthen our retail footprint and increase our retail presence</li> </ul>	<b>Packaging boards</b> The Indian packaging board market has been growing rapidly on account of a growing demand from the FMCG, food & beverage, pharmaceutical and textile sectors. JK Paper offers a range of high-end coated packaging boards' produces packaging board at its Unit CPM in Gujarat, which is close to key markets. The Company developed varieties following continuous R&D and investment in advanced technologies.	<b>Highlights, 2020-21</b> <ul style="list-style-type: none"> <li>● Sold 96,878 MT of packaging boards (including exports) in FY20-21</li> <li>● Exported 7,537 MT of packaging board in FY20-21</li> </ul>
<b>Coated papers</b> Coated paper is a niche sector in India with 67% demand addressed by global players. Only two Indian companies manufacture coated paper, JK Paper being one. The Company provides customised products, finding application in magazines, books, brochures, posters and wedding cards, among others.	<b>Highlights, 2020-21</b> <ul style="list-style-type: none"> <li>● Sold 60,580 MT of coated paper (including Outsourcing sales) in FY20-21</li> </ul>		

## Demand for the Company's products and Market Prices

Demand in the Writing & Printing Segment (which accounts for about 23% of our revenue) (excluding copier) was severely affected during the first half of the year under review. Two major segments - publishing and school note books which comprise almost 65% of the W&P market – saw a major shrinkage in demand. Government tenders remained at their normal levels. The overall market was operating at around 30-40% till Q3, while Q4 saw the demand bouncing back to normal levels. The market situation led to a drastic drop in prices by 20%. Under this difficult situation, JK Paper volumes dropped by around 9% and prices of various products from 10 – 15% respectively over 2019-20.

Copier (Cut size Office paper), which accounts for over 40% of Company's revenue segment was affected, due to Work from Home and closure of educational sectors and offices. The

overall annual demand was lower by almost 25%. The market was operating at around 70%- 80% during the first 3 quarters, which reached 100% in Q4. The market situation led to a drastic drop in prices by almost 15%. The drop in JK Paper's prices was relatively lower at around 5-10%. The Company performed better than competition due to its extensive reach across the country through a combination of wholesale and retail channels and ended the FY with a healthy market share of over 25%. We also created a flanking strategy to compete in the economy segment, with the launch of three brands – A-Copier, Neutral Copier and Eco Rise.

Coated paper C2S (about 10% of Company's revenue), which is majorly dependent on commercial printing, operated at 60% in FY20-21. However, JK Paper could sell 100% of its target volumes. We manufactured and sold C2S through a focused approach on

Government tenders and extensive printer reach. Prices started to increase from October 2020 in the wake of supply constraints from international sources.

In the Packaging Board segment and also global pulp prices (about 25% of Company's revenue), Virgin Board manufacturers operated at 100% capacity utilization from Q3. However, 15% of their capacities were filled with re-cycled categories. Converters for non-essential commodities like Garments, Electronics & premium FMCG started operating at 90% capacity utilization in Q3. However, JK operated its entire capacity in the higher valued added virgin grades. Domestic market share of JK increased to 14% for the year up from 12% during 2019-20. Virgin board prices dropped by an average 7% in Q1 and Q2, but recovered in Q3-Q4.

## Progress at the Sirpur Paper Mills Ltd.

### Acquisition and Capital Expenditure

During the financial year 2018-19, the Company along with its subsidiary had acquired The Sirpur Paper Mills Ltd. (SPML) under the Insolvency and Bankruptcy Code (IBC). Your Company was one of the earliest successful applicants under the then newly enacted Code. The Resolution Plan of the Company was approved by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench on 19th July 2018. The Company, after settling the debts of the financial and operating creditors as ordered by the NCLT, took over SPML and started revival activities from 1st August 2018.

The acquisition was expected to provide synergies of a strategically located third site nearer to sources of raw material with closer access to coal and plenty of water. There was an additional investment, which is likely to boost the overall profitability. The

total project cost of SPML, including the value paid to the bankers, as per current estimates including Phase II is over ₹900 crores. This includes the value settled with the erstwhile creditors of ₹371 crores. This is being funded by term loans from banks, capital subsidy from the Government of Telangana, and issue of Equity/Preference Capital and short-term loans provided by your Company.

In phase II, SPML set up an energy-efficient 130 tonnes per hour high pressure Boiler and 20 MW high pressure turbine along with its utilities at a total cost of ₹175 crores. These investments are expected to be capitalised during the first quarter of 2021-22 once trial runs are completed.

### Operations at SPML

SPML commenced its commercial

production on 24th May 2019 on Machine 7 along with Boilers and Turbines. After some challenges in stabilising operations, all machines (including Machines 3, 8, and 6 along with all allied equipment) commenced commercial production on 1st March 2020 after due refurbishment.

Due to the nationwide lockdown caused by the COVID-19 pandemic, SPML's plant had to be temporarily shut from 23rd March 2020 to 12th May, 2020. Due to frequent lockdown in various parts of the country, which followed the nationwide lock down, demand for paper remained weak and hence capacity utilization remained low and unsustainable. The management decided to shut operations from 1st September 2020, which resumed towards the close of 3rd quarter.

Operations showed a steady improvement

throughout the 4th quarter when average capacity utilisation reached 69%. Considering favourable market conditions across different segments in the 4th quarter, there has been an improvement in production and sales volumes besides

growth in realisations from the market leading to better performance as compared to earlier periods.

The Company also started trial runs of its new boiler and turbine, which are contributing significantly to stabilizing

operations and cost reductions. Fuller utilisation of capacities is expected to significantly improve overall paper production and improve operating margins and make operations achieve positive PBT levels.

## Functional review

### Raw material management

In the past, JK Paper sourced wood from as far as 1200 kms, incurring high logistic costs. The raw materials sources were scattered and thus, regular supply of raw material was always in quandary. Realizing the possible risks, the Company started investing in developing plantations around the mill, by focusing on encouraging farmers within a 200-kilometre-radius of its manufacturing facilities to plant hardwood (Eucalyptus, Subabul and Casuarina). The plantation area now comprises more than 4.65 Lac acres across Gujarat, Maharashtra, Chhattisgarh, Odisha, Andhra Pradesh and MP. The Company's farm forestry initiative has proved to be a game-changer. The farm forestry initiative has enhanced sustainable livelihoods across rural districts, provided farmers an assured income, and the prospect of equitable realizations, and eased raw material supplies for the Company. The proportion of resources derived by the Company from the farm forestry initiative increased at a fast pace in the last four year period.

### Human resources

JK Paper always believe that Human Resource is one of its most critical assets and the major differentiating factor in the industry and hence lot of emphasis is given on Human Resource Management. The Company enjoys strong brand equity as an employer, with high retention rate. During the year under review, the Company focused on employee training in behavioral skills, business excellence, managerial skills, advanced management, leadership skills, customer orientation, safety, values and code of conduct. During the pandemic,

when the classroom training and physical training became difficult, the Company, to enhance the skills and knowledge of its employees, had focused on online learning portal for its employees, named "e-gyan", in partnership with Skillsoft, one of the world's leader in Online courses and Training.

This year, our country, along with the entire world, has been badly hit by the COVID 19 pandemic. "Caring for People", is one of the key values of JK Paper and in accordance with that, proper management of COVID-19 pandemic, for its employees, their families and the society around had been the prime focus of the Company. Numerous awareness sessions were organized on various guidelines, procedures and directions of the Central government, State government and Company norms, time to time, through banners, posters and regular counseling and psychological support to our employees, their families and the society around the mills, to keep them safe.

### Procurement

The pandemic started spreading in China in the month of December 2019 but it was thought of as a local issue and no one could imagine that in the Year 2020 this pandemic shall collapse the global economy suddenly in Q1 of the year 2020. The year 2020-21 has been affected by the disruptions and outages. The total lockdowns imposed in the month of April 2020 grinded the economy to the halt and the prices of the inputs like Chemicals and Pulp nosedived in the beginning of the year. The pulping & paper chemicals like Caustic Lye, Sulphuric Acid, Hydrogen per Oxide, starch and Latex Binder etc touched

the lowest price level in June 2020. It helped reduce the input cost substantially for the Company and supported the bottom-line at a difficult time when the demand for the printing & writing paper was badly affected due to closure of the offices & education institutions. The lower demand of the industry and also owner international prices maintained the lower domestic price up to December 2020. The price of many commodity like metal, crude oil, gas etc however rallied significantly and reached the highest level by December 2020. The supply disruptions of the upstream products impacted the price of many items though demand has not reached to even pre-covid levels. This new phenomenon was never experienced by the buyers and for many items the price becomes irrelevant as the availability becomes scarce and challenging to keep the production running and this trend shall likely to continue in 2021 also. The global container shortage arising due to trade imbalances and locking of the containers at ports & inland propelled the shipping cost in multiples. The shipping companies did not made additions in containers and ships on many routes and high shipping costs which was earlier expected to normalize in Q1 of Year 2021 is continuing and shall remain so the whole year. Some regions like SE Asia, Middle East and USA expensived heavy shortage of the containers for making exports to countries like India and all containers are engaged in trade from China to Europe / USA as the Govt stimulus in these country has provided the liquidity in these markets and China rebounded economy is catering to their



rising demands. The high shipping cost is translating into an increase in prices of our input chemicals, which are dependent on import ingredients. The packing material cost also increased in the 2020 as Kraft paper prices touched the highest level due to high sea freight cost and reduced availability of their raw material of waste paper under the covid pandemic. The petrochemical products like LDPE etc also shown sharp uptrend and increased the price of shrink /stretch films used in packaging. The Company participated in the exclusive auctions of the CIL and got allocations at zero premiums, which reduced the average cost of the coal. The imported coal price remained lower till December 2020 and also the increased availability of the domestic coal helped in a reduction of the power cost.

### Product development

JK Paper has the most diversified product portfolio in the industry, the Company

emerging as the segment leader in premium office papers, packaging boards, security papers and functional grade of papers.

To enrich the product basket and leverage on the opportunities offered by the smaller paper machines. The Company undertook a customer-centric approach. JKPL actively engaged with customers to understand their needs better and become a customized solutions provider.

JK Paper is also a responsible producer and the Company's objectives have been in line with the latest trends of increasing focus towards social responsibility, environmental sustainability and eco-friendliness. Riding on the back of new mandates of FSSAI coupled with the increasing focus on food grade and food safety packaging, the food packaging industry is seeing a paradigm shift from plastics to paper with oil and water resistance aided by

moisture and oxygen barrier and heat sealable capabilities. JKPL is positioned to take advantage of this shift and has been launching new products in this niche category to capture higher value.

In the year under review, the Company produced new products, namely JK VFL, JK UFL, JK Color Kraft, JK Pac Fresh among others.

Product categories launched in 2020-21 comprised Color Kraft paper, Kraft liner paper, JK Pac fresh. JK Sublime paper (rolls) & Liquid packaging board.

The Company is working on various new products under various stages of development focusing on functional grades, speciality paper & board as well as sustainable packaging.

## Risk management

### Market risk

Change in customer behavior due to increased digitisation could result in demand contraction or, no growth as per expectation.

**Mitigation:** The Company is actively pursuing growing segments and trying to create a robust pipeline of new products. Also, the Company is focusing on strengthening distribution network to increase market share. Along with that, the Company is actively pursuing international markets for demand generation.

### COVID-19 related risk

Unrestricted spread of Covid in community could hamper the plant operations, disrupt supply chain both demand and supply side and could result in input cost escalation and might affect the timely commissioning of new board project.

**Mitigation:** The Company has enforced COVID-19 related advisory and is strictly following all health measures at workplace and colony. The Company is also actively taking part in vaccination drive. The Company has made provisions for virtual commissioning of the new Board project. To combat the supply chain disruptions and to keep the input cost under check, the Company has adopted an agile sourcing and demand replenishment strategy.

### Project execution risk

Long gestation period during commissioning of project including regulatory approvals and timely availability of foreign technocrats during commissioning may result in time and cost overrun.

**Mitigation:** The Company has established a strict project governance mechanism to avoid time and cost overrun. The Company is ensuring timely approvals. Also, the Company has started liaisoning with government officials to expedite the approval of working permit for foreign technocrats and also, made provisions for virtual commissioning.

### Compliance risk

Non-compliance of statutory norms could lead to penal consequences and potential downgradation of the Company's rating.

**Mitigation:** The Company is continuously monitoring newer regulations and upgrading the systems and processes to ensure fail-safe compliance. The Company's certifications (ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018) indicate stringent compliance with contemporary qualitative, environment and safety norms.

### Resource risk

Higher water usage as well as poor quality of discharged water can affect resource security.

**Mitigation:** The Company is constantly making efforts to reduce water consumption and improve quality of discharged water by implementing advanced technologies coupled with effective effluent treatment and recycling measures

### Raw material risk

Raw material scarcity can affect output as well as profitability.

**Mitigation:** The Company has strong farm forestry initiatives near its production units to ensure local wood sourcing and to lower logistics cost. Also, the Company has a strong R&D set up for development of high yielding clones (saplings) with a shorter gestation period. The Company distributes these high yielding saplings to farmers with buyback flexibility to generate livelihoods, local prosperity and raw material security.

## Financial highlights (₹ crores)

### Our strategy

	2020-21	2019-20
Gross Sales	2969.15	3254.20
Net Sales	2719.38	3014.13
Profit before interest and depreciation and Tax (EBITDA)	701.41	984.96
Profit before depreciation and tax (PBDT)	607.04	862.15
Profit before tax (PBT)	453.42	718.59
Profit after tax (PAT)	322.19	492.71

### DETAILS OF SIGNIFICANT CHANGES (i.e. change of 25% or more compared to the immediate previous financial year)

#### Financial Ratios

S.No	Particulars	UOM	2020-21	2019-20	% Change	Definition	Remark for variation
(i)	Debt Equity Ratio	Times	0.89	0.58	-53%	Gross Debt/ Equity	Due to additional debt taken for the new packaging board project
(ii)	Net Profit Margin	%	11.8%	16.3%	-28%	PAT/Net Sales	Due to COVID-19 pandemic
(iii)	RONW	%	12.4%	20.8%	-40%	PAT/Equity	Due to COVID-19 pandemic, lower volume and reduced NSR

Because of reduced levels of operations due to the impact of COVID-19 during much of the year resulted in EBITDA decreasing by 29% to ₹701.41 crores. The Company's operating performance ranked among the best in the domestic paper industry in spite of these difficult times. The Company maintained its long-term credit rating of AA-/Stable from CRISIL and India Ratings upgraded it from A+/Stable to AA-/Stable. Company continues to enjoy the highest A1+ credit rating for its short-term debt.

The Company maintained its healthy cash surplus throughout the year, given the uncertainty post COVID 19 and contracted additional loans from lending institutions like the State Bank of India and International Finance Corporation to maintain high liquidity for any turbulent times in the near future.

The Company's fixed rate borrowings stood at 30% as on March 31, 2021. Approximately 23% of the Company's gross borrowings of ₹2,302 crores were in foreign currency. Of this, 38% of the foreign currency loans are covered for foreign exchange fluctuations for the entire tenure using a mix of approaches (Forward Contracts, Call Options and Spread Contracts) and about 80% of the installments of foreign currency loans covered for the next full year.

The Company's net debt-equity ratio stood at 0.68x during the year under review compared to 2.03x in 2014-15, providing the Company the flexibility to address the cyclical impact on operations.

During the year, the Company strengthened its investor engagements through quarterly investor conference calls and meetings.

**The Company maintained its long-term credit rating of AA-/Stable from CRISIL and India Ratings upgraded it from A+/Stable to AA-/Stable. Company continues to enjoy the highest A1+ credit rating for its short-term debt.**

## Internal control systems and their adequacy

JK Paper has a robust internal control framework, which has been instituted considering the nature, size and risks in the business. The Company's internal control environment ensures efficient conduct of operations, security of assets, prevention and detection of frauds/ errors, accuracy and completeness of accounting records and the timely preparation

of reliable financial information. The Company uses SAP—an Enterprise Resource Planning (ERP) software—as its core IT system. The Company has a well-established independent Internal Audit function that is responsible for providing assurance on compliance with operating systems, internal policies and legal requirements, as well as suggesting improvements to systems

and processes. The Company's operating management closely monitors the internal control environment and ensures that the recommendations from audits are effectively implemented. The Audit Committee of the Board monitors performance of the Internal Audit Function, reviews key findings and provides strategic guidance.

## Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward-looking statements' within the meaning of applicable securities laws and

regulations. Actual results could differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operation include among others, economic conditions affecting demand/

supply and price conditions, variation in prices of raw materials, changes in Government regulations, tax regimes, economic developments and other incidental factors.



# Board's Report

## To the Members,

The Directors have pleasure in presenting the 60th Annual Report along with Audited Financial Statements of the Company for the financial year ended 31st March 2021.

## FINANCIAL RESULTS

Particulars	₹ in crores (10 Million)	
	2020-21	2019-20
Gross Sales	2,969.15	3254.20
Profit Before Finance Costs and Depreciation & Tax (EBITDA)	701.41	984.96
Profit before Depreciation and Tax (PBDT)	607.04	862.15
Profit After Tax (PAT)	322.19	492.71

## DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹4 per share (40%) on the Equity Share Capital of ₹169.40 crores for the financial year ended 31st March 2021. The dividend outgo will be ₹67.76 crores. The dividend payout is in accordance with the Dividend Distribution Policy of the Company.

## BUYBACK OF EQUITY SHARES

The Board at its meeting held on 28th April 2020 approved Buyback of upto ₹100 crores. The Company commenced its Buyback on 8th May 2020 and closed it on 6th November 2020. A total of 88,41,241 Equity Shares were bought back, representing 4.96% of the total paid up capital of the Company. The amount utilized for Buyback was ₹83.41 crores. Post Buyback the Paid up Capital of the Company stands reduced from ₹178.24 crores to ₹169.40 crores.

## RESERVES AND APPROPRIATIONS

The amount available for appropriation, including surplus from the year, stood at ₹1,204.42 crores. The Directors propose this to be appropriated as under:

Item	₹ in crores (10 Million)	
	2020-21	2019-20
General Reserve	200.00	200.00
Dividend for 2019-20 and 2020-21	-	133.69
Corporate Dividend Tax	-	27.47
Surplus carried to Balance Sheet	1004.42	882.23

## PERFORMANCE REVIEW

National lockdown due to COVID-19 pandemic at the beginning of the year and continued restrictions impacted production, demand and consequently prices of products. This adversely affected the operations of the Company resulting in a Gross Sales of ₹2,969.15 crores, EBITDA of ₹701.41 crores and Profit After Tax (PAT) of ₹322.19 crores.

The Company's inherent strengths of its people, brand image, its operating efficiencies and the robustness of its plantation efforts have combined to give it the ability to withstand the strongest economic shock in our lifetime. It is therefore gratifying that even during these trying times the Company's performance ranked amongst the best in the domestic paper industry. Despite having to shut the plants during the lockdown, average capacity utilization for the year was 102.6%.

The pandemic severely impacted economic activities all over the country. Consequently, the overall paper market operated at only around 30-40% till Q2. Demand improved from Q3, with Q4 reaching normal levels. The market situation led to significant drop in prices ranging 5% to 25% in various categories. Under this difficult situation JK Paper volumes and prices dropped the least in the Industry. The Company overcame the difficult conditions by introducing new brands, gaining market share and higher exports. However, the onset of the second wave of COVID and the imposition of restrictions across all States in Q1 of FY 2021-22 are likely to again impact operations.

The supply chain of many inputs for the paper Industry were disrupted due to outages in supplier countries and container shortages. Global pulp prices increased sharply after November, 2020. These uncertainties and volatilities in the commodity markets are still continuing and FY 2021-22 will remain challenging for ensuring uninterrupted supplies.

The Industry scenario both domestic and overseas, the market and demand supply balance and other operating conditions are elaborated in the Management Discussion and Analysis section.

### LIQUIDITY DURING COVID DISRUPTIONS

Your Company quickly assessed the situation by stress testing the cash flows with different scenarios. The Company had a healthy cash surplus at the outbreak of pandemic. However, since it had already embarked on a major expansion of its Packaging Board facilities, it was thought fit to shore up finances and maintain liquidity. Accordingly, the Company contracted some additional loans. The Company continues to repay all its financial obligations as per original schedule and believes that it can overcome the market uncertainties with its cash balances, liquid investments and undrawn bank limits.

### IMPACT FROM COVID-19 DURING FY 2020-21

The whole of last year, businesses all over the world were impacted due to the global pandemic COVID-19. The Indian government imposed a complete lockdown during late March 2020 to mid-May 2020. The Company had to temporarily suspend operations at its manufacturing facilities in Odisha and Gujarat in the last week of March 2020, despite being continuous process plants. While operations resumed in the third week of April 2020, they continued to be impacted through much of 1st and 2nd Quarter of FY 2020-21 owing to non-opening of markets and consequent demand contraction, difficulty in procurement of raw materials and supply chain issues, etc. Demand started reviving from September 2020 along with a gradual economic recovery.

The Company had put in place "Standard Operating Procedure" (SOP), as per the guidelines and directives of the Ministry of Home Affairs and the Ministry of Health, to safeguard against spread of COVID-19. The Company organized campaigns to bring awareness amongst all employees and workers on safeguards against COVID-19. Thermal temperature measurements at the entry and exit gates, mandatory use of face masks, hand washing and sanitizing facilities at entry and exit at different locations of the plant were put in place along with strict ban on non-essential visitors. Meetings, gatherings, travelling etc. were avoided with focus on video conferencing and other digital modes. Many of these restrictions either continue till date or have been reintroduced if earlier relaxed.

### PROJECT EXPANSION

The Company had embarked upon an expansion of its Virgin Fibre Board (VFB) capacities by 170,000 TPA at Unit CPM to take advantage of its strong market standing and double digit growth arising from changes in organised retail and the quest for more eco-friendly, aesthetic and customer-friendly packaging. Along with a 160,000 TPA chemical pulp mill and utilities, the total project cost was estimated at ₹1,935 crores, net of GST. Once completed the capacity for Packaging Boards will increase to 270,000 TPA.

Orders for critical equipment were placed and civil construction started in November 2019, well before the COVID Pandemic hit the World. The Project had an estimated time of 24 months from zero date to commence production.

Despite disruptions due to the pandemic affecting manpower availability and restrictions on construction activities, most of the civil construction has been completed. Majority of the equipment and machinery had been received as per schedule. The Management does not anticipate any major cost and time overruns. Initial runs of boiler and turbines have commenced and trial production of Packaging Board is expected to start by end of Q2.

### PROGRESS AT THE SIRPUR PAPER MILLS LTD. (SPML)

Due to nationwide lockdown caused by COVID-19 pandemic, SPML's plant (step down subsidiary) had to be temporarily shut from last week of March 2020 to second week of May 2020 and again from August 2020, due to frequent lockdown in various parts of the country and weak demand for paper resulting in low and unsustainable capacity utilization.

Since re-opening in late 3rd quarter and operations have shown steady improvement and reached an average capacity utilisation of approximately 70% in Q4. Considering better market conditions across different segments, there has been an improvement in production and sales volumes besides higher sales realisations, leading to better performance.

The Company has also started trial runs of its new boiler and turbine which is expected to contribute significantly to stabilizing operations and reducing costs. During the financial year 2021-22, SPML is expected to significantly improve overall paper production and operating margins.

### CAPITAL STRUCTURE AND CREDIT RATING

During the year under review, there has been no change in the Authorised Share Capital. However, pursuant to Buyback the Paid-up Share Capital of the Company has been reduced from ₹178.24 crores to ₹169.40 crores.

As reported last year, the Company achieved financial closure for its Packaging Board Project from Indian and foreign banks.

In order to optimise cost of working capital funds, the Company has accessed the Commercial Papers (CPs) market during the year. Over time with a mixture of CPs, Buyers' and Suppliers' Credit in foreign exchange and Working Capital Demand Loan, the Company hopes to further reduce its cost of working capital borrowing. The Company has also met all its financial repayment obligations during the year without seeking any waivers or extensions announced by RBI or the Central Government.

JK Paper maintained its credit ratings with CRISIL and India Ratings upgraded its long term rating to AA – (minus)/Stable in spite of impact of COVID. The Company continues to enjoy the highest A1+ credit rating for short term debt.

### COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards issued under Section 118 of the Companies Act, 2013 ('the Act') have been complied with.

### AWARDS AND RECOGNITION

Our commitment towards Safety & Environment, Quality & Operational Excellence and HR practices continue to garner appreciation from various industry chambers and social bodies. Some of the accolades and awards received during the year are as follows:

- a. Unit JKPM received the "Energy Efficient Unit" at the 21st National Award for Excellence in Energy Management 2020 organized by CII
- b. 8th FICCI Quality System Excellence Awards for Industry 2020
- c. In the National Convention on Quality Concept 2020-21, Unit JKPM received Excellence and Par Excellence awards in various categories.

### INDUSTRIAL RELATIONS

Industrial Relations at both units of the Company continued to remain peaceful and cordial throughout the year. We value the long association of our employees including contractors and their workmen to sustain industrial harmony and create a positive work environment. By introducing various new work practices along with automation we have succeeded in enhancing manpower productivity. We encourage continuous interaction, dialogues and participation of local villagers, stakeholders in collaborating various social interventions.

### ANNUAL RETURN

Pursuant to the provisions of the Act, the Annual Return of the Company is available on the website of the Company and can be accessed at <https://www.jkpaper.com/images/pdf/Annual%20Return%202019-20.pdf>

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or securities and investments in terms of the provisions of Section 186 of the Act are given in the financial statements.

### RELATED PARTY TRANSACTIONS

During the financial year ended 31st March 2021, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

Further, the Company has not entered into any contract or arrangement or transaction with the Related Parties which could be considered material in accordance with the Policy of the Company on materiality of Related Party Transactions. In view of the above, disclosure in Form AOC-2 is not applicable.

The Related Party Transaction Policy as approved by the Board is available on the website of the Company.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board has re-appointed Shri Harsh Pati Singhania (DIN:00086742) as Vice Chairman & Managing Director of the Company for a period of five years w.e.f. 1st January 2022, subject to approval of the Members at the forthcoming Annual General Meeting (AGM) of the Company.

Smt. Deepa Gopalan Wadhwa (DIN: 07862942), Independent Director, who was appointed by the Members at the AGM of the Company held on 23rd August 2019, pursuant to the provisions of the Act and Listing Regulations, for a term of three consecutive years w.e.f. 27th June 2019, is proposed to be re-appointed as Independent Director of the Company for a further term of five consecutive years w.e.f. 27th June 2022, subject to approval of the Members at the forthcoming AGM of the Company.

Shri A. S. Mehta (DIN:00030694), President & Director, retires by rotation and being eligible offers himself for re-appointment at the forthcoming AGM of the Company. Further, the Board has re-appointed him as President & Director of the Company for a period of three years w.e.f. 1st April 2022, subject to approval of the Members at the forthcoming AGM of the Company.

During the year under review, Shri Udayan Bose (DIN: 00004533), an Independent Director on the Board of the Company, passed away on 7th January 2021. The Board wishes to place on record its sincere appreciation of the valuable contribution and guidance received from him during his tenure.



Shri Deepak Gupta, has been appointed as the Company Secretary, a whole time Key Managerial Personnel, of the Company w.e.f. 16th May 2020 and Shri Suresh Chander Gupta, Vice President & Company Secretary of the Company had ceased to be the Company Secretary with effect from the said date.

All the Independent Directors of the Company have given requisite declarations that they meet the criteria of independence as provided in Section 149(6) of the Act and also Regulation 16(1)(b) of the Listing Regulations and that they are not aware of any circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and have also complied with Rule 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Except as stated above, there was no other change in Directors and Key Managerial Personnel of the Company, during the year under review.

## INTERNAL CONTROL SYSTEM

The Company has a robust internal control mechanism across all offices, plants and key functions. There is a Corporate Internal Audit team consisting of qualified professionals and system experts. In addition, services of external Audit firms and other specialized agencies are also availed to further strengthen its effectiveness. Regular internal audits are conducted to review the internal control systems and compliance thereof as per the annual audit plan approved by Audit Committee of the Board. The findings of the Audit team are reviewed by the Audit Committee and corrective actions are initiated, where necessary. In addition, the Company also follows a Compliance monitoring software tool to capture status of all applicable statutory compliances online.

The Company has also developed a set of documented Risk Control Matrices for all major functions and no material reportable weakness was observed during the year.

The Company also has a comprehensive budgetary control system in sync with its Strategic Business Plan. Key performance targets are set for each Plant and product lines. The actual performance against these targets is periodically monitored and corrective actions as needed are initiated.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company considers the community as its key stakeholder and is one of the foremost proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society in the fields of environment, conservation

of natural resources, health, education, rural development and livelihood interventions etc. In line with its belief of considering Community as its key stakeholder and being sensitive to its needs, during the recent outbreak of COVID-19 pandemic, the Company took several initiatives across its plant locations by undertaking distribution of food kits, face masks, hand-sanitisers, etc. to needy families. Health, hygiene and sanitisation measures were undertaken in the neighbouring areas. The Company also assisted the local administration in taking various preventive and safety measures.

The Company has a Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Act, and rules made there under. CSR Policy of the Company is displayed on the website of the Company.

Annual Report on the CSR activities undertaken by the Company during the financial year ended 31st March 2021, in the prescribed format, as amended, is annexed to this Report as Annexure-1 and forms part of it.

## AUDITORS & THEIR REPORTS

### (a) Statutory Auditors

M/s Lodha & Co., Chartered Accountants, have been appointed as Auditors of the Company to hold office from the conclusion of the 56th Annual General Meeting (AGM) held in the year 2017 till the conclusion of 61st AGM of the Company to be held in the year 2022. The observations of the Auditors in their report on Accounts and the Financial Statements, read with the relevant notes are self-explanatory. The Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

### (b) Secretarial Auditor

The Board of Directors had appointed Shri Namo Narain Agarwal, Company Secretary in Practice, as Secretarial Auditor to carry out Secretarial Audit of the Company for the financial year 2020-21. The Report given by him for the said financial year in the prescribed format, pursuant to the provisions of Section 204 of the Act and Regulation 24A of the Listing Regulations, is annexed to this Report as Annexure-2 and forms part of it. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

### (c) Cost Auditors

In accordance with the provisions of Section 148(1) of the Act, the Company has maintained cost accounts and records. The Cost Audit for the financial year ended 31st March 2020 was conducted by M/s R.J. Goel & Co., Cost Accountants, Delhi and as required Cost Audit Report was duly filed with the Ministry

of Corporate Affairs, Government of India. The Audit of the Cost Records for the financial year ended 31st March 2021, is being conducted by the said firm and the Report will also be filed with the Ministry of Corporate Affairs, Government of India.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

### **MATERIAL CHANGES AND COMMITMENTS**

There has been no material contracts and purchase orders placed other than those relating to the expansion at Unit CPM.

### **CHANGE IN THE NATURE OF BUSINESS**

During the year under review, there was no change in the nature of business of the Company.

### **CONSERVATION OF ENERGY ETC.**

The details as required under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is annexed to this Report as Annexure-3 and forms part of it.

### **PARTICULARS OF REMUNERATION**

Disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other requisite details pursuant to Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as Annexure-4 and forms part of it. Further, Particulars of Employees pursuant to Rule 5(2) & (3) of the above Rules, also form part of this Board Report. However, in terms of provisions of Section 136 of the Act, the Annual Report for the financial year 2020-21 is being sent to all the members of the Company and others entitled thereto, excluding the said particulars of employees. Any member interested in obtaining such particulars may write to the Company Secretary. The said information is also available for inspection at the Registered Office of the Company on working days during working hours.

### **CORPORATE GOVERNANCE**

Your Company reaffirms its commitment to the highest standards of corporate governance practices. Pursuant to Regulation 34 read with Schedule V of the Listing Regulations, Management Discussion

and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made part of this Annual Report.

The Corporate Governance Report which forms part of this Annual Report also covers the following:

- a) Particulars of five Board Meetings held during the financial year under review.
- b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, inter alia, the criteria for performance evaluation of Directors.
- c) The manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.
- d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.
- e) Details regarding Risk Management.
- f) Dividend Distribution Policy.
- g) Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **SUSTAINABILITY AND BUSINESS RESPONSIBILITY REPORT**

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Sustainability and Business Responsibility Report of the Company for the financial year ended 31st March 2021 is given in a separate section and forms part of the Annual Report.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of your Company for the financial year 2020-21 have been prepared in accordance with the Act and applicable Indian Accounting Standards. The Audited Consolidated Financial Statements together with Auditors' Report form part of the Annual Report.

A report on the performance and financial position of each of the subsidiaries and joint ventures included in the Consolidated Financial Statements is presented in a separate section in this Annual Report. Please refer to Form AOC-1 annexed to the Financial Statements forming part of the Annual Report.

Pursuant to the provisions of Section 136 of the Act, the Standalone audited financial statements, Consolidated audited financial statements along with relevant documents and separate audited financial statements in respect of each of the subsidiaries are available on the website of the Company.

During the year under review, no company has become or ceased to be your Company's subsidiary or joint venture or associate.

## DEPOSITS

Pursuant to the approval of members by means of a Special Resolution at the AGM held on 27th September 2014, the Company is accepting deposits from the public and its members, in accordance with the provisions of the Act and rules thereunder.

The particulars in respect of the deposits covered under Chapter V of the said Act, for the financial year ended 31st March 2021 is annexed to this Report as Annexure-5 and forms part of it.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Act, your Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the accounting policies have been selected and applied consistently and judgments and estimates made are 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 of the Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the

Company and for preventing and detecting fraud and other irregularities;

- (d) the annual accounts have been prepared on a going concern basis;
- (e) the proper internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- (f) the proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## ACKNOWLEDGEMENT

Your Directors acknowledge the unstinted support and cooperation received from the Central Government, State Governments, Stakeholders, participating Financial Institutions and Banks, Customers, Dealers and Suppliers.

The Board wishes to record its highest appreciation of the total commitment, dedication and hard work, put in by every employee and member of the Team JK Paper.

On behalf of the Board of Directors

Place: New Delhi  
Date: 24th May, 2021

**Bharat Hari Singhania**  
*Chairman*

## ANNEXURE-1

### ANNUAL REPORT ON CSR ACTIVITIES UNDERTAKEN BY THE COMPANY DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2021

1. Brief outline on CSR Policy of the Company: The Company has been one of the foremost proponents of inclusive growth and has been undertaking projects for overall development and welfare of the society through its CSR initiatives in areas pertaining to promoting preventive healthcare, education, livelihood intervention, rural development, environmental sustainability and conservation of natural resources, etc.

The Company has framed a CSR Policy as required under Section 135 of the Companies Act 2013 and the Rules made thereunder. The CSR Policy has been posted on the website of the Company.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Harsh Pati Singhania	Chairman of the Committee, Executive Director	2	2
2.	Shri Shailendra Swarup	Member, Independent Director	2	2
3.	Shri A. S. Mehta	Member, Executive Director	2	2

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company; [https://www.jkpaper.com/index.php?option=com\\_content&view=article&id=88&Itemid=38](https://www.jkpaper.com/index.php?option=com_content&view=article&id=88&Itemid=38)
4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable
6. Average Net Profit of the Company as per section 135(5); ₹569.93 crores
7. (a) Two percent of average net profit of the company as per section 135(5); ₹11.40 crores
- (b) Surplus arising out of the CSR projects or programs: Nil
- (c) Amount required to be set off for the financial year, if any; Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c): ₹11.40 crores

#### 8.(a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ in crores)	Amount Unspent (₹ in crores)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
10.35	1.05	29th April 2021	-	-	-



(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the List of activities In Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Project duration.	Amount allocated for the project (₹ in crores).	Amount spent in the current financial Year (₹ in crores).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in crores).	Mode of Implementation- Direct (Yes/No).	Mode of Implementation- Through implementing Agency	
				State	District						Name	CSR registration number
1.	Development of resources and services to meet community needs	Rural Development Projects	Yes	Odisha	Rayagada	2 years	0.65	0.19	0.46	Yes	Direct	-
2.	Women Empowerment through formation of SHGs and promotion of Group Based Enterprises (GBE)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Yes	Odisha	Rayagada	2 years	0.60	0.44	0.16	No	Sparsh Social Foundation	CSR00004430
3.	Agri based livelihood among tribal in aspirational district of India through FPOs to achieve more than doubling farmers income	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Yes	Odisha	Rayagada	2 Years	0.29	0.16	0.13	No	Sparsh Social Foundation	CSR00004430
4.	Digital Platform for education and skill development	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Odisha	Rayagada	2 years	0.53	0.23	0.30	No	Sparsh Social Foundation	CSR00004430
Total							2.07	1.02	1.05			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in crores)	Mode of Implementation- Direct (Yes/No)	Mode of Implementation -Through Implementing Agency	
				State	District			Name	CSR registration number
1.	Community Health Care through eye care, health camps and sickle cell anemia	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Gujarat	Tapi	0.35	No	Sparsh Social Foundation	CSR00004430
2.	Combating malnutrition		Yes	Gujarat	Tapi	0.05	No	Sparsh Social Foundation	CSR00004430
3.	Diagnostic and Treatment support to BPL patients through PSRI		No	Delhi	South Delhi	2.00	Yes	Direct	-
4.	Providing safe drinking water and sanitation facility		Yes	Gujarat	Tapi	0.15	Yes	Direct	-
5.	Providing safe drinking water and sanitation facility		Yes	Gujarat	Tapi	0.09	No	Sparsh Social Foundation	CSR00004430
6.	Nutan Gyanvardhini A school for specially children	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Odisha	Rayagada	0.19	No	Sparsh Social Foundation	CSR00004430
7.	Promoting basic education services in govt. schools		Yes	Gujarat	Tapi	0.02	No	Sparsh Social Foundation	CSR00004430
8.	Career counseling of Tribal Youths		Yes	Odisha	Rayagada	0.01	No	Sparsh Social Foundation	CSR00004430
9.	Training of producer group on Bamboo Jewellery Designing		Yes	Odisha	Rayagada	0.09	No	Sparsh Social Foundation	CSR00004430
10.	Youth for SDG/ Climate Actions/ sanitation drive		Yes	Odisha	Rayagada	0.016	No	Sparsh Social Foundation	CSR00004430
11.	Youth Entrepreneurship Development Program		Yes	Odisha	Rayagada	0.71	No	Bharatiya Yuva Shakti Trust	CSR00001952
12.	Promotion of sustainable agriculture and allied activities		Yes	Gujarat	Tapi	0.22	No	Sparsh Social Foundation	CSR00004430
13.	Development of Artisan Cluster		Yes	Gujarat	Tapi	0.20	No	Sparsh Social Foundation	CSR00004430
14.	Promoting Education amongst female school dropouts		No	Rajasthan	Churu	0.24	No	Sparsh Social Foundation	CSR00004430
15.	Supporting Higher Education		No	Rajasthan	Jaipur	1.50	Yes	Direct	-
16.	Women Empowerment through formation of SHGs and promotion of individual/Group Based Enterprises (GBE)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Yes	Gujarat	Tapi	0.04	No	Sparsh Social Foundation	CSR00004430
17.	Market Linkage through Rural Mart for GBE		Yes	Odisha	Rayagada	0.02	No	Sparsh Social Foundation	CSR00004430
18.	Financial Literacy program for Tribal Women		Yes	Odisha	Rayagada	0.01	No	Sparsh Social Foundation	CSR00004430

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in crores)	Mode of Implementation-Direct (Yes/No)	Mode of Implementation-Through Implementing Agency	
				State	District			Name	CSR registration number
19.	Farmers resource centers for convergence of govt programs	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Yes	Odisha	Rayagada	0.03	No	Sparsh Social Foundation	CSR00004430
20.	Casurina Plantation		Yes	Odisha	Puri	0.15	No	Sparsh Social Foundation	CSR00004430
21.	RHMC members Capacity Building meeting		Yes	Odisha	Rayagada	0.004	No	Sparsh Social Foundation	CSR00004430
22.	Input Support to Farmers( seed, irrigation and Mushroom spawn unit)		Yes	Odisha	Rayagada	0.46	No	Sparsh Social Foundation	CSR00004430
23.	Watershed Development	Rural development projects	Yes	Gujarat	Tapi	0.74	No	Aga Khan Rural Support Program (India)	CSR00004229
24.	Promotion of Environmental sustainability through Climate resilient villages and promotion of clean renewable energy		Yes	Gujarat	Tapi	0.09	No	Sparsh Social Foundation	CSR00004430
25.	Development of resources and services to meet community needs		Yes	Gujarat	Tapi	0.30	No	Sparsh Social Foundation	CSR00004430
26.	Providing safe drinking water for Fani effected communities	Response to Natural Emergencies and Calamities	No	Odisha	Puri	0.05	Yes	Direct	-
27.	Covid 19 response in Rayagada		Yes	Odisha	Rayagada	0.10	No	Sparsh Social Foundation	CSR00004430
28.	Contribution to PM Cares	PM Cares	No	NA	NA	1.50	Yes	Direct	-
Total						9.33			

- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Not Applicable
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹10.35 crores
- (g) Excess amount for set off, if any; Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):

The major reason for the shortfall in the budget utilization was the COVID-19 pandemic and consequent lockdown which interrupted

the field level work in the first quarter of the financial year 2020-21. In the month of March 2021 our field level interventions were again interrupted due to the second wave of COVID-19 resulting in total loss of 4 months of field level operations.

Four major projects/programmes which accounted to the underutilization by ₹1.05 crores were:

Sl. No.	Projects/Programmes	Amount ( ₹ in crores)
i)	Development of resources and services to meet community needs in Rayagada	0.46
ii)	Women Empowerment through formation of SHGs and promotion of Group Based Enterprises (GBE)	0.16
iii)	Agri based livelihood among tribal in aspirational district of India through FPOs to achieve more than doubling farmers income	0.13
iv)	Digital Platform for education and skill development	0.30
	<b>Total</b>	<b>1.05</b>

Place: New Delhi  
Date: 24th May 2021

(A.S. Mehta)  
*President & Director*

(Harsh Pati Singhania)  
*Chairman, CSR Committee*



## Annexure-2

### SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
**JK Paper Limited,**  
P.O. Central Pulp Mills - 394660  
Fort Songadh, Dist. Tapi,  
Gujarat

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **JK Paper Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company'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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 ("Audit Period"), 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - (Not applicable to the Company during the Audit Period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period);
  - (f) 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;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- (Not applicable to the Company during the Audit Period);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- (vi) Management has identified and confirmed the following law as being specifically applicable to the Company, which has been complied with: -Indian Forest Act, 1927

I have also examined compliance with applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India and the Listing Agreements entered into by the Company with the Stock Exchanges.

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

#### **I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition

of the Board of Directors during the period under review, except demise of one Director.

Adequate Notice is given to all directors at least seven days in advance to schedule the Board Meetings and Agenda and detailed notes on agenda are also sent in advance, except when a Board Meeting was held at shorter notice in accordance with provisions of Section 173(3) of the Act. 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or Committees of the Board, as the case may be.

**I further report that,** based on review of compliance mechanism established by the Company and on the basis of compliance certificates issued by the Company Executives and taken on record by the Board of Directors and Audit Committee at their meetings, 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.

**I further report that,** during the audit period, the Company had the following specific events:

1. Company's manufacturing and other operations remained closed/ suspended at both plants of the Company for a few days in the beginning of the year due to lockdown imposed in the Country on account of COVID-19.
2. Company bought back 88,41,241 nos. of its own equity shares of ₹10/- each for an aggregate amount of ₹83.41 crores in accordance with the provisions of the Act and SEBI (Buyback of Securities) Regulations, 2018. This reduced the paid up equity share capital of the Company from ₹178.24 crores to ₹169.40 crores.
3. Company altered Object Clause of its Memorandum of Association and adopted new Articles of Association to make it consistent and align with the provisions of the Act, by passing special resolutions through postal ballot by remote e-voting, in terms of and in consonance with the relevant provisions of the Act.

4. Commercial Papers issued in different tranches were redeemed on respective maturity dates.
5. Company subscribed for 20,000 ordinary shares of USD 1 each in JK Paper International (Singapore) Pte Ltd., a wholly owned subsidiary.

This report is to be read alongwith the following-

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My 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.
7. The prevailing circumstances in the country on account of Lockdown and COVID-19 have impacted, to some extent, my verification of documents and records of the company.

Place: New Delhi  
Date: 14 May 2021  
UDIN: F000234C000302635

**Namo Narain Agarwal**  
**Secretarial Auditor**  
FCS No. 234, CP No. 3331

## Annexure-3

### Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo in terms of Section 134(3)(m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014.

#### A) CONSERVATION OF ENERGY

- i. During the year, several initiatives, as outlined below, have been taken towards energy conservation.

##### JKPM:

1. Partial Reuse of Effluent Generated During service and Generation cycle of SAC & SBA at DM plant with saving 116M3/Day of water going to drain and saving 3.77 Lacs / annum
2. Stoppage of Clear water pump for DM Plant resulting in power saving.
3. Installed LED fitting in new and old plants with resulting in saving of power.
4. Additional capacitor in PCC and MCC for reducing power consumption by improving power factor.
5. Installation of lower capacity ASH quenching for power saving.
6. PM-1 Hot water line modified. PM-1 1st and 4th press hydraulic pp modified and replaced with energy efficient pump and motor.

##### CPM:

1. Energy saving by use of VFD for head box level control at PM-2
2. Energy saved by reducing running frequency of TG3 and TG4 frequency.
3. Energy saved by reducing machine crawl speed.
4. Energy saved by Replacement of higher efficient resources.

- ii. The capital investment on energy conservation equipments:  
The Company has invested ₹7.85 crores for energy conservation equipments during the year.

#### B) RENEWABLE ENERGY

The steps taken by the company for utilizing alternate sources of energy:

Concentrated black liquor contains carbohydrates(Lignin) extracted from wood and sodium salts bonded with carbohydrates from the cooking chemicals added at the digester. Combustion of the

organic portion of Black liquor solids produces heat in the recovery boiler, heat is used to produce high pressure steam, which is used to generate electricity in a turbine. Turbine extraction Medium & low pressure steam is used for process heating. Black liquor solids as a fuel has been confirmed as renewable biomass fuel by Ministry of New & Renewable Energy, Government of India. About 20% of the energy requirement at Unit CPM and 57% at Unit JKPM is being met by this renewable source.

#### C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- i. Efforts made towards technology absorption:

1. Installation of PM-3 Press section at unit-JKPM.
2. Installed new Winder with automation features in PM-5 in place of old winder to reduce losses and improve productivity at unit-JKPM.
3. At unit-CPM increased % solid of extracted semi concentrated black liquor (SCBL) while maintaining the viscosity by maintaining higher free alkali.
4. At unit-CPM three numbers new refiners installed, 2 for hard wood pulp and 1 for soft wood pulp.
5. Installation of wire guide roll doctor holder in PM-2 at unit-CPM.
6. Increased Ash % in paper, reduced Fiber loss and did process pulp optimization.
7. Installation of Multi plate settler to replace fresh water with treated back water.
8. Increase Direct Feeding of Wood from last F.Y. 60 % to 75%, with regular co ordination with raw material and chipper team, to reduce loading and unloading cost at unit-CPM.
9. Mechanisation of Wood Unloading, Stacking, Loading and Feeding at New Yard and Pulp mill.

- ii. Benefits derived as a result of above efforts:

The initiatives have enabled the Company in terms of product & quality improvement, cost reduction, product development and enhance customer satisfaction.

iii. Expenditure incurred on Research & Development:

During the year, the Company has spent ₹583 lacs on Research & Development. The Company performed various Research & Development activities.

1. Various trials were conducted on the shop floor to upgrade the exiting quality of product to meet the customer perception and maintain our quality leadership in the country. They are:
  - A. Under Atmanirbhar Yojana concept & replacement of imports in Lower gsm Coated Paper, developed JK Art Paper & Chromo grade in the Gsm range of 80 – 100 gsm.
  - B. Introduction of Clay Coated Cup Stock for making high-end Tea & Coffee Cups and Soft pillow packs used in Liquid food packaging.
  - C. Introduction of JK Sublime 75 / 80 Gsm for Custom apparel printing in Fashion Industry Sublimation transfer paper.
  - D. Reduction in Cationic Starch Consumption in PM6.
  - E. Following New Products were developed and introduced during the year under review:

**Paper:**

- a. JK Index (HB) Cartridge shade
- b. JK Easy Draw NS\_AS (High Bulk and OBA Free)
- c. JK Astra Print (Maplitho Paper)
- d. EcoRise (Copier paper)

**Board:**

- a. VFL for liquid packaging,
- b. JK CBD for Bindi segments.

2. R & D activities in Plantation:

- A. Developed and commercially released new Eucalyptus clones JKSC 85.
- B. Commercialized 3 new Subabul clones namely CPM 3, CPM 29 and CPM 32. These clones will help in doubling the income of the farmers as per Prime Minister's vision.
- C. Developed and commercially released new Acacia clone namely JKSC 51, JKSC 72.
- D. Successfully developed hybrid between Leucaena Luecocephala & L. Collinsii which is resistant to psyllid insect, seedless and having higher wood productivity. Commercial production initiated.

**D) FOREIGN EXCHANGE EARNINGS AND OUTGO**

₹ in crores (10 Million)

(a)	Foreign Exchange earned	293.54
(b)	Foreign Exchange outgo:	
	- CIF Value of Import	342.79
	- Others	13.39

On behalf of the Board of Directors

Place: New Delhi  
Date: 24th May, 2021

**Bharat Hari Singhania**  
Chairman



## ANNEXURE – 4

### Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for FY 2020-21

- A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company - (a) Non-Executive Directors: Shri Bharat Hari Singhania, Chairman, 37.76; Shri Arun Bharat Ram, 5.08; Shri Dharendra Kumar, 4.50; Shri M.H. Dalmia, 4.44; Shri R.V. Kanoria, 5.53; Shri Sandip Somany, 4.44; Shri Shailendra Swarup, 4.80; Shri Udayan Bose, 4.14 (ceased to be Director w.e.f. 7.1.2021, due to his demise); Smt. Vinita Singhania, 4.23; Shri S. K. Roongta, 4.44 and Smt. Deepa Gopalan Wadhwa, 4.44 (b) Executive Directors: Shri Harsh Pati Singhania, VC & MD, 558.08, Shri A.S. Mehta, President & Director, 92.27.
- B. The percentage increase/(decrease) in remuneration of each Director, Chief Finance Officer, Company Secretary - Shri Bharat Hari Singhania, Chairman, (25.27%); Shri Harsh Pati Singhania, VC & MD, (11.63%); Shri A.S. Mehta, President & Director, (12.16%); Shri Arun Bharat Ram, 0.48%; Shri Dharendra Kumar, (7.04%); Shri M.H. Dalmia, (1.08%), Shri R.V. Kanoria, (9%), Shri Sandip Somany, (4.20%), Shri Shailendra Swarup, (0.25%), Shri Udayan Bose, Not Applicable since ceased to be Director w.e.f. 7.1.2021, due to his demise, Smt. Vinita Singhania, (13%), Shri S. K. Roongta, (9.88%); Smt. Deepa Gopalan Wadhwa, Director was appointed during part of the financial year 2019-20, accordingly her remuneration during financial year 2020-21 was not comparable, Shri V. Kumaraswamy, CFO, 4.21%, and Shri Deepak Gupta, CS, Not applicable, as was appointed Company Secretary during the financial year 2020-21.
- C. The percentage increase in the median remuneration of employees- 4.88%. The number of permanent employees on the rolls of Company - 2655.
- D. Average percentage increase in the salaries of employees other than the managerial personnel in the financial year 2020-21 was 6%. Whereas, during the said year, the remuneration for Managerial Personnel decreased by 11.70%.
- E. We affirm that the remuneration paid during the financial year 2020-21 is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management of the Company.

## ANNEXURE – 5

### The particulars in respect of the deposits covered under Chapter V of the Companies Act, 2013 for FY 2020-21

- (a) Accepted during the year – ₹32.08 crores;
- (b) Remained unclaimed as at the end of the year – ₹2.41 crores;
- (c) Default in repayment of deposits or payment of interest thereon at the beginning of the year and at the end of the year – Nil; and
- (d) Details of deposits which are not in compliance with the requirements of Chapter V of the said Act – Nil.

On behalf of the Board of Directors

Place: New Delhi  
Date: 24th May, 2021

**Bharat Hari Singhania**  
Chairman

# Sustainability & Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended 31st March 2021, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate identification number	L21010GJ1960PLC018099
2	Name of the Company	JK Paper Limited
3	Registered address	Registered office: P. O. Central Pulp Mills – 394 660 Fort Songadh, District Tapi, Gujarat Ph.No.: +91-2624-220228/ 220278-80 Fax No.: +91-2624-220138
4	Website	www.jkpaper.com
5	Email address	sharesjkpaper@jkmil.com
6	Financial year reported	1st April, 2020 to 31st March, 2021
7	Sector(s) that the Company is engaged in	Manufacturing of Paper and Paper Board falling into NIC 2008 Code - 1701 of Ministry of Statistics and Programme Implementation.
8	Three key products/services manufactured/ provided by the Company	Office documentation paper Coated & Uncoated paper and board Packaging board
9	Total number of locations where business activity is undertaken by the Company	Rayagada, Odisha, India - Manufacturing location Songadh, Gujarat, India - Manufacturing location Kolkata - Regional Office Mumbai - Regional Office Chennai - Regional Office Delhi - Regional and Admin Office
10	Markets served by the Company	The Company has Pan India presence through regional marketing offices, trade partners, dealers and depots having a robust network of over 4,000 dealers and over 350 Trade Partners (Wholesalers, Retailers & Direct Party) and 15 depots.  The International Markets are served by exporting our products to around 62 countries including US, UK, Sri Lanka, Bangladesh, Singapore, Malaysia, Africa and the Middle East.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up capital	₹169.40 crores																										
2	Total turnover	₹2969.15 crores																										
3	Total profit after tax	₹322.19 crores																										
4	Total spending on CSR as percentage of Net Profits	3.21%																										
5	List of the activities in which expenditure in 4 above has been incurred:	<table><tr><th>Corporate Social Responsibility (CSR) Activity</th><th>Expenditure (₹ in lac)</th></tr><tr><td>Women Empowerment</td><td>51.00</td></tr><tr><td>Farming &amp; Agriculture</td><td>102.40</td></tr><tr><td>Craft Based Livelihood</td><td>20.00</td></tr><tr><td>Youth &amp; Entrepreneurship</td><td>82.60</td></tr><tr><td>Environment</td><td>83.00</td></tr><tr><td>Education</td><td>218.00</td></tr><tr><td>Health</td><td>240.00</td></tr><tr><td>Water &amp; Sanitation</td><td>29.00</td></tr><tr><td>Community Needs</td><td>49.00</td></tr><tr><td>PM Cares</td><td>150.00</td></tr><tr><td>COVID-19</td><td>10.00</td></tr><tr><td>Total</td><td>1,035.00</td></tr></table>	Corporate Social Responsibility (CSR) Activity	Expenditure (₹ in lac)	Women Empowerment	51.00	Farming & Agriculture	102.40	Craft Based Livelihood	20.00	Youth & Entrepreneurship	82.60	Environment	83.00	Education	218.00	Health	240.00	Water & Sanitation	29.00	Community Needs	49.00	PM Cares	150.00	COVID-19	10.00	Total	1,035.00
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Community Needs	49.00																											
PM Cares	150.00																											
COVID-19	10.00																											
Total	1,035.00																											

## SECTION C: OTHER INFORMATION

1	Does the Company have any Subsidiary Company/ Companies?	<ol style="list-style-type: none"> <li>1. Jaykaypur Infrastructure &amp; Housing Ltd.</li> <li>2. Songadh Infrastructure &amp; Housing Ltd.</li> <li>3. Enviro Tech Ventures Ltd. (formerly JK Enviro-tech Ltd.)</li> <li>4. JK Paper International (Singapore) Pte. Ltd.</li> <li>5. The Sirpur Paper Mills Ltd.</li> </ol>
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	The Company encourages participation of its subsidiary companies in its group-wide Business Responsibility ("BR") initiatives. The four Indian subsidiary companies are aligned with the Company's BR initiatives.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No, the entities that the Company does business with, do not participate in the BR Initiatives of the Company.

## SECTION D: BR INFORMATION

### 1. Details of Director/s responsible for BR

#### a) Details of the Director responsible for implementation of BR policies

1	DIN number	00030694
2	Name	A. S. Mehta
3	Designation	President & Director

#### b) Details of BR head

1	DIN number	00030694
2	Name	A. S. Mehta
3	Designation	President & Director
4	Contact number	011- 68201100
5	Email id	asmehta@jkmail.com

## 2. Principle-wise (as per NVGs) BR Policy/policies

Principles	Description	Company's Policy
Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Code of Conduct, Whistle Blower
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Quality Policy
Principle 3	Businesses should promote the well-being of all employees	HR Policy, SHAW – Prevention of sexual harassment at workplace
Principle 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	CSR Policy
Principle 5	Businesses should respect and promote human rights	Code of Conduct, HR Policy, SHAW – Prevention of sexual harassment at workplace
Principle 6	Business should respect, protect and make efforts to restore the environment	Environment Policy
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Code of conduct
Principle 8	Businesses should support inclusive growth and equitable development	CSR Policy
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Quality Policy

### Details of compliance (Reply in Y/N)

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify?	Most of the policies are aligned to various standards like: ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environment Management System), OHSAS 18001:2007 (Occupational Health & Safety Management System)								
4.	Has the policy been approved by the Board? If yes, has it been signed by the MD/owner/CEO/ appropriate Board Director?*	Y	-	-	Y	-	-	Y	Y	-
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?*	*	-	-	*	-	-	*	*	-
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	**	**	**	**	**	**	**	**	**

\*Visit [www.jkpaper.com/index.php?option=com\\_content&view=article&id=88&Itemid=38](http://www.jkpaper.com/index.php?option=com_content&view=article&id=88&Itemid=38)

\*\* The Company has evaluated the Policies internally.



### 3. Governance related to BR

1. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Company does not have a Committee of Board for dealing with this matter specifically. However, aspects of Business Responsibility are reviewed by various other committees of the Executives/ Board. BR performance of the Company is being continuously assessed by the Senior Executives of the Company.

2. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The BR report is available at the website of the Company and may be accessed at the link [https://www.jkpaper.com/index.php?option=com\\_content&view=article&id=8&Itemid=38](https://www.jkpaper.com/index.php?option=com_content&view=article&id=8&Itemid=38). The report is published annually with the Annual Report of the Company.

grievances, violation of the Company's Code of Conduct or Ethics Policy, and any other event which would adversely affect the interests of the business of the Company.

The Code of Conduct followed by the Company extends to the Group, Subsidiary companies and Joint Ventures.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Four investor complaints were received during the financial year ended 31st March 2021, all of which were promptly resolved to the satisfaction of the investor concerned. Customer complaints have been covered under Principle 9. No other stakeholder complaints from depositors, vendors, dealers etc. were received. All queries were promptly responded to the stakeholder concerned.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

All the products manufactured by the Company viz. paper and board, are manufactured taking into account social and environmental concerns. The Company continues to remain focussed on delivering stakeholder value while maintaining ecological balance. Rooted in the concept of sustainable development, the Company aims to deliver products that satisfy customer needs while being durable, resource-efficient as well as economically feasible. Sustainability is embedded into various stages of our product life-cycle, including procurement, manufacturing, transportation, distribution and, finally, the disposal of product by the customer. Responsible and sustainable procurement of fibre is both a key policy and principle at the Company. Manufacturing units of the Company are both FSC-COC (Forest Stewardship Council – Chain of Custody) and FSC-FM (Forest Stewardship Council – Forest Management) certified. The Company takes up plantations under the Forest Stewardship Council Forest management certification programme and this has benefitted the farmers through adoption of better and more sustainable management of plantations. The Company has facilitated plantation of more than 2,426.63 lac trees in the last four years (FY 2017-18 to 2020-21). The Company carries extensive research and development to develop short rotation, genetically superior, site specific and disease resistant clones with rotation of about 3 years for the improvement of plantation yields, which results in increased returns to farmers. We also provide free of cost technical support from planting to its harvesting and training & development to farmers to achieve higher wood yield.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company is committed to highest standards of corporate governance practices. It forms an integral part of our values, ethics and business practices which is aimed at creating and enhancing long-term value of stakeholders. We practice and promote corporate ethics to enhance transparency in our operations and accountability amongst the stakeholders. Code of Conduct of the Company, reflects strong alignment to core values and commitment to maintain the highest standards of said practices in its interface with all stakeholders, society at large and the environment. There lies an element of fiduciary responsibility with the Directors and senior management of the Company to maximise the value of shareholders via good business practices and controls.

In order to reaffirm this commitment, the Company has several policies guided by the Code of Conduct that are applicable to the Board, Management as well as all the employees of the Company. We take pride in our 'Quality Policy' which aims at providing customer delight-both internal and external-through our products at lowest cost by continuous improvement in processes, productivity, quality and management systems. Finally, we ensure accountability with respect to the said commitment through a vigil mechanism which provides a common platform for associates and employees of the company to report any suspected frauds, unethical behaviour,

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

The Company believes that optimizing production efficiency delivers value to customers and minimises environmental impact, therefore driving the Company towards the goal of long term sustainability.

**Raw material:** The material intensity (wood consumed per ton of product) of the Company has reduced from 1.59 ADMT/MT in FY 2019-20 to 1.55 ADMT/MT in FY 2020-21.

**Energy:** The energy intensity (total energy consumed per ton of product) has reduced from 960 Kwh/ MT in FY 2019-20 to 952 in FY 2020-21.

**Water:** Water consumption per ton of product has reduced from 32.43/ MT in FY 2019-20 to 30.60 /MT in FY 2020-21.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Owing to the nature of the product, it is not feasible to identify the reduction during usage by consumers.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

The Company acknowledges that its supply chain can significantly impact the environment and society at large. In order to ensure sustainability across the entire value chain, the Company has made responsible sourcing an integral part of its sustainability strategy. Several principles have been adopted and responsible forest management practices are promoted to reap benefits like long-term availability of raw materials for the operations. These efforts lead to absorption of atmospheric carbon, probably much more than what is emitted by the Company's operations.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

During the past few years, the Company has had a multi-pronged strategy of increasing plantation coverage in the nearby areas thereby enabling local procurement. Furthermore, the Company is engaged in extensive research

and development to ensure long-term sustainability of raw materials for operations via responsible sourcing and promoting local procurement. The Company is working towards developing clones for the improvement of plantation yields, which results in increased returns to farmers and better quality of raw material for process. The Company engages with the farmers to increase the overall plantation area and promote agroforestry for better land utilisation. The farmer friendly Gate Purchase initiative offers the farmers remunerative prices and improved logistics movement to ensure higher volume of pulpwood procurement from plantations besides removing middlemen in procurement process.

In addition to above, various awareness programmes, field trainings and on the field demonstrations are being undertaken aiming at building capacity of farmers so that the required cultural operations as per specified package of practices can be understood by farmers and implemented in the field. In addition, audio visual aids like leaflets, pamphlets, videos and practical field demonstrations are used along with focussed group discussions with experienced farmers through village level meetings. Awareness amongst farmers is created by organising their visits to the Company's production and research facilities, demonstration of plantations, plantations of progressive farmers and also to our manufacturing units.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%)?

Waste generated in operations is considered as a potential resource for various other activities by making its best use within the operations through optimisation of existing processes. This has led to increased commitment towards reducing environmental impact of business activities via waste minimisation and re-use. Non-hazardous solid wastes such as bamboo and hard wood dust, screen rejects, fly-ash, lime sludge, and effluent sludge are re-used in various processes. As per CREP guidelines rotary lime kiln is commissioned for recycling of lime sludge. Lime sludge generated from the process is used as raw material to lime kiln to produce Lime. Primary ETP sludge is used to make egg trays and recycled board etc. We ensure that 100% of fly-ash is used to manufacture fly-ash bricks & cement manufacturing and board rejects are entirely recirculated within the board plant. Paper machine effluent is segregated and treated separately in a 20 m diameter clarifier. Clarified effluent is reused in pulp mill and chipper house. Around 95% of this paper machine effluent is reused/ recycled in the process. Wood dust generated during the process of wood chipping is burnt 100% as fuel along with coal in coal fired boiler.

### Principle 3: Businesses should promote the well-being of all employees.

1. Total number of employees: 2655 – permanent employees
2. Total number of employees hired on temporary/contractual/casual basis: 3921
3. Number of permanent women employees: 42
4. Number of permanent employees with disabilities: Nil
5. Do you have an employee association that is recognised by management?

Collective bargaining agreements exist with trade unions on a local level and these agreements promote the acceptance of responsibility by both parties and the development of a positive health and safety culture.

6. What percentage of your permanent employees is members of this recognised employee association? 38.55%
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No complaints pertaining to child labour, forced labour, involuntary labour, sexual harassment were reported in the current financial year.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - (a) Permanent Employees – 100%
  - (b) Permanent Women Employees – 100%
  - (c) Casual/Temporary/Contractual Employees – Need based
  - (d) Employees with Disabilities – Not Applicable

The skills and knowledge of the Company's workforce are among its greatest strengths. The Company continues to focus on learning and skill development of its employees, various tools of learning viz. e-gyan portal, an online portal for learning are being run by the Company to enhance the capabilities and knowledge of its employees. The Company believes in 70-20-10 philosophy of training and education. Maximum learning and development, i.e. 70%, takes places through hands-on involvement and practical experience, 20% is achieved through classroom training and the remaining 10% through textual learning. Continuous learning and development are essential. In FY 2020-21, the Company imparted an average of 30 hours of training per employee on topics such as safety, as well as technical training specific to the employees' different roles. Almost all the employees form part of the Company's safety and skill upgradation programmes.

### Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes, the company has identified key stakeholder groups and mapped its internal and external stakeholders. The key categories include (i) Government and regulatory authorities; (ii) Employees; (iii) Consumers; (iv) Suppliers; (v) Investors, Shareholders & Lenders; (vi) Local Community; and (vii) NGOs.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes, the Company has identified the disadvantaged, vulnerable & marginalised stakeholders from the nearby local communities and surrounding villages in the form of contractual employees and marginal farmers.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

Yes, the Company values the support of its stakeholders and respects the interest and concerns they have towards the Company. The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner. The Company proactively engages with and responds to those sections in the society that are disadvantaged, vulnerable and marginalized. The Company has a structured CSR program through which it assesses the needs of local stakeholders and carries out initiatives to address societal needs.

### Principle 5: Businesses should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?

The Company is committed to protect the human rights of its stakeholders. Human resource is considered as a valuable resource in the organization. Human resource practices of the Company aim at ensuring not only protection but also respect for human rights. Various policies viz. Safety of Women & Prevention of Sexual Harassment at Workplace

(SHAW), Prohibition of Child Labour, Code of Conduct, Policy on Preventing Forced Labour, Policy on Discrimination etc. are in place to ensure protection of Human Rights of the employees and other stakeholders. The Company, within its sphere of influence, promotes the awareness and realization of human rights across its value chain. To this extent, the Company extends its initiatives to promote human rights to external stakeholders including suppliers and contractors. The Company's approach to manage human rights is aligned with internationally recognised principles and guidelines. It is a constant endeavour to ensure that none of the suppliers engage in employment of child, forced or compulsory labour. The Company strongly prohibits the employment of child, forced or compulsory labour in all its operations.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

In the reporting period, no violations or complaints surfaced and no areas were discovered where any of our operations or suppliers might be found to have significant risk of child labour or forced or compulsory labour or infringed human rights of other stakeholders. No complaint was received pertaining to human rights violation during the past financial year.

**Principle 6: Businesses should respect, protect, and make efforts to restore the environment.**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/others.

The Company is committed towards environmental protection and has a well-defined corporate environmental policy in place. The policy covers the Company and its employees. The Company encourages its subsidiaries, joint ventures, suppliers and contractors to employ environment friendly measures in their day to day operations.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

Yes, the Company has taken up several initiatives to address global environmental issues such as climate change, global warming, waste minimisation, effluent reduction, water conservation. The Company has also signed an 'Emission Reduction Purchase Agreement (ERPA)' with the Bio Carbon Fund of the World Bank covering 1,608 Ha of farmland mainly owned by small and marginal farmers associated with JK Paper's plantation program. This program provides additional income for participating farmers, besides reducing harmful greenhouse gases and global warming. Necessary efficient air pollution control / Water Pollution control equipment are installed to control air emissions from the boilers. For further

details, refer <http://www.jkpaper.com/index.php.....>

3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company regularly identify the potential environmental risks and has an elaborate risk management system to inform Board Members about risk assessment and mitigation procedures. The Risk Management Committee meets on regular basis and evaluates the efficacy of the framework relating to risk identification and its mitigation laid down by the Committee.

At each location, there is a dedicated team within the umbrella of the Environmental, Health & Safety structure that, among other responsibilities, takes care of ensuring compliance to applicable federal, state and local laws related to environmental matters. To assure compliance with applicable laws and standards, the environmental department regularly interacts with the manufacturing locations and conducts internal audits of all facilities, on a continuous and ongoing basis. In case any of the units receive notice of violation, environmental release or permit excess, it is promptly communicated to senior management through the incident reporting system and corrective action is taken immediately. Moreover, the Company uses environmental impact assessments, recognized environmental management standards, ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), OHSAS 18001:2007 (Occupational Health & Safety Management System) and FSC (Forest Stewardship Council) Certification to sharpen its focus towards achieving sustainability goals.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

Yes, the Company has registered two projects related to the Clean Development Mechanism under UNFCCC. Vide approval dated 15th July 2009, the Company's CDM project on "Improving rural livelihoods through carbon sequestration" in the nearby areas in Koraput, Kalahandi & Rayagada districts was approved under UNFCCC.

Further the company implemented a program to upgrade its facilities for energy efficiency, resource conservation, reduction in water consumption etc. This was facilitated by a USD 3 Million loan of IFC Washington under Clean Production initiatives.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, the Company has been undertaking various energy efficiency measures at its manufacturing locations from time to time which include optimisation of voltage level



through tap position changing on transformer, installation of energy efficient luminaries and motors on various machines, running motors with low current by converting delta to star connection, etc. Also, the Company ensures 100% conversion of fly ash into fly ash bricks. More details on the same is available at: [https://www.jkpaper.com/index.php?option=com\\_content&view=article&id=32&Itemid%20=33](https://www.jkpaper.com/index.php?option=com_content&view=article&id=32&Itemid%20=33)

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the Company complies with all the Central Pollution Control Board/State Pollution Control Board norms of emission and waste generation. The Company is committed to minimizing its waste as well as emissions. It has initiated various measures across the manufacturing locations to waste minimization and reuse. Also, the Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in pollution control equipment. All these measures ensure that the emissions/waste generated by the Company are within the permissible limits given by CPCB/SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

During the FY 2020-21, there were no non-compliances with environmental laws and/or regulations and the Company did not pay any fine towards any case pending from previous years.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is member of the following associations:

- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Indian Paper Manufacturers Association (IPMA)
- International Chamber of Commerce, India (ICC India)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company has always advocated the cause of Good Governance, Administration and Economic reforms. It actively participates and raises its concern on matters of governance, economic reforms and other public policies in public interest

at appropriate forums.

The Company continuously advocates the use of alternative fuels, energy conservation and afforestation. For social development projects, the Company partners with organisations such as Bharatiya Yuva Shakti Trust (BYST), Sparsh Social Foundation, Aga Khan Rural Support Program (India), National Skill Development Corporation (NSDC) etc. to seek their participation and involvement in implementing various initiatives. Some of the major programmes undertaken on a continual basis are training of youths in entrepreneurship which enabled them to earn livelihood for themselves and their families.

**Principle 8: Businesses should support inclusive growth and equitable development.**

1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has been one of the foremost proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, rural development and livelihood interventions etc. Accordingly, over the years, its programs have diversified to women empowerment, entrepreneurship sustainable agriculture and climate resistant farm technologies along with modern health care and education. The Company has a CSR Policy in accordance with the provisions of the Companies Act, 2013 and rules made there under. The CSR Policy has been disclosed on the website of the Company.

2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/ any other organisation?

Each of the mills of the Company has a local CSR team and they can tailor their own approach and initiatives. Social research is used to establish a baseline and assess impact of the programs on ground. Extensive in-depth interviews and focus groups are conducted to make an assessment of the needs & aspirations of the people. The Company proactively works towards women empowerment via promotion of self-help groups, mobilization of farmer clubs to enhance field productivity & their earnings, catalysing skill development programmes for youth and carrying out infrastructural development projects.

3. Have you done any impact assessment of your initiative?

The Company adopts tools like Participatory Rural Appraisal to involve people in prioritizing their needs and defining type of development initiatives suited to local needs. Villagers give scores to development initiatives, either individually scoring or in small groups and aggregating for the community as a whole.

This facilitates a process of democratic prioritization by the entire community, ensuring people's involvement in their own development. This is a very important tool for micro-planning by the Principles for Responsible Investment (PRIs) at village level.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

During the financial year 2020-21, the Company had contributed ₹10.35 crores to Community Development Projects. Out of this, ₹4.96 crores was incurred through Sparsh Social Foundation, Aga Khan Rural Support Program (India), Bharatiya Yuva Shakti Trust, and the balance by the Company directly.

The details of the community development projects undertaken during the financial year 2020-21 are given in Corporate Social Responsibility Report which forms part of the Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The CSR team at the manufacturing locations regularly interact with the local communities to assess the impact of community development projects undertaken by these units to ensure that the objectives and benefits of these projects are being met.

**Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

During the year, 630 Customer complaints were received out of which only 7 complaints (1.1%) were pending as on 31st March 2021.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)

The Company has an uncompromising commitment to provide best in-class products and ace customer satisfaction. The Company complies with all laws and regulations concerning marketing communications. In line with this, the required information as mandated by law is inscribed on the product label of the Company.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year?

There was no incidence of non-compliance with regulations and voluntary codes concerning product and service information and labelling. Similarly, there was no instance reported for non-compliance with regulations and voluntary codes concerning health and safety impacts of the Company's products and services.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company is focused on delivering value to its customers and, therefore, customer satisfaction surveys are carried out on a regular basis. This provides valuable feedback for the Company for providing the best possible service to customers and to continuously improve in its engagement with customers. Last survey was conducted in the year 2019.

# Corporate Governance Report

**1. Company's Philosophy on Code of Governance:** Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:-

- Commitment to excellence and customer satisfaction
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and remaining committed to high standards of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre.

**2.1 Board of Directors:** The Board of Directors consists of twelve Directors as on 31st March 2021, out of which two are Executive Directors and ten are Non-Executive Directors. Out of ten Non-Executive Directors, six are Independent Directors. Attendance and other details of the Directors for the financial year ended on 31st March 2021 are given below:

Sl. No. <sup>^</sup>	Name of Directors	Category	No. of Board Meetings attended	Whether attended last AGM (11.09.2020)	No. of other Directorships and Committee Memberships / Chairmanships		
					Other Directorships \$	Other Committee Memberships **	Other Committee Chairmanships **
1.	Shri Bharat Hari Singhania, Chairman	Non- Executive Non- Independent	5	Yes	4	1	-
2.	Shri Harsh Pati Singhania, Vice Chairman & Managing Director	Executive	5	Yes	2	-	-
3.	Shri Arun Bharat Ram #	Independent	4	No	3	-	-
4.	Smt. Deepa Gopalan Wadhwa #	Independent	5	Yes	6	4	-
5.	Shri Dharendra Kumar	Non- Executive Non- Independent	5	Yes	5	2	-
6.	Shri M.H. Dalmia #	Independent	5	Yes	-	-	-
7.	Shri R. V. Kanoria #	Independent	5	Yes	7	4	1
8.	Shri Sandip Somany #	Independent	5	No	4	1	-
9.	Shri Shailendra Swarup #	Independent	5	Yes	8	5	-
10.	Shri S.K. Roongta	Non- Executive Non- Independent	5	Yes	8	4	2
11.	Smt. Vinita Singhania	Non- Executive Non-Independent	4	Yes	5	-	-
12.	Shri Udayan Bose @	Independent	4	No	Not Applicable		
13.	Shri A.S. Mehta, President & Director	Executive	5	Yes	5	5	1

# The appointment of Independent Directors is in accordance with the provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and in the opinion of the Board, they fulfill the conditions specified in the Listing Regulations and are independent of the management of the Company.

\$ excluding Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act. Independent Directorships held by the Directors are in accordance with the Listing Regulations.

^ DIN of the above named Directors in seriatim: 1. DIN: 00041156, 2. DIN: 00086742, 3. DIN: 00694766, 4. DIN: 07862942, 5. DIN: 00153773, 6. DIN: 00009529, 7. DIN: 00003792, 8. DIN: 00053597, 9. DIN: 00167799, 10. DIN: 00309302, 11. DIN: 00042983, 12. DIN: 00004533 and 13. DIN: 00030694.

@ Shri Udayan Bose ceased to be Independent Director of the Company due to his demise on 7th January 2021.

\*\* only includes Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee.

## 2.2 Name of the Listed Entities, where Director is a Director, other than JK Paper Limited:

**Name of Director:** Name of the Listed Company (Category of Directorship)

**Shri Bharat Hari Singhania, Chairman:** JK Lakshmi Cement Limited (ED), JK Tyre & Industries Limited (ED), JK Agri Genetics Limited (NED) and Bengal & Assam Company Limited (NED)

**Shri Arun Bharat Ram:** SRF Limited (ED)

**Smt. Deepa Gopalan Wadhwa:** J.K. Cement Limited (IND), Mindtree Limited (IND), Bengal & Assam Company Limited (IND), Artemis Medicare Services Limited (IND) and NDR Auto Components Limited (IND)

**Shri Dharendra Kumar:** The Scottish Assam (India) Limited (NED) and Bengal Tea & Fabrics Limited (IND)

**Shri R.V. Kanoria:** Kanoria Chemicals & Industries Limited (ED), Nestle India Limited (IND) and Ludlow Jute & Specialities Limited (NED)

**Shri Sandip Somany:** HSIL Limited (ED) and Somany Home Innovation Limited (NED)

**Shri Shailendra Swarup:** Gujarat Flurochemicals Limited (IND), Bengal & Assam Company Limited (IND), Subros Limited (IND), Jagran Prakashan Limited (IND), GFL Limited (IND) and Sterling Tools Limited (IND)

**Shri S.K. Roongta:** Jubilant Pharmova Limited, Formerly Known as Jubilant Life Sciences Limited (IND), ACC Limited (IND), Jubilant Ingrevia Limited (IND) and Titagarh Wagons Limited (IND)

**Smt. Vinita Singhania:** JK Lakshmi Cement Limited (ED), Bengal & Assam Company Limited (NED), HEG Limited (NED) and Udaipur Cement Works Limited (NED)

**Shri A.S. Mehta, President & Director:** Umang Dairies Limited (IND) and JK Agri Genetics Limited (IND)

Other Directors do not hold directorship in any other listed Company.

ED - Executive Director, NED - Non-Executive Non-Independent Director and IND - Independent Director

### Date and number of Board Meetings held

Five Board Meetings were held during the financial year 2020-21 i.e., on 28th April 2020, 12th May 2020, 29th July 2020, 29th October 2020 and 27th January 2021.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

The Company already has a Code of Conduct in position for Management Cadre Staff (including Executive Directors). In terms of provisions of Regulation 17(5) of the Listing Regulations and contemporary practices of good corporate governance, the Board has laid down a code of conduct for all Board Members and Senior Management of the Company and the same is available on the website of the Company ([www.jkpaper.com](http://www.jkpaper.com)). All the Board Members and Senior Management Personnel have affirmed compliance with the said code. This report contains a declaration to this effect signed by Vice Chairman & Managing Director. The Board is also satisfied that plans are in place for orderly succession for appointments to the Board and to Senior Management.

Shri Bharat Hari Singhania, Chairman and Shri Harsh Pati Singhania, Vice Chairman & Managing Director, are related to each other.

## 3. Separate Meeting of the Independent Directors

In accordance with the provisions of Schedule IV to the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 27th January 2021. Shri R. V. Kanoria was unanimously elected as Chairman of the meeting and all the Independent Directors of the Company were present at the said Meeting except Shri Arun Bharat Ram who was granted leave of absence.

## 4. Familiarisation Programme for Independent Directors

In accordance with the provisions of Regulation 25(7) of the Listing Regulations, the Company has been conducting various familiarisation programmes for Independent Directors. The details of such familiarisation programmes for Independent Directors have been disclosed on the website of the Company, the web link for which is <http://www.jkpaper.com/images/pdf/Familiarisation%20Programme%20of%20INDs.pdf>

## 5. Board Skills, Expertise or Competence

The Board of Directors collectively possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, operations, corporate governance, education, community service and other disciplines as required in the context of the Company's operations.



The core skills, experience and knowledge of individual Directors are: (a) Shri Bharat Hari Singhania, Shri Harsh Pati Singhania and Smt. Vinita Singhania are business persons and entrepreneurs having requisite skills, experience and knowledge required in the context of the Company's operations; (b) Shri A.S. Mehta and Shri S.K. Roongta - professional having operational, marketing, financial & industry experience and corporate governance skill; (c) Other Non-Executive Directors of the Company - Smt. Deepa Gopalan Wadhwa, former ambassador, having international experience of education and community service; Shri Arun Bharat Ram, Shri Dharendra Kumar, Shri M.H. Dalmia, Shri R.V. Kanoria and Shri Sandip Somany are businessmen and entrepreneurs having management, financial and corporate governance skills, experience and knowledge; and Shri Shailendra Swarup - law & regulatory affairs and community service.

## 6. Performance Evaluation

The Board of Directors has made formal annual evaluation of its own performance, and that of its Committees and Individual Directors (including Independent Directors) in accordance with the manner specified by the Nomination and Remuneration Committee of Directors.

Performance of the Board was evaluated after seeking inputs from all the Directors on the basis of the criteria such as adequacy of its composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as composition of committees, terms of reference of committees, effectiveness of the committee meetings, participation of members in meetings of the committees, etc.

The Board also carried out evaluation of the performance of individual Directors (including Independent Directors) on the basis of criteria such as attendance and effective participation and contributions at the meetings of the Board and its Committees, exercise of his/her duties with due & reasonable care, skill and diligence, etc.

In a separate meeting of the Independent Directors of the Company, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors of the Company. The Chairman of the Meeting of the Independent Directors apprised the Board about the evaluation carried by it and that the Independent Directors were satisfied in this regard.

## 7. Audit Committee: The Composition and the "Terms of Reference" of the Committee are in conformity with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations.

Five meetings of the Committee were held during the financial year 2020-21.

The Composition of the Committee and attendance of the Members at the Meetings are as follows:

Name	Position	Category	No. of Meetings attended
Shri Udayan Bose*	Chairman	Independent Director	4
Shri R. V. Kanoria**	Chairman	Independent Director	5
Shri Arun Bharat Ram	Member	Independent Director	5
Shri Sandip Somany***	Member	Independent Director	Nil
Sh. A.S. Mehta	Member	Executive Director	5

\*Shri Udayan Bose ceased to be Chairman of the Committee due to his demise on 7th January 2021.

\*\*Shri R. V. Kanoria nominated as Chairman of the Committee w.e.f. 27th January 2021.

\*\*\*Shri Sandip Somany nominated as Member of the Committee w.e.f. 27th January 2021.

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of Members attended
28th April 2020	4
12th May 2020	4
29th July 2020	4
29th October 2020	4
27th January 2021	3

The Committee Meetings were attended by Vice Chairman & Managing Director, Chief Finance Officer, Head of Internal Audit, Company Secretary and the representative of Statutory Auditors. The Company Secretary acts as the Secretary of the Committee.

**8. Stakeholders' Relationship Committee:** The Composition and the "Terms of Reference" of the Committee are in conformity with the provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations.

Four meetings of the Committee were held during the financial year 2020-21.

The Composition of the Committee and attendance of the Members at the Meetings are as follows:

Name	Position	Category	No. of Meetings attended
Shri Udayan Bose*	Chairman	Independent Director	3
Shri R.V. Kanoria**	Chairman	Independent Director	4
Shri Arun Bharat Ram	Member	Independent Director	3
Smt. Deepa Gopalan Wadhwa***	Member	Independent Director	Nil
Shri A.S. Mehta	Member	Executive Director	4

\*Shri Udayan Bose ceased to be Chairman of the Committee due to his demise on 7th January 2021.

\*\*Shri R. V. Kanoria nominated as Chairman of the Committee w.e.f. 27th January 2021.

\*\*\*Smt. Deepa Gopalan Wadhwa nominated as Member of the Committee w.e.f. 27th January 2021.

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of Members attended
12th May 2020	4
29th July 2020	4
29th October 2020	4
27th January 2021	2

Shri Deepak Gupta, Company Secretary is the Compliance Officer.

Four investor complaints were received during the financial year ended 31st March 2021, all of which were promptly resolved to the satisfaction of the investor concerned.

The Board has delegated the power of physical share transfer/transmission/ transposition to the Committee of Directors which are regularly attended and all valid requests are processed in time. However, pursuant to SEBI Notification dt. 30th November 2018 read with Regulation 40 of the Listing Regulations, requests for effecting physical transfer of shares are now not being processed.

- 9. Risk Management Committee:** The Company has an elaborate Risk Management System to inform Board Members about risk assessment and minimization procedures. The Composition and the "Terms of Reference" of the Committee are in conformity with the provisions of the Regulation 21 of the Listing Regulations.

One Meeting of the Committee was held during the financial year 2020-21 on 27th January 2021.

The Composition of the Committee and attendance of the Members at the Meeting are as follows:

Name	Position	Category	No. of Meeting attended
Shri R.V. Kanoria	Chairman	Independent Director	1
Shri S.K. Roongta	Member	Non-Executive Non-Independent Director	1
Shri A.S. Mehta	Member	Executive Director	1
Shri V. Kumaraswamy	Member	Chief Finance Officer	1
Shri Partha Biswas	Member	Chief (Marketing & Sales)	1

- 10. Corporate Social Responsibility Committee:** The Composition and Role of the Committee are in conformity with the provisions of Section 135 of the Act.

Two Meetings of the Committee were held during the financial year 2020-21 on 12th May 2020 and 27th January 2021.

The Composition of the Committee and attendance of the Members at the Meetings are as follows:

Name	Position	Category	No. of Meetings attended
Shri Harsh Pati Singhania	Chairman	Executive Director	2
Shri Shailendra Swarup	Member	Independent Director	2
Shri A.S. Mehta	Member	Executive Director	2

- 11. Nomination and Remuneration Committee:** The Composition and the "Terms of Reference" of the Committee are in conformity with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations.

Two meetings of the Committee were held during the financial year 2020-21.

The Composition of the Committee and attendance of the Members at the Meetings are as follows:

Name	Position	Category	No. of Meetings attended
Shri Arun Bharat Ram	Chairman	Independent Director	1
Shri Bharat Hari Singhania	Member	Non-Executive Non-Independent Director	2
Shri Dharendra Kumar	Member	Non-Executive Non-Independent Director	2
Shri R.V. Kanoria	Member	Independent Director	2
Shri Sandip Somany*	Member	Independent Director	Nil
Shri Udayan Bose**	Member	Independent Director	1

\*Shri Sandip Somany nominated as Member of the Committee w.e.f. 27th January 2021.

\*\*Shri Udayan Bose ceased to be Member of the Committee due to his demise on 7th January 2021.

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of Members attended
12th May 2020	5
27th January 2021	3

During the financial year 2020-21, attendance of Directors/Members of the Committees in Board/Committee meetings includes participation through Video Conferencing or Other Audio Visual Means.

**12. Nomination and Remuneration Policy:** In accordance with the provisions of the Act and the Listing Regulations, the Company has put in place the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management of the Company including criteria for determining qualifications, positive attributes, and independence of a Director as well as a policy on Board Diversity. The said policy is available at the website of the Company and the weblink for the same is <https://www.jkpaper.com/images/pdf/Nomination%20and%20Remuneration%20Policy.pdf>. The said policy provides as follows:

- (i) The Nomination and Remuneration Committee of Directors (the Committee) shall take into consideration the following criteria for recommending to the Board for appointment of a Director of the Company: (a) Qualifications & Experience (b) Positive attributes like respect for Company's core values, professional integrity, strategic capability with business vision, etc. (c) In case the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as an Independent Director as per the Act, Listing Regulations and other applicable laws & regulations. (d) The incumbent should not be disqualified for appointment as Director pursuant to the provisions of the Act or other applicable laws & regulations.
- (ii) The Committee will recommend to the Board appropriate compensation to Executive Directors subject to the provisions of the Act, Listing Regulations and other applicable laws & regulations. The Committee shall periodically review the compensation of such Directors in relation to, other comparable companies and other factors, the Committee deems appropriate. Proposed changes, if any, in the compensation of such Directors shall be reviewed by the Committee subject to approval of the Board.
- (iii) The Board will review on an annual basis, the performance of the Board of Directors, its Committees and individual Directors as per the manner of performance evaluation specified by the Committee from time to time.
- (iv) The Committee will review from time to time Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management in the Company. The Company will keep succession planning and board diversity in mind in recommending any new name of Director for appointment to the Board.
- (v) The eligibility criteria for appointment of Key Managerial Personnel (KMPs) and other senior management personnel

shall vary for different positions depending upon the job description of the relevant position. In particular, the position of KMPs shall be filled by Senior Personnel having relevant qualifications and experience. The Compensation structure for KMPs and other senior management personnel shall be as per Company's remuneration structure taking into account factors such as level of experience, qualification and suitability which shall be reasonable and sufficient to attract, retain and motivate them. The remuneration would be linked to appropriate performance benchmarks. The remuneration may consist of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

### 13. Remuneration paid to Directors

#### A. Executive Directors

Details of Remuneration of Executive Directors for the financial year ended 31st March, 2021 are as follows: Shri Harsh Pati Singhania, Vice Chairman & Managing Director- Salary: ₹5.88 crores, Perquisites, benefits & allowances: ₹1.98 crores, Others (Retiral Benefits etc.): ₹0.08 crores & Commission: ₹15.00 crores; and Shri A.S. Mehta, President & Director- Salary: ₹1.37 crores, Perquisites, benefits & allowances: ₹1.85 crores, Others (Retiral Benefits etc.): ₹0.12 crores & Commission: ₹0.45 crores.

The Company does not have any Stock Option Scheme. The tenure of office of the Vice Chairman & Managing Director is five years from the date of appointment and three years and six months from the date of appointment in case of President & Director. In the case of Executive Directors, notice period is 6 months. Severance fee for the Vice Chairman & Managing Director is remuneration for the unexpired residue of term or for 3 years, whichever is shorter and for the President & Director, 6 months' salary in lieu of notice period.

#### B. Non-Executive Directors

Details of sitting fees paid by the Company to all Non-Executive Directors for attending the meetings of the Board and/or Committees of Directors (including sitting fee for a separate meeting of Independent Directors) during the financial year 2020-21 are as follows: Shri Bharat Hari Singhania, Chairman: ₹5.25 lac; Shri Arun Bharat Ram: ₹5.90 lac; Smt. Deepa Gopalan Wadhwa: ₹3.25 lac; Shri Dharendra Kumar: ₹3.50 lac; Shri M.H. Dalmia: ₹3.25 lac; Shri R.V. Kanoria: ₹7.75 lac; Shri Sandip Somany: ₹3.25 lac; Shri Shailendra Swarup: ₹4.75 lac; Shri S.K. Roongta: ₹3.25 lac; Smt. Vinita Singhania: ₹2.40 lac and Late Shri Udayan Bose: ₹5.40 lac. In addition to sitting fees, commission of ₹150.00 lac is payable to Shri Bharat Hari Singhania and ₹15.00



lac each to Shri Arun Bharat Ram, Smt. Deepa Gopalan Wadhwa, Shri Dharendra Kumar, Shri M.H. Dalmia, Shri R.V. Kanoria, Shri Sandip Somany, Shri Shailendra Swarup, Shri S.K. Roongta and Smt. Vinita Singhania, and ₹11.60 lac to Late Shri Udayan Bose (in proportionate of his tenure), in accordance with the Special Resolution passed by the Members of the Company at the Annual General Meeting held on 14th September 2016.

Number of Equity Shares of ₹10/- each of the Company held by the Non-Executive Directors: Shri Bharat Hari Singhania (2,45,600 Equity Shares) and Smt. Vinita Singhania (7,32,350 Equity Shares). The Company does not have any outstanding convertible instruments.

Non-Executive Directors did not have any other material pecuniary relationship or transactions vis-à-vis the Company during the financial year.

#### 14. General Body Meetings:

##### (A) Location and time for last three Annual General Meetings were:

Financial Year	Location	Date	Time
2017-18	P.O. Central Pulp Mills – 394 660, Fort Songadh, Distt. Tapi, Gujarat	17-08-2018	12.30 P.M.
2018-19	Same as above	23-08-2019	12.30 P.M.
2019-20	Through Video Conferencing/Other Audio Visual Means (Deemed venue of the meeting: same as above)	11-09-2020	12.30 P.M.

(B) Special Resolutions (SRs) passed in previous three Annual General Meetings; Five SRs were passed at the Annual General Meeting (AGM) held on 17th August 2018, Seven SRs were passed at the AGM held on 23rd August 2019 and Two SRs were passed at the last AGM held on 11th September 2020.

(C) During the financial year 2020-21, following two Special Resolutions were passed through Postal Ballot by voting through electronic means ("remote e-voting"):

(i) Adoption of altered Memorandum of Association ("MOA") in substitution of existing MOA of the Company. % of votes cast in favour of the Resolution was 99.98% and % of votes cast against the Resolution was 0.02%; (ii) Adoption of new Articles of Association ("AOA") in substitution of existing AOA of the Company. % of votes cast in favour of the Resolution was 96.67% and % of votes cast against the Resolution was 3.33%.

In conformity with the applicable provisions of the Listing Regulations, Act and the Rules made thereunder read with General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 and General Circular No. 33/2020 dated 28th September 2020, issued by the Ministry of Corporate Affairs, the Company had provided remote e-voting facility to its Members to enable them to cast their vote electronically only instead of submitting the Postal Ballot Form physically. Central Depository Services (India) Limited (CDSL) was engaged to provide remote e-voting facility to its Members to enable them to cast their vote electronically. Shri Namo Narain Agarwal, Company Secretary in Practice, was appointed as the Scrutinizer, for conducting

the Postal Ballot through remote e-voting process in a fair and transparent manner. After receiving the Scrutinizer's Report, it was announced that aforesaid Special Resolutions had been passed with requisite majority on 27th December 2020.

(D) There is no immediate proposal for passing any resolution through postal ballot.

#### 15. DISCLOSURES

(i) Related Party Transactions: Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large: None

Suitable disclosure as required by Indian Accounting Standard (Ind AS)-24 on Related Party transactions has been made in the Annual Report.

All the Related Party Transactions are dealt with in accordance with the provisions of the Act and Regulation 23 of the Listing Regulations.

The Company has also formulated a policy on dealing with Related Party Transactions and also on the materiality of Related Party Transactions. This Policy is available on the website of the Company and the weblink for the same is <https://www.jkpaper.com/images/pdf/Related%20Party%20Transaction%20Policy.pdf>.

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: None

- (iii) Vigil Mechanism/Whistle Blower Policy: The Board of Directors of the Company at its meeting held on 11th August 2014 has formulated a Vigil Mechanism/the Whistle Blower Policy for the Directors and Employees of the Company to report their genuine concerns or grievances relating to actual or suspected fraud, unethical behaviour, violation of the Company's Code of Conduct or Ethics Policy, and any other event which would adversely affect the interests of the business of the Company. Whistle Blowers may send their concerns/complaints to the Chairman of Audit Committee in a sealed envelope marked confidential, for appropriate action.

The details of establishment of such mechanism has been also disclosed on the website of the Company. It is affirmed that no personnel has been denied access to the Audit Committee.

- (iv) Prevention of Sexual Harassment of Women at Workplace: The Company is sensitive to women employees at workplace. As required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has a formal policy to ensure safety of women and prevention of sexual harassment, has set up a Internal Complaints Committee (ICC) at its work place(s) to redress the complaints of women employees. During the financial year ended 31st March 2021, no complaint has been filed with ICC with allegation of sexual harassment. Further, there were no complaints pending as at the end of the financial year ended 31st March 2021.
- (v) Disclosure of commodity price risks and commodity hedging activities: The Company manages fluctuations in raw material prices through stocking by advance procurement when the prices are perceived to be low and also enters into annual buying contracts as strategic sourcing initiative in order to keep raw material availability and prices under check.
- (vi) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations: During the financial year ended 31st March 2021, the Company has not raised any funds through preferential allotment or qualified institutions placement.
- (vii) A certificate has been issued by Shri Shiv Kumar Gupta, Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

- (viii) There were no instances where the Board had not accepted any recommendation of any Committees of the Board which is mandatorily required during the financial year ended 31st March 2021.

- (ix) During the financial year ended 31st March 2021, the Company and its subsidiary The Sirpur Paper Mills Limited has paid total fees for various services including statutory audit, amounting to ₹41.17 lac, including taxes, to the Statutory Auditors, M/s Lodha & Co., Chartered Accountants. Further, no fees was paid by any of the subsidiaries or by the Company to any entity in the network firm/ network entity of which the Statutory Auditors is a part.

- (x) Subsidiary Companies: The financial statements, in particular, the investments made by unlisted subsidiary companies, if any, are reviewed by the Audit Committee of the Company.

The minutes of the Board meetings of unlisted subsidiary companies are placed at the Board meeting of the Company. A statement of all significant transactions and arrangements entered into by unlisted subsidiary companies, if any, are also placed at the Board meeting of the Company.

The Company has formulated a policy for determining material subsidiary as required under Regulation 16 of the Listing Regulations and the same is disclosed on the Company's Website. The web link for the same is <http://www.jkpaper.com/images/pdf/Policy%20for%20Determining%20Material%20Subsidiary.pdf>

During the financial year 2020-21, the Company did not have any material unlisted subsidiary as defined in Regulation 16 of the Listing Regulations.

- (xi) Dividend Distribution Policy: The Board of Directors of the Company has approved the Dividend Distribution Policy of the Company at its meeting held on 8th May 2019. The same has been posted on website of the Company and web-link of the same is <https://www.jkpaper.com/images/pdf/Dividend%20Distribution%20Policy.pdf>

**16. Means of Communication:** Quarterly, half yearly and annual financial results are published in Business Standard, Financial Express and Mint newspapers (in all editions including Gujarati edition) and are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also displayed on the website of the Company, [www.jkpaper.com](http://www.jkpaper.com).

Presentations made to institutional investors or to the analysts, if any, are promptly displayed on the website of the Company.

## 17. General Shareholders' Information:

<b>(i) Annual General Meeting (AGM) :-</b>	
(a) Date and Time	Tuesday, 31st August 2021 at 12.30 P. M.
Venue	At the Registered Office of the Company i.e. P.O. Central Pulp Mills- 394 660, Fort Songadh, Distt. Tapi, Gujarat or on such other date/time/place or through video conferencing /other permissible audio visual means as may be decided by the Committee of Directors in view of the prevailing COVID-19 pandemic.
(b) A brief resume and other particulars of Director(s) seeking re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.	
<b>(ii) Book Closure/ Record date :</b>	Tuesday, 17th August 2021 to Tuesday, 31st August 2021 (both days inclusive)
<b>(iii) Dividend Payment Date :</b>	Within three weeks of conclusion of AGM
<b>(iv) Financial Year :</b>	April 1 to March 31
<b>(v) Financial Calendar (tentative) :</b> Financial Reporting :	Year Ending March 31
(a) 1 <sup>st</sup> Quarter ending June 30, 2021	Within 45 days of the end of the quarter or within such time limits as may be permissible.
(b) 2 <sup>nd</sup> Quarter ending September 30, 2021	
(c) 3 <sup>rd</sup> Quarter ending December 31, 2021	
(d) Annual and 4 <sup>th</sup> Quarter ending March 31, 2022	Within 60 days of the end of the 4 <sup>th</sup> quarter or within such time limits as may be permissible.
(e) Annual General Meeting for the financial year ending March 31, 2022	Between June and September 2022

**(vi) Names and address of Stock Exchanges (including Stock Code) where equity shares of the Company are listed:** The Equity Shares of the Company are listed on the following Stock Exchanges:

BSE Limited (Stock Code-532162) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400 001	National Stock Exchange of India Ltd. (Stock Code – JKPAPER) "Exchange Plaza" Bandra-Kurla Complex, Bandra (East) Mumbai-400 051
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The annual listing fee for the financial year 2021-22 has been paid to both the aforesaid Stock Exchanges.

### (vii) Stock Market Price Data:

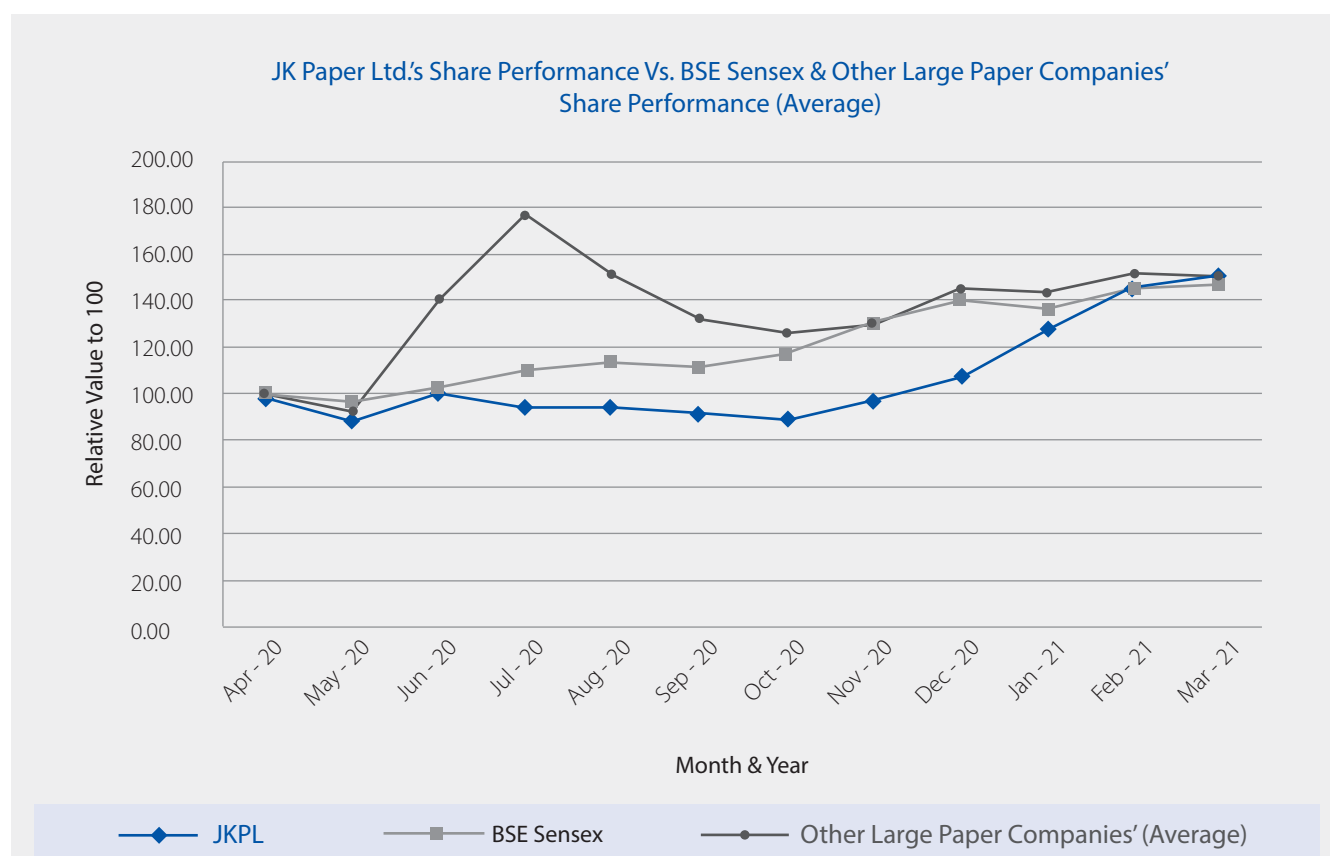
Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
<b>2020</b>				
April	108.80	74.10	108.90	74.10
May	102.95	85.50	103.00	85.30
June	107.00	89.95	107.00	89.50
July	113.15	94.00	113.25	94.05
August	102.90	92.00	102.80	91.90

Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
September	98.95	88.20	99.00	88.05
October	94.45	86.30	94.45	86.30
November	100.00	86.50	100.00	86.35
December	116.80	96.00	118.00	96.25
<b>2021</b>				
January	134.35	106.50	134.45	106.35
February	149.45	122.00	149.50	124.20
March	167.40	138.50	167.75	138.45

(Source: www.bseindia.com)

(Source : www.nseindia.com)

(viii) JK Paper Ltd.'s Share Performance vs. BSE Sensex & Other Large Paper Companies' Share Performance (Average) [April 2020 to March 2021]



(Source: www.bseindia.com)



- (ix) **Dematerialisation of shares and liquidity:** The Equity Shares of the Company are presently tradeable in compulsory demat segment. The ISIN for Equity Shares of the Company for both the depositories is INE789E01012. As on 31st March 2021, 97.44% of the Company's Equity Share Capital was in dematerialised form.

In respect of Shares held in dematerialised form, all the requests for nomination, change of address and rematerialisation etc. are to be made only to the Depository Participant with whom the Shareholders have opened their Demat Account. The Company will not be in a position to process such requests.

- (x) **Share transfer system:** The transmission of shares in physical form is normally processed and completed within 21 days after receipt of the specified documents. In case of shares held in dematerialized form, the transfers/transmissions are processed by National Securities Depository Limited/Central Depository Services (India) Limited through respective Depository Participants. Pursuant to SEBI Notification dt. 30th November 2018 read with Regulation 40 of the Listing Regulations, except in case of transmission or transposition of securities, requests for effecting transfer of shares shall not be processed unless the shares are held in the dematerialized form with a depository.

- (xi) (a) **Distribution of Equity Shareholding (both in physical and electronic form) as on 31st March 2021:**

Number of Equity Shares held	Shareholders		Shares Held	
	Number	%	Number	%
1 to 500	73,534	85.63	76,35,857	4.51
501 to 1,000	4,923	5.73	40,39,835	2.38
1,001 to 5,000	5,868	6.83	1,33,73,078	7.89
5,001 to 10,000	809	0.94	58,58,365	3.46
Over 10,000	744	0.87	13,84,95,209	81.76
<b>Total</b>	<b>85,878</b>	<b>100.00</b>	<b>16,94,02,344</b>	<b>100.00</b>

- (b) **Pattern of Equity Shareholding (both in physical and electronic form) as on 31st March 2021:**

Category	No. of Equity Shares held	Percentage of Shareholding
Domestic Companies	9,45,06,592	55.79
Resident Individuals & Trusts	6,19,33,296	36.56
FIs, Mutual Funds & Banks	13,31,728	0.79
Foreign Investors/FPIs/ NRIs	1,16,30,728	6.86
<b>Total</b>	<b>16,94,02,344</b>	<b>100.00</b>

- (xii) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:** NIL

- (xiii) **Commodity price risk or foreign Exchange risk and hedging activities:** During the financial year ended 31st March 2021, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts, swaps & options for hedging foreign exchange exposures against imports and exports.

The Company is having a Risk Management framework for identifying various risks and for formulating plans for mitigating the same. The risks as well as mitigating plans are reviewed from time to time and are updated as may be required. The Company has also identified various risks involved in respect of key raw material and has drawn risk mitigation plans for the same. Hardwood & Bamboo are considered a material commodity, as its consumption in comparison to the overall cost of raw materials consumed, is around 46.55%. During the financial year ended 31st March 2021, the Company consumed 7.09 lac MT of Hardwood & Bamboo, valuing ₹480.68 crores. The Company does not have any exposure hedged through commodity derivatives.

- (xiv) **Plant locations:**

(i) JK Paper Mills (Unit JKPM) Jaykaypur – 765 017 Distt. Rayagada (Odisha).	(ii) Central Pulp Mills (Unit CPM) P.O. Central Pulp Mills - 394 660 Fort Songadh Distt. Tapi (Gujarat)
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(xv) Address for correspondence for Share Transfer and related matters	<ol style="list-style-type: none"> <li>1. Registrar and Share Transfer Agent (RTA) MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi-110 020 Ph. 011- 41406149-52 Fax No. 011- 41709881 E-mail: admin@mcsregistrars.com Website: www.mcsregistrars.com</li> <li>2. Company Secretary JK Paper Limited Gulab Bhawan (Rear Block - 3rd Floor) 6A, Bahadur Shah Zafar Marg New Delhi-110 002 Ph. 011-68201100 Fax No. 91-11-23739475 Email : sharesjkpaper@jkmall.com Website : www.jkpaper.com</li> </ol>
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**(xvi) List of all credit ratings obtained by the Company along with any revisions thereto during the financial year ended 31st March 2021:**

CRISIL has assigned the Company's Long Term Rating as CRISIL AA-/Stable, Short Term Rating as CRISIL A1+ and Fixed Deposit as FAA/Stable. CRISIL has not revised the credit rating of the Company during the financial year 2020-21.

During the financial year 2020-21, India Ratings has revised the Company's Long Term Rating from IND A+/Stable to IND AA-/Stable and Fixed Deposit Rating from IND tAA-/Stable to IND tAA/Stable. Short Term Rating IND A1+ remain unchanged.

**(xvii)** This Corporate Governance Report of the Company for the financial year ended 31st March 2021 is in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.

**(xviii)** Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations- (a) Shareholder Rights: Half-yearly and other quarterly financial results are published in newspapers and uploaded on Company's website www.jkpaper.com. At present, the half yearly financial performance and the summary of the significant events in last six months are not sent to each household of shareholders; (b) Modified opinion(s) in audit report: The Company already has a regime of unqualified financial statements. Auditors have raised no qualification on the financial statements (both standalone and consolidated) of the Company for the financial year ended 31st March 2021; and (c) Reporting of Internal Auditor: The Head of Internal Audit of the Company administratively reports to the President & Director. However, Internal Audit Reports are placed before the Audit Committee.

**(xix)** The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

**(xx) Disclosure with respect to demat suspense account/ unclaimed suspense account**

There were no shares in the demat suspense account or unclaimed suspense account during the financial year 2020-21. Further, during the financial year 2020-21, the Company had transferred 3,633 Equity Shares to Investor Education and Protection Fund Authority pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

## 18. Declaration

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of JK Paper Limited" during the financial year ended 31st March 2021.

**Harsh Pati Singhania**  
*Vice Chairman & Managing Director*

## 19. Code for Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, the Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons in terms of the said Regulations.

# INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**JK Paper Limited**

1. We have examined the compliance of the conditions of Corporate Governance by JK Paper Limited ("the Company") for the year ended on 31st March, 2021, as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') as amended.

## Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance as stipulated in the SEBI Listing Regulations.

## Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Report or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31st March, 2021.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

## Restriction on Use

9. This certificate is issued solely for the purpose of complying with the aforesaid regulations. Our Certificate should not be used for any other purpose or by any person other than the addressees of this Certificate. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing.

**For Lodha & Co.**  
*Chartered Accountants*  
Firm Registration No. 301051E

Place: New Delhi  
Date: 24th May 2021  
UDIN: 21085155AAAACZ4571

**N.K. Lodha**  
*Partner*  
Membership No.: 085155

# Financial Statements



# Standalone Financial Statements

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
JK Paper Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of JK Paper Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31st March, 2021, its Profit including Other Comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies

Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context:

Description of Key Audit Matter	Audit procedures to addressed the key audit matter
<p><b>1. Valuation of financial instruments (held at fair value including securities and financial Guarantees)</b></p> <p>The company has given letter of comfort to banker against borrowing facilities extended to a step down subsidiary of ₹431.50 crs (PY ₹361.14 crs). The Company has also invested ₹121 crs up to year end in to the preference share capital of subsidiaries (including a step down subsidiary) where dividend rate is not at par with market instruments.</p> <p>We have considered the valuation of financial instruments as key audit matter considering complexities and financial impact involved over financial statements.</p>	<p><b>Our audit procedures includes:</b></p> <p><b>Control testing:</b></p> <ul style="list-style-type: none"><li>• We tested the design and operating effectiveness of key Controls.</li><li>• Controls over the validation, completeness, implementation and usage of valuation models.</li></ul> <p><b>Independent reperformance:</b></p> <ul style="list-style-type: none"><li>• Our own valuation specialists independently challenged management on the valuations where they were found outside our expected range.</li></ul> <p><b>Methodology choice:</b></p> <ul style="list-style-type: none"><li>• In the context of observed industry practice, our own valuation specialists assisted us in challenging the appropriateness of significant models and methodologies used by an independent valuer in calculating fair values, risk exposures, completeness of risk factors, and in calculating Fair Value Assessments (FVAs).</li></ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 Financial Statements, the Board of Directors 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 the Board of Directors 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 misstatement of the 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)(i) of the Companies Act, 2013 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 such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2021 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 Companies Act, 2013 we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Companies Act, 2013 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 purposes 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, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on 31st March, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g) The managerial remuneration for the year ended 31st March, 2021 has been paid/ provided for by the Company to its directors is in accordance with the provisions of Section 197 read with Schedule V to 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, 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 financial statements.- Refer Note 35 to the Standalone Financial Statements;
  - ii. The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For LODHA & CO.**

Chartered Accountants

Firm's Registration No. 301051E

**(N. K. Lodha)**

Partner

Membership No. 85155

UDIN: 21085155AAAACM3095

Place: New Delhi

Date: 24th May, 2021

## Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the JK Paper Limited on the standalone financial statements for the year ended 31st March 2021, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management according to the program of periodical verification in a phased manner which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at Balance Sheet date except as stated in note no. 2(a) of the standalone financial statements.
- (ii) The inventories of the Company (except stock in transit, which has been verified from receipt of material) have been physically verified by the management at reasonable intervals and the procedures of physical verification of inventory followed by the Management are reasonable in relation to the size of the Company and nature of its business. The discrepancies noticed on such physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.
- (iv) In our opinion and according to the information and explanations provided to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under with regard to deposits accepted from the public. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in this regard.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cost records under section 148(1) of the act in respect of the company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, custom duty, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2021.
- (b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute except as given below.

Name of the statute	Nature of dues	Period to which amount relates	Amount involved (in crores)	Forum where dispute is pending
Central Excise Act, 1944	Central Excise	1981-1983	0.70	Deputy Commissioner Central Excise, Rayagada
		1982-1983	0.41	Supreme Court
		1986-1995	1.31	High Court, Cuttack
		2004-2017	7.27	CESTAT Ahmedabad
		2011-2012	0.36	Addl. Commissioner Excise, Bhubaneswar
		2014-2017	0.10	Asst. Commissioner, Rayagada
		2015-2016	7.42	CESTAT, Mumbai

Name of the statute	Nature of dues	Period to which amount relates	Amount involved ( in crores)	Forum where dispute is pending
Custom Act, 1962	Custom Duty	2011-2012 & 2012-2013	0.69	CESTAT Ahmedabad
Finance Act 1944	Service Tax	2009-2010	0.24	CESTAT Ahmedabad
		2014-16	0.16	CESTAT Ahmedabad
Sales Tax	Sales Tax	1983-84/ 1987-88	0.05	Sales Tax Department – Delhi
		1997-1998	0.10	Sales Tax Tribunal – Cuttack
		2002-2003	0.01	Dy. Commissioner, Delhi
		2005-2009	0.15	Sales Tax Tribunal – Cuttack
		2006-2007	0.33	Gujarat Vat (Tribunal) Ahmedabad
		2012-2013	5.85	Additional Commissioner, Cuttack
		2013-14 & 2014-15	0.59	Addl. Commissioner of Sales Tax, Cuttack
		2013-2015	0.07	JCCT, Rayagada
		2015-2016	0.22	Addl. Commissioner of Sales Tax, Berhampur
		2015-2016	0.16	Sales Tax, Tribunal, Cuttack, Orissa

- (viii) In our opinion, on the basis of audit procedures and according to the information and explanation given to us, the company has not defaulted in repayment of loans and borrowings to financial institutions, banks or dues to Debenture holders. The company has not taken any loan from the government.
- (ix) On the basis of information and explanation provided by the management, the Company has utilised the term loans for the purposes for which they were obtained. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).
- (x) Based on the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) On the basis of records and information and explanations made available and based on our examinations of the records of the company, the company has paid / provided managerial remuneration for current year, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act.
- (xii) On the basis of information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.
- (xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the year, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details,

the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards (Refer Note no.50).

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

#### For LODHA & CO.

Chartered Accountants  
Firm's Registration No. 301051E

#### (N.K. Lodha)

Partner  
Membership No.085155  
UDIN: 21085155AAAACM3095  
Place: New Delhi  
Dated: 24th May 2021

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## 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 JK Paper Limited ("the Company") as of 31st March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Board of Director of the Company 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting

included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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



conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, 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 LODHA & CO.

Chartered Accountants

Firm's Registration No. 301051E

### (N.K. Lodha)

Partner

Membership No.085155

UDIN: 21085155AAAACM3095

Place: New Delhi

Dated: 24th May 2021

## Balance Sheet as at March 31, 2021

₹ in crores (10 Million)

	Note	March 31, 2021	March 31, 2020
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	2,399.19	2,500.57
Capital Work-in-Progress		1,560.66	348.55
Other Intangible Assets	3	19.29	21.03
Intangible Assets Under Development		2.03	0.48
<b>Financial Assets</b>			
Investments	4	339.05	318.31
Loans	5	316.50	163.50
Other Financial Assets	6	50.84	29.10
Other Non-Current Assets	7	44.00	172.85
		<b>4,731.56</b>	<b>3,554.39</b>
<b>Current Assets</b>			
Inventories	8	345.59	447.29
<b>Financial Assets</b>			
Investments	9	525.97	382.64
Trade Receivables	10	79.17	74.70
Cash and Cash Equivalents	11	3.42	23.34
Bank Balances other than above	12	5.27	6.88
Loans	13	100.00	93.00
Other Financial Assets	14	11.20	18.33
Other Current Assets	15	232.41	142.80
		<b>1,303.03</b>	<b>1,188.98</b>
<b>Total Assets</b>		<b>6,034.59</b>	<b>4,743.37</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	169.40	178.24
Other Equity		2,430.82	2,189.81
		<b>2,600.22</b>	<b>2,368.05</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	17	1,903.85	1,016.08
Other Financial Liabilities	18	83.97	74.23
Provisions	19	9.88	9.10
Deferred Tax Liabilities (Net)	20	389.12	335.87
		<b>2,386.82</b>	<b>1,435.28</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	21	175.84	116.67
Trade Payables	22		
Micro & Small Enterprises		7.66	4.77
Others		348.58	332.47
Other Financial Liabilities	23	381.81	338.65
Other Current Liabilities	24	123.40	137.13
Provisions	25	3.57	6.39
Current Tax Liabilities	26	6.69	3.96
		<b>1,047.55</b>	<b>940.04</b>
<b>Total Equity and Liabilities</b>		<b>6,034.59</b>	<b>4,743.37</b>
<b>Significant Accounting Policies</b>	<b>1</b>		

The accompanying notes referred to above form an integral part of the Standalone Financial Statements

As per our report of even date attached

For **LODHA & CO.**

Chartered Accountants

Firm's Registration Number 301051E

(N.K. LODHA)

Partner

Membership No. 85155

New Delhi, the 24th May, 2021

For and on behalf of the Board of Directors

**Harsh Pati Singhania**

Vice Chairman & Managing Director

**A. S. Mehta**

President & Director

**V. Kumaraswamy**

Chief Finance Officer

**Deepak Gupta**

Company Secretary

## Statement of Profit & Loss for the year ended March 31, 2021

₹ in crores (10 Million)

	Note	2020-21	2019-20
<b>Revenue :</b>			
Sales		2,969.15	3,254.20
Less : Discounts		249.77	240.07
Net Sales		<b>2,719.38</b>	<b>3,014.13</b>
Other Operating Revenue	27	22.22	40.17
<b>Revenue from Operations</b>		<b>2,741.60</b>	<b>3,054.30</b>
<b>Other Income</b>	28	<b>70.16</b>	<b>81.16</b>
<b>Total Revenue</b>		<b>2,811.76</b>	<b>3,135.46</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	29	1,032.55	1,216.87
Purchases of Stock-in-Trade		264.57	279.90
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	30	91.23	(123.60)
Employee Benefits Expense	31	260.33	277.20
Finance Costs	32	94.37	122.81
Depreciation and Amortisation Expenses	33	153.62	143.56
Other Expenses	34	461.67	500.13
<b>Total Expenses</b>		<b>2,358.34</b>	<b>2,416.87</b>
<b>Profit Before Interest, Depreciation &amp; Tax (EBITDA)</b>		<b>701.41</b>	<b>984.96</b>
<b>Profit/(Loss) Before Tax</b>		<b>453.42</b>	<b>718.59</b>
Tax Expense			
Current Tax		124.22	215.38
Less : MAT Credit Entitlement/Adjustment		0.75	1.93
Provision / (Credit) for Deferred Tax		6.26	8.57
<b>Profit for the period</b>		<b>322.19</b>	<b>492.71</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to statement of Profit and Loss</b>			
(i) Re-measurement Gain/(Loss) on Defined Benefit Plans		2.64	(2.78)
(ii) Tax on (i) above		(0.92)	0.97
(iii) Equity Instruments through Other Comprehensive Income		4.71	(2.90)
(iv) Tax on (iii) above		-	-
<b>Total Comprehensive Income for the period</b>		<b>328.62</b>	<b>488.00</b>
<b>Earnings per Equity Shares</b>			
1) Basic (in ₹)		18.68	27.64
2) Diluted (in ₹)		18.68	27.64
<b>Significant Accounting Policies</b>	<b>1</b>		

The accompanying notes referred to above form an integral part of the Standalone Financial Statements

As per our report of even date attached

For **LODHA & CO.**  
Chartered Accountants  
Firm's Registration Number 301051E

(N.K. LODHA)  
Partner  
Membership No. 85155  
New Delhi, the 24th May, 2021

For and on behalf of the Board of Directors

**Harsh Pati Singhania**  
Vice Chairman & Managing Director

**A. S. Mehta**  
President & Director

**V. Kumaraswamy**  
Chief Finance Officer

**Deepak Gupta**  
Company Secretary

## Statement of Changes in Equity for the year ended March 31, 2021

### A. Equity Share Capital

₹ in crores (10 Million)

April 1, 2019	Changes in Equity Share Capital during 2019-20	March 31, 2020	Changes in Equity Share Capital during 2020-21(refer Note 46)	March 31, 2021
178.24	-	178.24	(8.84)	169.40

### B. Other Equity

₹ in crores (10 Million)

Particulars	Reserve and Surplus						Other Comprehensive Income (OCI)		Total
	Retained Earnings	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Debenture Redemption Reserve	General Reserve	Items that will not be Reclassified to profit or loss		
							Re-measurement of the net defined benefit plans	Equity Instruments through OCI	
01-Apr-19	750.68	29.92	3.00	525.93	4.74	550.59	(8.09)	6.20	1,862.97
Profit for the year	492.71	-	-	-	-	-	-	-	492.71
Transfer from Retained Earnings	(200.00)	-	-	-	-	200.00	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	-	(1.81)	(2.90)	(4.71)
Dividend including Corporate Dividend Tax	(161.16)	-	-	-	-	-	-	-	(161.16)
March 31, 2020	882.23	29.92	3.00	525.93	4.74	750.59	(9.90)	3.30	2,189.81
Profit for the year	322.19	-	-	-	-	-	-	-	322.19
Transfer from Retained Earnings	(200.00)	-	-	-	-	200.00	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	-	1.72	4.71	6.43
Adjustments related to Buy Back of Equity Shares(refer Note 46)	-		8.84	(87.61)		(8.84)			(87.61)
									-
March 31, 2021	1,004.42	29.92	11.84	438.32	4.74	941.75	(8.18)	8.01	2,430.82

The accompanying notes referred to above form an integral part of the Standalone Financial Statements

As per our report of even date attached

For LODHA & CO.

Chartered Accountants

Firm's Registration Number 301051E

(N.K. LODHA)

Partner

Membership No. 85155

New Delhi, the 24th May, 2021

For and on behalf of the Board of Directors

Harsh Pati Singhania

Vice Chairman & Managing Director

A. S. Mehta

President & Director

V. Kumaraswamy

Chief Finance Officer

Deepak Gupta

Company Secretary

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES

#### I. The Company Overview

JK Paper Limited a Public Limited Company listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. The registered office of the Company is situated at Fort Songadh , Dist- Tapi- 394660,Gujarat. The Company is India's largest producer of branded papers and a leading player in Coated Papers and High-end Packaging Boards. The Company has two integrated Pulp and Paper Plants at Strategic Locations Unit JKPM in East (Rayagada, Odisha) and Unit CPM in West (Songadh, Gujarat). The Company has expanded its capacity multifold over the years and has been able to bring in state of the art technology as well. It is the 1st Indian paper company to introduce Colorlok Technology in its complete range of Copier papers in India, 1st Indian paper company to get TPM certification from JIPM, Japan; 3rd Paper Company in the World and also 1st Paper Mill in India to get ISO 9001, ISO 14001 and OHSAS 18000.

These financial statements were approved and adopted by the Board of Directors of the Company in their meeting held on May 24, 2021.

#### II. Basis of Preparation of Financial Statements

##### (i) Statement of Compliance :

The Financial Statements have been prepared in accordance with Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013.

##### (ii) Basis of Preparation:

The separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (India Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) (Amendment) Rules, 2016. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013 ("the Act").

The financial statements have been prepared on an accrual basis and under the historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statements are presented in ₹ and all values are rounded to the nearest ₹ crores (10 Million), except when otherwise indicated.

##### (iii) Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

##### (iv) Classification of Assets and Liabilities as Current and Non Current

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 product & activities of the Company and their realisation in cash and cash equivalent, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.



## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### III. Significant Accounting Policies for the year ended 31st March, 2021.

##### (i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria described below also be met before revenue is recognised.

##### **Sale of goods**

Revenue from the sale of goods is recognised, when control of goods being sold is transferred to customer and where there are no longer any unfulfilled obligations. The performance obligations in contracts are considered as fulfilled in accordance with the terms agreed with the respective customers.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales as disclosed, are exclusive of Goods and Services Tax.

The company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods to a customer, excluding amount collected on behalf of third parties (for example taxes collected on behalf of government). The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both.

The transaction price is allocated by the company to each performance obligation in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods to the customer.

##### **Export Incentives**

Income from export incentives and duty drawbacks is recognised on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

##### **Interest income**

Interest income is recognized on time proportion basis using the effective interest method.

##### **Dividend Income**

Dividend income is recognized when the right to receive payment is established by the reporting date, which is generally when shareholders approve the same.

##### **Renewal Energy Certificate**

Renewable Energy Certificate (REC) benefits are recognized in Statement of Profit & Loss on sale of REC's.

##### (ii) Inventory Valuation

Inventories such as Raw Materials, Work-in-Progress, Finished Goods, Stock in Trade, Stores & Spares and Renewable Energy Certificates are valued at the lower of cost or net realisable value (except scrap/waste which are value at net realisable value). The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

##### (iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and demand deposits with banks with an original maturity of three months or less which are subject to an insignificant risk of change in value.

##### (iv) Property Plant and Equipment

On transition to IND AS, the company had adopted optional exception under IND AS 101 to measure Property, Plant and Equipment (PPE) at fair value. Consequently the fair value had been assumed to be deemed cost of PPE on the date of transition. Subsequently PPE were carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES (contd.)

PPE acquired are stated at cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Capital work-in-progress includes cost of PPE under installation / under development as at the balance sheet date. Advances paid towards the acquisition of PPE outstanding at each balance sheet date are classified as capital advances under other non-current assets.

Subsequent expenditures relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.

Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method over their useful lives as prescribed under Schedule II of Companies Act, 2013. However, in respect of certain property, plant and equipment, depreciation is provided as per their useful lives as assessed by the management supported by technical advice ranging from 10 to 40 years for plant and machinery and 8 to 60 years for buildings.

Depreciation on additions due to exchange rate fluctuation is provided on the basis of residual life of the assets. Depreciation on assets costing up to ₹5000/- and on Temporary Sheds is provided in full during the year of additions.

Depreciation will be charged from the date the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### Leased Assets

Leasehold lands are amortized over the period of lease, Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

#### Intangible Assets

Intangible Assets are recognised, if the future economic benefits attributable to the assets are expected to flow to the company and cost of the asset can be measured reliably. All other expenditure is expensed as incurred. The same are amortised over the expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any and are amortised over their respective individual estimated useful life on straight line method.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted prospectively, if appropriate.

#### (v) Research and Development Costs

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of Property, Plant and equipment and acquired intangible assets utilised for research and development are capitalised and depreciated / amortized in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

#### (vi) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company had adopted Ind AS 116 "Leases" effective April 1, 2019 (Transition date) using the simplified approach (Retrospective cumulative was effective from 1st April 2019)

#### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis from the commencement date over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its existing borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities and Right-of-use assets have been presented as a separate line in Note 2 of Property, Plant and Equipment (PPE) and Note 17 of Non-current Financial Liabilities -Borrowings. Lease payments have been classified as cash used in financing activities.

#### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

#### (vii) Impairment

The carrying amount of PPEs, Intangible assets and Investment property are reviewed at each Balance Sheet date to assess impairment if any, based on internal / external factors. An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value, being higher of value in use and net selling price. An impairment loss is recognised as an expense in the

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES (contd.)

Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount.

#### (viii) Financial Assets & Liabilities

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

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

##### (a) Financial Assets at Amortised Cost

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

##### (b) Financial Assets at Fair value through Other Comprehensive Income

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

##### (c) Financial Assets at Fair value through Profit or Loss

At the date of initial recognition, Financial Assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

#### Trade Receivables

In respect of trade receivables the company applies the simplified approach of IND AS 109 "Financial Instruments", which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

#### Investment in Equity Shares

Investment in equity instruments which are held for trading are classified as at fair value through profit or loss ('FVTPL'). For all other equity instruments, the company makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same as fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL'). Amount presented in other comprehensive income are not subsequently transferred to profit or loss.

#### Investment in Associates, Joint Ventures and Subsidiaries

The Company has accounted for its investment in subsidiaries, associates and joint venture at cost.

#### Investments in Mutual Funds

Investments in Mutual Funds are accounted for at fair value through profit and loss. Any subsequent fair value gain or loss is recognized through Profit or Loss Account.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### Derecognition

Financial Asset is primarily derecognised when:

- (i) The right to receive cash flows from asset has expired, or.
- (ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either:
  - a) The Company has transferred substantially all the risks and rewards of the asset, or
  - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Financial Liabilities

##### Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

##### Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below :

#### a) 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 with all the changes recognized in the Statement of Profit and Loss.

#### b) 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.

#### c) Loans and Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is



## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES (contd.)

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.

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 period.

#### d) 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 period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 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 of Financial Instruments

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

#### Compound Financial Instruments

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

#### (ix) Foreign Exchange Transactions / Translations / Hedge Accounting

Financial statements are presented in Indian Rupee, which is Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Financial instruments designated as Hedge Instruments are mark to market using the valuation given by the bank on the reporting date. Exchange differences arising on settlement of monetary items on actual payments / realisations and year end translations including on forward contracts are dealt with in Profit and Loss Statement except exchange differences arising on

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES (contd.)

those Long term foreign currency monetary items, related to acquisition of depreciable capital assets being carried forward from previous GAAP, which are adjusted to cost of such assets and depreciated over their balance life pursuant to the option in Notification No. G.S.R 914(E) dated 29th December, 2011 issued by Ministry of Corporate Affairs. Non Monetary Foreign Currency items are stated at cost.

#### (x) Employee Benefits

##### a) Defined Contribution Plan:

The Company makes defined contribution to Superannuation Funds, which are accounted on accrual basis as expenses in the statement of Profit and Loss

##### b) Defined Benefit Plan:

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19, 'Employee Benefits'. These liabilities are funded on year-to-year basis by contribution to respective funds. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each yearend. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, is made to trust administered by the trustees. The interest rate to the members of the trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. The Employer shall make good deficiency, if any.

The Defined Benefit Plan can be short term or Long terms which are defined below:

##### i) Short Term Employee Benefit

All employees' benefits payable wholly within twelve months rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

##### ii) Long Term employee Benefits

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

##### c) Termination Benefits

Termination benefits are recognized as an expense in the period in which they are incurred. The Company shall recognise a liability and expense for termination benefits at the earlier of the following dates:

- (a) When the entity can no longer withdraw the offer of those benefits; and
- (b) When the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

#### (xi) Earnings per Share (EPS)

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES (contd.)

average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

#### (xii) Income Tax

##### Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

##### Minimum Alternate Tax

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

#### (xiii) Provisions and Contingent Liabilities /Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

#### (xiv) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### (xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### (xvi) Fair Value Measurements

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 1. COMPANY OVERVIEW, BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### (xvii) Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgments which have significant effect on the amounts recognized in the financial statement:

##### a. Income Taxes

Judgment of the Management is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

##### b. Contingencies

Judgment of the Management is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

##### c. Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on ECL, which are the present value of the cash shortfall over the expected life of the financial assets.

##### d. Defined Benefit Plans

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

##### e. Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 2. PROPERTY, PLANT AND EQUIPMENT (PPE)

₹ in crores (10 Million)

Description	Gross Carrying Value				Depreciation				Net Carrying Value	
	April 1, 2020	Additions/ Adjustments	Sales/ Adjustments	March 31, 2021	April 1, 2020	For the year	On Sales/ Adjustments	March 31, 2021	March 31, 2021	March 31, 2020
Land - Freehold (a)	275.33	-	-	275.33	-	-	-	-	275.33	275.33
- Right-of-use Asset	76.88	-	-	76.88	1.45	1.45	-	2.90	73.98	75.43
Building	294.84	3.35	5.88	292.31	53.08	15.69	5.21	63.56	228.75	241.76
Plant & Equipment (b)	2,305.72	39.01	6.61	2,338.12	454.23	113.12	5.82	561.53	1,776.59	1,851.49
Right-of-use Asset	38.94	5.97	-	44.91	12.03	13.69	-	25.72	19.19	26.91
Furniture and Fixture	3.94	0.27	0.01	4.20	1.39	0.34	0.01	1.72	2.48	2.55
Office Equipment	9.43	1.62	0.09	10.96	5.09	1.77	0.08	6.78	4.18	4.34
Vehicles & Locomotive	26.78	0.82	3.09	24.51	5.66	3.22	1.56	7.32	17.19	21.12
Railway Siding	2.57	-	-	2.57	0.93	0.14	-	1.07	1.50	1.64
<b>Total</b>	<b>3,034.43</b>	<b>51.04</b>	<b>15.68</b>	<b>3,069.79</b>	<b>533.86</b>	<b>149.42</b>	<b>12.68</b>	<b>670.60</b>	<b>2,399.19</b>	<b>2,500.57</b>
Previous year	2,973.75	156.11	95.43	3,034.43	406.32	140.17	12.63	533.86	2,500.57	2,567.43

#### Notes:

- Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees and cost of 34.72 acres land of ₹20.24 crores (Previous year ₹20.24 crores) for which title is yet to be transferred in name of the Company.
- During the year ₹2.51 crores has been added in Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year ₹9.03 crores was added).

### NOTE 3. OTHER INTANGIBLE ASSETS

₹ in crores (10 Million)

Description	Gross Carrying Value				Amortisation				Net Carrying Value	
	April 1, 2020	Additions/ Adjustments	Sales/ Adjustments	March 31, 2021	April 1, 2020	For the year	On Sales/ Adjustments	March 31, 2021	March 31, 2021	March 31, 2020
Computer Software	25.77	2.46	-	28.23	4.74	4.20	-	8.94	19.29	21.03
<b>Total</b>	<b>25.77</b>	<b>2.46</b>	<b>-</b>	<b>28.23</b>	<b>4.74</b>	<b>4.20</b>	<b>-</b>	<b>8.94</b>	<b>19.29</b>	<b>21.03</b>
Previous year	4.19	24.16	2.58	25.77	3.92	3.39	2.57	4.74	21.03	0.27

### NOTE 4. NON- CURRENT INVESTMENTS

₹ in crores (10 Million)

Particulars	Face Value ₹/Share	March 31, 2021		March 31, 2020	
		No of Share	Value	No of Share	Value
<b>Quoted, Equity shares fully paid up</b>					
<b>Investment Carried at Fair Value through OCI</b>					
JK Lakshmi Cement Limited	5/-	1,91,000	8.26	1,91,000	3.74
TCPL Packaging Limited	10/-	32,187	1.40	-	-
<b>Unquoted, Equity shares fully paid up</b>					
<b>Investments Carried at Cost</b>					
<b>Investment in Equity instruments of Subsidiaries</b>					
Enviro Tech Ventures Limited (Formerly known as JK Enviro-Tech Limited)	10/-	2,04,32,052	32.68	2,04,32,052	32.68

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 4. NON- CURRENT INVESTMENTS (contd.)

₹ in crores (10 Million)

Particulars	Face Value ₹/Share	March 31, 2021		March 31, 2020	
		No of Share	Value	No of Share	Value
Songadh Infrastructure & Housing Limited	10/-	49,50,600	4.95	49,50,600	4.95
Jaykaypur Infrastructure & Housing Limited	10/-	49,50,600	4.95	49,50,600	4.95
JK Paper International (Singapore) Pte. Limited	USD 1	33,30,000	22.21	33,10,000	22.06
The Sirpur Paper Mills Limited(Step-down Subsidiary)	10/-	90,00,000	9.00	90,00,000	9.00
<b>Unquoted, Preference shares fully paid up</b>					
Enviro Tech Ventures Limited (Formerly known as JK Enviro-Tech Limited)	100/-	2,11,00,000	209.60	2,11,00,000	197.00
The Sirpur Paper Mills Limited(Step-down Subsidiary)	100000/-	1,000	5.11	1,000	4.80
Equity Component of Preference Share- Enviro Tech Ventures Limited (Formerly known as JK Enviro-Tech Limited)"		-	29.94		29.94
Equity Component of Preference Share-The Sirpur Paper Mills Limited(Step-down Subsidiary)			5.30		5.30
Deemed Equity Contribution #			5.65		3.89
<b>Investment in Others</b>					
JK Paper Mills Employees' Co-operative Stores Limited (CY ₹2500/-, PY ₹2500/-)	10/-	250	0.00	250	0.00
			<b>339.05</b>		<b>318.31</b>
Aggregate book value of unquoted investments			329.39		314.57
Aggregate market value of quoted investments			9.66		3.74

# Fair Value of Letter of Comfort given for The Sirpur Paper Mills Limited.

### NOTE 5. NON CURRENT FINANCIAL ASSETS - LOANS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Unsecured considered good unless otherwise specified:-</b>		
<b>Loans to related parties (Subsidiaries)-at amortised cost</b>		
Jaykaypur Infrastructure & Housing Limited	27.50	27.50
Songadh Infrastructure & Housing Limited	8.00	8.00
The Sirpur Paper Mills Limited(Step-down Subsidiary)	281.00	128.00
<b>TOTAL</b>	<b>316.50</b>	<b>163.50</b>

### NOTE 6. NON CURRENT FINANCIAL ASSETS - OTHERS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Deposits with Government Authorities	1.41	1.27
Derivative Financial Instruments (at fair value through P&L)	12.19	4.41
Others Deposit	19.63	19.63
Interest Accrued but not due from related parties	17.61	3.79
<b>TOTAL</b>	<b>50.84</b>	<b>29.10</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 7. OTHER NON CURRENT ASSETS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Capital Advances	31.92	157.60
Deposits with Government Authorities and Others	12.08	15.25
<b>TOTAL</b>	<b>44.00</b>	<b>172.85</b>

### NOTE 8. INVENTORIES

(at cost or Net realisable value whichever is lower)

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Raw Materials #	171.55	170.52
Work-in-Progress @	17.55	52.24
Finished Goods	97.11	147.96
Stock in Trade #	1.82	7.62
Stores & Spares #	57.44	68.94
Renewable Energy Certificates	0.12	0.01
<b>TOTAL</b>	<b>345.59</b>	<b>447.29</b>

# Includes Raw Materials in transit ₹8.88 crores (As at March 31, 2020 ₹10.08 crores), Stores & Spares in transit ₹1.97 crores (As at March 31, 2020 ₹1.88 crores) and Stock in Trade in transit ₹0.6 crores.(As at March 31, 2020 ₹1.27 crores)

@ Includes Pulp in process ₹7.33 crores (As at March 31, 2020 ₹3.82 crores) and Semi Finished Goods ₹10.22 crores (As at March 31, 2020 ₹48.42 crores).

### NOTE 9. CURRENT INVESTMENTS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Measured at fair value through P&L(FVTPL)		
Investment in Non-Convertible Debenture	-	74.91
Investment in Mutual Fund	456.07	307.73
Fixed Deposit with NBFC	69.90	-
	<b>525.97</b>	<b>382.64</b>
Aggregate book value of quoted investments	456.07	307.73
Aggregate book value of unquoted investments	69.90	74.91

### NOTE 10. TRADE RECEIVABLES

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Unsecured</b>		
Considered Good	79.17	74.70
Credit Impaired	0.86	0.48
	<b>80.03</b>	<b>75.18</b>
Less: Allowance for credit impairment	0.86	0.48
<b>TOTAL</b>	<b>79.17</b>	<b>74.70</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 11. CASH AND CASH EQUIVALENTS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Balances with Bank-Current Accounts	3.15	23.13
Cheques/Drafts on hand	0.03	-
Cash on Hand	0.24	0.21
<b>TOTAL</b>	<b>3.42</b>	<b>23.34</b>

### NOTE 12. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Other Bank Balances</b>		
Unclaimed Dividend Accounts	0.49	0.72
Fixed Deposit with Scheduled Banks #	4.78	6.16
<b>TOTAL</b>	<b>5.27</b>	<b>6.88</b>

# Includes ₹0.20 crores (Previous year ₹0.20 crores) pledged with Government Authorities.

### NOTE 13. CURRENT FINANCIAL ASSETS - LOANS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Unsecured considered good :-</b>		
<b>Loans to related parties</b>		
Enviro Tech Ventures Limited (Formerly known as JK Enviro-Tech Limited)	10.00	3.00
Bengal & Assam Company Limited-(Associate of)	90.00	90.00
<b>TOTAL</b>	<b>100.00</b>	<b>93.00</b>

All the above loans and advances have been given in the ordinary course of business for general business purpose (Read with Note no. 39)

### NOTE 14. CURRENT FINANCIAL ASSETS - OTHER

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Unsecured considered good :-</b>		
The Sirpur Paper Mills Limited (Step-Down Subsidiary)	-	2.03
Advances Recoverable	0.54	4.73
Interest Accrued but not due	4.22	6.62
Advances to Employees	0.39	0.60
Derivative Financial Instruments (at fair value through P&L)	6.05	4.35
<b>TOTAL</b>	<b>11.20</b>	<b>18.33</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 15. OTHER CURRENT ASSETS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Advances Recoverable	8.35	6.24
Advances to Suppliers	35.80	53.55
Indirect Tax Recoverable	178.73	73.11
Other Deposits	6.01	7.37
Prepaid Finance Charges	3.52	2.53
Other	0.35	0.35
	<b>232.76</b>	<b>143.15</b>
Less : Allowance for Doubtful Advances	0.35	0.35
<b>TOTAL</b>	<b>232.41</b>	<b>142.80</b>

### NOTE 16. SHARE CAPITAL

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Authorised :		
Equity Shares - 30,00,00,000	300.00	300.00
(30,00,00,000 Equity Share of ₹10 each as at March 31, 2020)		
Redeemable Preference Shares - 2,00,00,000	200.00	200.00
(2,00,00,000 Share of ₹100 each as at March 31, 2020)		
	<b>500.00</b>	<b>500.00</b>
Issued, Subscribed and Paid-up :		
Equity Shares - 16,94,02,344 (17,82,43,585 Equity Share of ₹10 each fully paid up at March 31, 2020)	169.40	178.24
	<b>169.40</b>	<b>178.24</b>

Notes :

#### (a) Reconciliation of Equity Share Capital (In numbers)

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Shares outstanding at the beginning of the year	17,82,43,585	17,82,43,585
Add : Shares issued during the year	-	-
Less : Shares bought back during the year(refer Note 46)	88,41,241	-
Shares outstanding at the end of the year	<b>16,94,02,344</b>	<b>17,82,43,585</b>

#### (b) Equity Shares:

The Equity Shareholders have:-

- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting.
- The Company has only one class of Equity Shares having face value of ₹10/- each and each shareholder is entitled to one vote per share.
- In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their individual shareholding in the paid up equity capital of the Company.

#### (c) List of Shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers) :

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Bengal & Assam Company Limited	7,96,27,228	7,96,27,228



## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 16. SHARE CAPITAL (contd)

- (d) There is no issue of Bonus share, issue of shares other than against the cash and buyback in preceding five years . During the year there is Buyback of Equity shares. (Refer note no.46)

### NOTE 17. NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>SECURED</b>		
<b>Term Loan</b>		
From Banks	1,440.30	741.30
From Financial Institutions	288.36	119.76
<b>Non-Convertible Debentures (NCDs)</b>	332.48	332.01
<b>UNSECURED</b>		
Public Deposits	44.12	32.41
Lease Liabilities	20.84	28.10
	<b>2,126.10</b>	<b>1,253.58</b>
Less : Current Maturities of Long Term Borrowings	<b>222.25</b>	<b>237.50</b>
<b>TOTAL</b>	<b>1,903.85</b>	<b>1,016.08</b>

- A. Term Loans of ₹252.22 crores (Fls – ₹ Nil, Banks ₹252.22 crores) and NCD of ₹335 crores are secured by means of first pari passu mortgage/charge on the Property, Plant and Equipment of the company . Out of the above Term Loan, ₹132.09 crores (Fls – ₹ Nil, Banks ₹132.09 crores) are further secured by second charge on the current assets of the Company. These Term Loans are/shall be repayable as under :-
- 1 Term Loans aggregating to ₹252.22 crores are repayable in total 44 quarterly instalments from June 2021 to March 2024.
  - 2 NCDs of ₹335.00 crores is repayable in 15 Half yearly installment from September 2021 to July 2028. .
- B. Term Loans of ₹464.38 crores (Fls – ₹128.00 crores, Banks ₹336.38 crores) is secured by means of first pari passu mortgage/charge on the Property, Plant and Equipment, both present and future, of Unit JKPM of the company. These Term Loans are/shall be repayable as under :-
- 1 Term Loans aggregating to ₹107.60 crores are repayable in total 27 equal Quarterly-instalments from June 2021 to September 2027.
  - 2 Term Loans aggregating to ₹110.88 crores are repayable in total 7 equal half-yearly instalments from May 2021 to August 2023.
  - 3 Term Loans aggregating to ₹245.90 crores are repayable in total 43 quarterly instalments from May 2021 to September 2027.
- C. Term Loans of ₹1018.39 crores (Fls – ₹161.10 crores, Banks ₹857.29 crores) is secured by means of first pari passu mortgage/charge on the Property, Plant and Equipment, both present and future, of Unit CPM of the company. These Term Loans are/shall be repayable as under :-
- 1 Term Loans aggregating to ₹433.51 crores are repayable in total 108 equal Quarterly-instalments from December 2022 to March 2032.
  - 2 Term Loans aggregating to ₹387.45 crores are repayable in total 37 equal half-yearly instalments from December 2022 to January 2032.
  - 3 Term Loans aggregating to ₹197.43 crores are repayable in total 36 quarterly instalments from December 2022 to September 2031.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 17. NON CURRENT FINANCIAL LIABILITIES - BORROWINGS (contd.)

- D. Term Loans aggregating to ₹0.78 crores (FIs – ₹ Nil, Banks ₹0.78 crores) are secured by specific charge on the Vehicle hypothecated against these loans. These Term Loans are repayable in total 21 monthly instalments from April 2021 to December 2022.
- E. Secured Term loans from Financial Institutions and Banks have been reduced by ₹9.62 crores (FIs – ₹0.74 crores, Banks ₹6.36 crores) and NCDs have been reduced by ₹2.52 crores due to effective rate of interest.
- F. Certain charges are in the process of satisfaction. Secured Term loans from Financial Institutions and Banks include ₹498.32 crores foreign currency loans.
- G. Lease Liabilities aggregating to ₹20.84 crores is repayable in total 234 monthly installments from April 2021 to June 2026.
- H. Public deposits are due for repayment in 2021-22, 2022-23 & 2023-24.

### NOTE 18. NON CURRENT FINANCIAL LIABILITIES - OTHER

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Trade Deposits	74.11	67.69
Interest Accrued but not due on Loans	1.70	1.55
Derivative Financial Instruments (at fair value through P&L)	2.51	1.10
Financial Obligation Towards Letter of Comfort	5.65	3.89
<b>TOTAL</b>	<b>83.97</b>	<b>74.23</b>

### NOTE 19. NON CURRENT PROVISIONS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Provision for Employee Benefits (refer note 49)	9.88	9.10
<b>TOTAL</b>	<b>9.88</b>	<b>9.10</b>

### NOTE 20. DEFERRED TAX LIABILITIES

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	482.33	491.74
Tax on Others	32.90	16.31
<b>a Total Deferred Tax Liability</b>	<b>515.23</b>	<b>508.05</b>
Opening MAT Credit Entitlements	(172.18)	(265.51)
Current MAT Credit Entitlement	0.75	1.93
Reversal of MAT Credit of Earlier Years	45.32	91.40
<b>b Total MAT Credit Entitlement</b>	<b>(126.11)</b>	<b>(172.18)</b>
<b>c Net Deferred Tax Liability (a+b)</b>	<b>389.12</b>	<b>335.87</b>

Based on the past performance and current plans, the Company expects to continue to generate taxable income which will enable it to utilise MAT credit entitlement.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 21. CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>SECURED</b>		
Working Capital Borrowings from Bank	126.44	75.40
<b>UNSECURED</b>		
Commercial Paper*	-	26.71
Working Capital Borrowings from Bank	37.12	8.90
Public Deposits	12.28	5.66
<b>TOTAL</b>	<b>175.84</b>	<b>116.67</b>

Working Capital Borrowings are secured by hypothecation of Raw Materials, Finished Goods, Stock-in-Process, Stores & Spares and Book Debts. The same are further secured by a second charge on the movable and immovable assets of the Company.

\*Maximum amount outstanding at any time during the year was ₹103.00 crores (Previous year ₹75.00 crores).

### NOTE 22. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLE

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Trade Payable</b>		
Total outstanding dues of Micro and Small Enterprises (refer note 48)	7.66	4.77
Total Outstanding dues of Creditors other than Micro and Small Enterprises	348.58	332.47
<b>TOTAL</b>	<b>356.24</b>	<b>337.24</b>

### NOTE 23. CURRENT FINANCIAL LIABILITIES - OTHER

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Current Maturities of Non Current Borrowings	222.25	237.50
Interest Accrued but not due	11.30	5.43
Unclaimed Dividends #	0.49	0.72
Unclaimed Matured Deposits #	2.41	0.67
Unclaimed Interest on Unclaimed Matured Deposits #	0.27	0.13
<b>Advances from related parties (Subsidiary)</b>		
Jaykaypur Infrastructure & Housing Limited	1.68	-
Songadh Infrastructure & Housing Limited	0.18	-
Derivative Financial Instruments (at fair value through P&L)	0.91	2.95
Capital Creditors	110.43	40.46
Other Payables	31.89	50.79
<b>TOTAL</b>	<b>381.81</b>	<b>338.65</b>

# Investor Education and Protection Fund will be credited as & when due.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 24. OTHER CURRENT LIABILITIES

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Advance from Customers	10.04	14.89
Statutory Dues	23.83	19.83
Other Payables	89.53	102.41
<b>TOTAL</b>	<b>123.40</b>	<b>137.13</b>

### NOTE 25. SHORT TERM PROVISIONS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Provision for Employee Benefits	3.57	6.39
<b>TOTAL</b>	<b>3.57</b>	<b>6.39</b>

### NOTE 26. CURRENT TAX LIABILITIES

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Provision for Income Tax (Net of Advance tax )	6.69	3.96
<b>TOTAL</b>	<b>6.69</b>	<b>3.96</b>

### NOTE 27. OTHER OPERATING REVENUES

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Insurance Charges Recovered	1.37	0.12
Excess Provision no longer required written back	17.98	15.10
Miscellaneous Income	2.87	24.95
<b>TOTAL</b>	<b>22.22</b>	<b>40.17</b>

### NOTE 28. OTHER INCOME

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Interest Income	48.89	60.55
Dividend Income (CY- ₹17,856/- )	0.00	0.06
Profit on sale of Property, Plant and Equipment	-	0.06
Profit on Sale/Fair value of Current investment	20.66	20.49
Foreign Exchange Fluctuation	0.61	-
<b>TOTAL</b>	<b>70.16</b>	<b>81.16</b>

### NOTE 29. COST OF MATERIALS CONSUMED

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Hardwood & Bamboo	480.68	567.58
Pulp	221.05	245.34
Chemicals	252.13	309.40
Packing Material	78.69	94.55
<b>TOTAL</b>	<b>1,032.55</b>	<b>1,216.87</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 30. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Inventories at the beginning of the year		
Finished Goods	147.96	39.13
Stock In Trade	7.62	24.98
Work-in-Progress	52.24	20.11
Renewable Energy Certificates	0.01	0.01
	<b>207.83</b>	<b>84.23</b>
Inventories at the end of the year		
Finished Goods	97.11	147.96
Stock In Trade	1.82	7.62
Work-in-Progress	17.55	52.24
Renewable Energy Certificates	0.12	0.01
	<b>116.60</b>	<b>207.83</b>
(Increase)/ Decrease in Stock	<b>TOTAL 91.23</b>	<b>(123.60)</b>

### NOTE 31. EMPLOYEE BENEFIT EXPENSES

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Salaries, Wages, Allowances, etc.	245.19	258.89
Contribution to Provident and Other Funds	12.78	13.53
Staff Welfare Expenses	2.36	4.78
	<b>TOTAL 260.33</b>	<b>277.20</b>

### NOTE 32. FINANCE COST

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Interest on:		
Term Loan and Fixed Deposits	73.95	98.75
Others	14.06	12.09
<b>Other Borrowing Costs:</b>		
Financial Charges	4.79	5.07
Premium on Forward Exchange Contracts	0.31	1.23
Lease rent on Machinery	2.48	3.04
Net (Gain) or Loss on Foreign Currency Transaction	(1.22)	2.63
	<b>TOTAL 94.37</b>	<b>122.81</b>

### NOTE 33. DEPRECIATION AND AMORTISATION EXPENSES

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Depreciation on Property, Plant & Equipment	149.42	140.17
Amortisation of Other Intangible Assets	4.20	3.39
	<b>TOTAL 153.62</b>	<b>143.56</b>



## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 34. OTHER EXPENSES

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Consumption of Stores and Spares	50.41	56.81
Power, Fuel and Water	243.15	261.32
Repairs to Building	3.37	4.63
Repairs to Machinery	27.04	29.97
Rent (Net)	22.57	27.95
Insurance	7.48	3.16
Rates and Taxes	0.81	0.98
Commission on Sales	1.14	0.33
Directors' Fees	0.48	0.43
Directors' Commission	2.97	3.66
Loss on Foreign Exchange Fluctuation	-	3.48
Loss on Sale of Property, Plant and Equipment	0.77	-
Asset Written off	0.44	4.08
Bad Debts	-	0.56
Less: Withdrawal from Provision for Doubtful Advance	-	0.25
Provision for Doubtful Debts	0.38	0.13
Other Miscellaneous Expenses	100.66	102.89
<b>TOTAL</b>	<b>461.67</b>	<b>500.13</b>

### NOTE 35. CONTINGENT LIABILITIES & COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in crores (10 Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>a) Claim against the company not acknowledged as debts #</b>		
Excise duty/ Custom duty/Service tax/GST liability in respect of matter in appeals	18.92	18.86
Sales tax/ VAT/Octroi liability in respect of matter in appeals	2.21	2.21
Income tax liability that may arise in respect of matters in appeal referred by the department	-	0.10
Other matters	8.87	7.44
<b>b) Commitments:</b>		
Contracts remaining to be executed on capital account (Net of Advances)	138.69	908.13
Export commitments against import of capital goods under EPCG scheme	754.94	-

# In respect of certain disallowances and additions made by the income tax authorities, appeals are pending before the appellate authorities and adjustments, if any, will be made after the same are finally determined.

### NOTE 36.

In respect of levy of Octroi pertaining to Unit - CPM by Songadh Group Gram Panchayat, the Company has paid ₹1.25 crores till 31st March 1997 under protest and also created a liability of the similar amount. As the matter is still pending in the court of law, the necessary adjustment, if any, would be made after its disposal.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 37. UNCERTAINTIES RELATING TO COVID-19 (COVID 19):

The Management has taken steps to scale up its operations and has evaluated to the extent possible likely impact from Covid -19 on the carrying value of its Assets & Liabilities. Based on current indications, the Company expects to recover the carrying amount of its Assets and does not foresee any incremental risk to service financial obligations. The impact of any future events & developments emerging out of the Pandemic, if any, occurring after the approval of financial results for the quarter will be recognized prospectively. Considering the Company's quality product portfolio, brand image, long-standing relationships & goodwill with its customers, suppliers & other stakeholders, the business operations, cash flows, future revenue, assets and liabilities are expected to sustain going forward.

### NOTE 38. EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

Details of expenditure on Corporate Social Responsibility Activities as per Section 135 of Companies Act, 2013 read with Schedule III are as below

Particulars	₹ in crores (10 Million)	
	Year ended March 31, 2021	Year ended March 31, 2020
1. Gross amount required to be spent by the Company during the year	11.40	8.31
2. Amount spent during the year		
Promotion of Education	0.02	0.28
Health Care	0.45	0.52
Others	9.88	6.83
<b>Total</b>	<b>10.35</b>	<b>7.63</b>

Note-Unspent CSR amount of ₹1.05 crore for the financial year 2020-21, has been transferred to Unspent Corporate Social Responsibility Bank account as per the provisions of Section 135 of the Companies Act, 2013. This amount will be spent in succeeding years on CSR projects/activities of the Company.

### NOTE 39.

- i Disclosure of loan and advances as per regulation 34(3) and 53(f) read with Schedule V of SEBI (LODR) regulation of listing regulation with Stock Exchanges:

Name of the Company	Balance as at		Maximum outstanding during	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
a) Loans and advances in the nature of loans given to subsidiaries and Associates of				
Enviro Tech Ventures Limited(formerly known as JK Enviro-Tech Limited)-ETVL	10.00	3.00	10.00	3.00
Jaykaypur Infrastructure & Housing Limited	27.50	27.50	27.50	27.50
Songadh Infrastructure & Housing Limited	8.00	8.00	8.00	8.00
The Sirpur Paper Mills Limited(Step-down Subsidiary)	281.00	128.00	281.00	128.00
Bengal & Assam Company Limited (Associates of)	90.00	90.00	90.00	90.00
ii Loans given to JK Paper Employees` Welfare Trust	-	-	-	17.47

### iii Details of loans given, investments made and guarantee given covered U/s 186(4) of the Companies Act 2013

The company has given loan to Subsidiaries and other parties mentioned above in the ordinary course of business for general business purpose. The Company has also given a Letter of Comfort to the Bank for a long term loan taken by its step-down subsidiary "The Sirpur Paper Mills Limited" for ₹431.50 crores (Previous Year ₹361.14 crores).

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 40.

- Sales include export incentives of ₹8.66 crores (Previous year ₹8.46 crores).
- Interest Income includes ₹1.01 crores (Previous year ₹1.82 crores) on Deposits with Banks and ₹47.88 crores (Previous year ₹58.73 crores) on others.
- Scrap sale of ₹6.76 crores (Previous year ₹7.60 crores) has been netted off from Consumption of Stores and Spares.

### NOTE 41.

#### A. LEASES

The Company has adopted Ind AS 116 "Leases" effective 1st April, 2019 as notified by the Ministry of Corporate Affairs (MCA) and applied the Standard to its leases using the simplified approach. This has resulted in recognising right-of-use assets and corresponding lease liabilities.

- Refer Note 2 for changes in the carrying value of right of use assets for the year ended March 31, 2021:
- The following is the break-up of current and non-current lease liabilities as at March 31, 2021:

₹ in crores (10 Million)	
Particulars	Year ended March 31, 2021
Current Lease Liabilities	7.70
Non Current Lease Liabilities	13.14
<b>Total</b>	<b>20.84</b>

- The following is the movement in lease liabilities during the year ended March 31, 2021:

₹ in crores (10 Million)	
Particulars	Year ended March 31, 2021
<b>Balance at the beginning</b>	<b>28.10</b>
Addition during the year	5.97
Finance cost accrued during the period	2.48
Payment of Lease Liabilities	(15.71)
<b>Balance at the end</b>	<b>20.84</b>

- The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

₹ in crores (10 Million)	
Particulars	Year ended March 31, 2021
Not later than one year	9.14
Later than one year and not later than Five years	14.71
<b>Later than five years</b>	<b>0.50</b>

#### B. Ind AS 115 Disclosure

₹ in crores (10 Million)		
Particulars	2020-21	2019-20
i) <b>Contract Balances</b>		
Trade Receivables	79.17	74.70

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 41. LEASES (contd.)

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Contract Liabilities	10.04	14.89
ii) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the Contracted Prices		
Revenue as per contracted prices	2969.15	3,254.20
Adjustments:		
Less : Discounts	249.77	240.07
Revenue from contract with customers	2,719.38	3,014.13
iii) Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sale of goods	14.89	8.17

### NOTE 42. EXPENDITURE ON RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES

₹ in crores (10 Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Revenue Expenditure *		
Employee Cost	3.83	2.74
Cost of Materials	0.91	0.40
Other Expenses	1.09	0.91
<b>Sub Total</b>	<b>5.83</b>	<b>4.05</b>
b) Capital Expenditure	0.34	0.24
<b>TOTAL (a+b)</b>	<b>6.17</b>	<b>4.29</b>

\* Included in respective revenue accounts.

### NOTE 43. OTHER DISCLOSURE REQUIRED BY STATUTE

₹ in crores (10 Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Auditors Remuneration(Excluding applicable Taxes)</b>		
<b>1. Statutory Auditors</b>		
i. Audit Fee	0.18	0.18
ii. Tax Audit Fee	0.03	0.03
iii. Certification/other Services	0.07	0.04
iv. Out of Pocket Expenses	0.01	0.01
<b>Total</b>	<b>0.28</b>	<b>0.26</b>
<b>2. Cost Auditors</b>		
i. Audit Fee	0.01	0.01
ii. Out of Pocket Expenses (CY ₹ Nil PY ₹13,446/-)	-	0.00
<b>TOTAL</b>	<b>0.01</b>	<b>0.01</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 44. EXPENSES INCLUDED UNDER OTHER HEADS OF ACCOUNT

₹ in crores (10 Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, Wages and Allowances etc.	8.00	8.52
Contribution to Provident and Other Funds	0.40	0.34
Employees' Welfare and Other benefits	0.20	0.24
Consumption of Stores and Spares	0.61	0.43
Rent	0.09	0.10
Insurance	0.06	0.06
Rates and Taxes (CY- ₹26,659/-)	0.00	0.01
Miscellaneous Expenses	(1.73)	0.73
	<b>7.63</b>	<b>10.43</b>

### NOTE 45. CAPITAL WORK IN PROGRESS INCLUDES FOLLOWING EXPENSES PENDING ALLOCATION / CAPITALIZATION

₹ in crores (10 Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consultancy	9.26	9.26
Salary & Wages	14.55	9.21
Power, Fuel and Water	2.41	-
Travelling and Other Misc. Expenses	8.41	4.41
Insurance	1.63	0.86
Interest on other borrowing cost	37.07	2.48
<b>Total</b>	<b>73.33</b>	<b>26.22</b>

### NOTE 46.

The Board of Directors at its meeting held on 28th April 2020 approved the buyback of the Company's fully paid-up equity shares of face value of ₹10 each for an aggregate amount not exceeding ₹100 crore (maximum buyback size), at a price not exceeding ₹130 per equity share (maximum buyback price) via the "open market" route through the stock exchanges. The buyback of equity shares commenced on 8th May 2020 and closed on 6th November 2020 and during the said period, the Company bought back and extinguished 88,41,241 equity shares at an average buyback price of ₹94.35 per equity share. As a result, the paid-up equity share capital of the Company stands reduced by ₹8.84 Cr. The Company has utilized ₹83.41 crore for the Buy Back (excluding transaction costs) and ₹13.04 crore for buyback tax & other transaction costs, of which ₹87.61 crore has been drawn from the Securities Premium Reserve. In accordance with Section 69 of the Companies Act, 2013, the Company has created capital redemption reserve of ₹8.84 crore equal to the face value of equity shares bought back as appropriation from General Reserves.

### NOTE 47. EARNING PER SHARE

₹ in crores (10 Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Profit after tax	322.19	492.71
b) Weighted Average Number of Ordinary Shares	17,24,53,081	17,82,43,585
c) Nominal Value of Ordinary Shares	₹10/-	₹10/-
d) <b>Earning Per Ordinary Share ( ₹ )</b>		
Basic	18.68	27.64
Diluted	18.68	27.64



## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 48. THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures relating to dues of Micro and Small Enterprises under section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

Particulars	₹ in crores (10 Million)	
	Year ended March 31, 2021	Year ended March 31, 2020
a) Principal amount and Interest due thereon remaining unpaid to any supplier as on	NIL	NIL
b) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	NIL	NIL
c) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	NIL	NIL
d) the amount of interest accrued and remaining unpaid	NIL	NIL
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 as a deductible expenditure under section 23 of this Act.	NIL	NIL

### NOTE 49. EMPLOYEE BENEFITS

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

#### a) Defined Contribution Plans:-

Amount recognized as an expense and included in Note 31 Item "Contribution to Provident and Other Funds ₹0.68 crores (Previous year ₹0.65 crores) for Superannuation Fund.

#### b) Other Long Term Benefits

Amount recognized as an expense and included in Note 31 Item "Salaries, Wages, Allowances etc. ₹3.74 crores (Previous year ₹3.78 crores) for long term compensated Absences.

#### c) Defined Benefits Plans

- Amount recognized as an expense and included in Note 31 & Note 44 "Contribution to Provident and Other Funds" ₹9.01 crores (Previous year ₹10.32 crores) for Provident and other fund.
- Gratuity Expense ₹3.09 crores (Previous year ₹2.56 crores) has been recognized in "Contribution to Provident and Other Funds" under Note 31, as per Actuarial Valuation.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 49. EMPLOYEE BENEFITS (contd.)

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
	Gratuity	Gratuity
	Funded	Funded
<b>I Change in present value of obligation during the year</b>		
Present value of obligation at the beginning of the year	45.32	39.79
<b>Included in statement of profit and loss:</b>		
- Current Service Cost	2.75	2.24
- Interest Cost	3.11	3.10
- Past Service Cost	-	-
- Actuarial Gain/(Loss)	-	-
<b>Included in OCI:</b>		
Actuarial losses/(gains) arising from:		
- Experience adjustments	(1.03)	(2.16)
- Financial assumption	(0.12)	2.67
<b>Others</b>		
Benefits Paid	(2.51)	(0.32)
<b>Present Value of obligation as at year-end</b>	<b>47.51</b>	<b>45.32</b>
<b>II Change in Fair Value of Plan Assets during the year</b>		
Plan assets at the beginning of the year	40.42	35.64
<b>Included in statement of profit and loss:</b>		
Expected return on plan assets	2.77	2.78
<b>Included in OCI:</b>		
Actuarial Gain/(Loss) on plan assets	1.48	(2.27)
<b>Others:</b>		
Employer's contribution	4.90	4.59
Benefits paid	(2.51)	(0.32)
<b>Plan assets at the end of the year</b>	<b>47.05</b>	<b>40.42</b>
The plan assets are managed by the Gratuity Trust formed by the Company.		
<b>III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets</b>		
1 Present Value of obligation as at year-end	(47.51)	(45.32)
2 Fair value of plan assets at year -end	47.05	40.42
3 Funded status {Surplus/(Deficit)}	(0.45)	(4.89)
<b>Net Asset/(Liability)</b>	<b>(0.45)</b>	<b>(4.89)</b>
<b>IV Expenses recognised in the Statement of Profit and Loss</b>		
1 Current Service Cost	2.75	2.24
2 Interest Cost	3.11	3.10
3 Past service Cost	-	-
4 Expected return on plan assets	(2.77)	(2.78)
<b>Total Expense</b>	<b>3.09</b>	<b>2.56</b>
<b>V Expenses recognised in the Statement of Other Comprehensive Income</b>		
1 Net Actuarial (Gain)/Loss	(1.16)	0.51
2 Expected return on plan assets excluding interest income	(1.48)	2.27
<b>Total Expense</b>	<b>(2.64)</b>	<b>2.78</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 49. EMPLOYEE BENEFITS (contd.)

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
	Gratuity	Gratuity
	Funded	Funded
<b>VI Constitution of Plan Assets</b>		
1 Equity Instruments	-	-
2 Debt Instruments	-	-
3 Property	-	-
4 Insurance	47.05	40.42
<b>VII Bifurcation of PBO at the end of the year</b>		
1 Current Liability	0.45	4.89
2 Non-Current Liability	-	-
<b>VIII Actuarial Assumptions</b>		
1 Discount Rate	6.90%	6.86%
2 Expected rate of return on plan assets	6.90%	6.86%
3 Mortality Table	IALM (2006-08)	IALM (2006-08)
4 Salary Escalation	5.00%	5.00%
5 Turnover Rate	Age up to 30-3%, up to 44-2%, above 44-1%	Age up to 30-3%, up to 44-2%, above 44-1%

IX The expected contribution for Defined Benefit Plan for the next financial year will be ₹3.08 crores.

### X Experience Adjustment:

₹ in crores (10 Million)

Gratuity	2020-21	2019-20	2018-19	2017-18	2016-17
Present Value of obligation	47.51	45.32	39.79	37.72	36.62
Fair value of Plan assets	47.05	40.42	35.64	33.14	30.02
Net Asset/(Liability)	(0.45)	(4.89)	(4.14)	(4.58)	(6.60)
Actuarial (Gain)/Loss on plan obligation	(1.03)	(2.16)	2.05	2.48	4.30
Actuarial Gain/(Loss) on plan assets	1.48	(2.27)	0.30	(0.55)	1.34

### XI Sensitivity Analysis:

₹ in crores (10 Million)

Gratuity	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.82)	3.27	(2.87)	3.30
Future salary growth ( 1% movement)	3.28	(2.87)	3.31	(2.90)
Employee turnover ( 1% movement)	0.45	(0.51)	0.44	(0.49)

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 49. EMPLOYEE BENEFITS (contd.)

#### XII Maturity Profile of projected benefit obligation: from the fund

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
	Gratuity	Gratuity
	Funded	Funded
1st Following Year	11.67	4.61
2nd Following Year	4.22	2.62
3rd Following Year	3.18	11.55
4th Following Year	3.39	3.14
5th Following Year	2.82	3.34
Sum of Years 6 To 10	15.47	14.27

### NOTE 50. RELATED PARTY DISCLOSURES

#### a) List of Related Parties

##### i. Subsidiaries (Wholly Owned)

Songadh Infrastructure & Housing Limited (SIHL)  
 Jaykaypur Infrastructure & Housing Limited (JIHL)  
 JK Paper International (Singapore) Pte Limited (JKPI (S) PL )

##### ii. Subsidiary

Enviro Tech Ventures Limited (formerly known as JK Enviro-Tech Limited)-ETVL

##### iii. Step Down Subsidiary

The Sirpur Paper Mills Limited

##### iv. Joint Venture

Habras MZZ Plantation Myanmar Company Limited

##### v. Enterprise which holds more than 20% of Equity Share

Bengal & Assam Company Limited (BACL)

##### vi. Trust under common control

JK Paper Limited (JK Paper Mills) Compulsory Employees Provident Fund  
 JK Paper Limited Employees Gratuity Fund  
 JK Paper Limited Officers Superannuation Scheme

##### vii. Key Management Personnel (KMP)

###### Executive Directors

Shri Harsh Pati Singhania, Vice Chairman & Managing Director  
 Shri Amar Singh Mehta, President and Director

###### Executives

Shri V. Kumaraswamy, Chief Finance Officer  
 Shri S.C. Gupta, Vice President & Company Secretary  
 (till 15<sup>th</sup> May, 2020)  
 Shri Deepak Gupta (Company Secretary)  
 ( w.e.f 16<sup>th</sup> May, 2020)

###### Non-Executive Directors

Shri Bharat Hari Singhania, Chairman  
 Shri Arun Bharat Ram  
 Shri Dharendra Kumar  
 Shri M.H.Dalmia  
 Shri R.V.Kanoria  
 Shri Sandip Somany  
 Shri Shailendra Swarup  
 Shri Udayan Bose(ceased w.e.f. 7<sup>th</sup> January, 2021)  
 Smt. Vinita Singhania  
 Smt. Deepa Gopalan Wadhwa ( w.e.f. 27<sup>th</sup> June, 2019)  
 Shri Sushil Kumar Roongta

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 50. RELATED PARTY DISCLOSURES (contd.)

b) The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis

₹ in crores (10 Million)

Sl. No	Nature of Transactions	Subsidiaries (Wholly Owned)						Subsidiary	
		JIHL		SIHL		JKPI (S) PL		ETVL	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
(i)	Reimbursement of Expenses – Received	-	-	-	*0.00	-	-	-	-
(ii)	Rent Paid	9.29	10.55	3.14	3.49	-	-	-	-
(iii)	Interest Received	2.47	2.48	0.72	0.72	-	-	0.55	0.11
(iv)	Loans Given	-	-	-	-	-	-	7.00	3.00
(v)	Loan Installment Received	-	-	-	-	-	-	-	1.20
(vi)	Investment in Preference share	-	-	-	-	-	-	-	-
(vii)	Investment in Equity share	-	-	-	-	0.15	-	-	20.00
(viii)	Security Deposit Received	1.16	-	-	-	-	-	-	-
(ix)	Purchase of Goods (with GST)	-	-	-	-	-	-	14.03	5.39
(x)	Sale of Goods	-	-	-	-	-	-	0.10	1.35
(xi)	Advances given	-	-	-	-	-	-	-	2.98
(xii)	Security Deposit Given	-	3.19	0.31	1.45	-	-	-	-
(xiii)	Outstanding at end of the period - Receivable	27.84	30.69	9.58	9.45	-	-	221.01	218.32

\* ₹45,890/-

₹ in crores (10 Million)

Sl. No	Nature of Transactions	Step-down Subsidiary	
		The Sirpur Paper Mills Limited	
		2020-21	2019-20
(i)	Reimbursement of Expenses – Received	0.14	0.57
(ii)	Interest Received	14.93	4.21
(iii)	Sale of Material incl. Pulp	5.16	2.45
(iv)	Sale of Capital Equipment's	0.59	-
(v)	Loans Given	153.00	128.00
(vi)	Investment in Preference share	-	10.00
(vii)	Purchase of Goods	227.63	118.63
(viii)	Lease of Godown and Maint Charges	0.40	0.23
(ix)	Reimbursement of Expenses – Paid	0.51	0.22
(x)	Outstanding at end of the period - Receivable	292.75	144.00

₹ in crores (10 Million)

Sl. No	Nature of Transactions	Enterprise which holds more than 20% of Equity Share	
		BACL	
		2020-21	2019-20
(i)	Rent Paid	0.07	0.07
(ii)	Loans Given	-	30.00
(iii)	Interest Received	8.77	7.60
(iv)	Outstanding at end of the period - Receivable	90.00	90.62



## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 50. RELATED PARTY DISCLOSURES (contd.)

₹ in crores (10 Million)

Sl. No	Nature of Transactions	Trust Under Common Control					
		Employees Provident Fund		Employees Gratuity Fund		Officers Superannuation Scheme	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
(i)	Contribution	5.36	4.49	0.89	6.03	0.68	0.65
(ii)	Outstanding at end of the period- Payable	0.33	0.38	0.13	0.60	0.68	0.66

### Key Management Personnel (KMP) :

₹ in crores (10 Million)

Sl. No	Particulars	2020-21	2019-20
(i)	Short-term Employee Benefits #	30.83	35.28
(ii)	Commission and other benefits to Non-Executive Directors *	3.45	4.09

# The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

\* Including sitting fees and commission.

### NOTE 51. FINANCIAL INSTRUMENTS

#### Financial Assets

₹ in crores (10 Million)

Sl. No	Particulars	Note	Fair value hierarchy	As at March 31, 2021		As at March 31, 2020	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	<b>Financial assets designated at fair value through profit and loss</b>						
a)	Derivatives - not designated as hedging instruments	A	Level-2	18.24	18.24	8.76	8.76
b)	Investments :						
(i)	Deemed Equity Contribution Towards Letter of Comfort	F	Level-3	5.65	5.65	3.89	3.89
(ii)	In mutual funds and others	B	Level-1	525.97	525.97	382.64	382.64
2	<b>Financial assets designated at fair value through other comprehensive income</b>						
	Investment In Equity shares	C	Level-1	9.66	9.66	3.74	3.74
3	<b>Financial assets designated at amortised cost</b>						
a)	Other Bank Balances *			5.27	5.27	6.88	6.88
b)	Cash & Cash Equivalents *			3.42	3.42	23.34	23.34
c)	Trade receivables *			79.17	79.17	74.70	74.70
d)	Other receivables			416.50	416.50	256.50	256.50
e)	Other financial assets			43.80	43.80	38.67	38.67
4	Investment in subsidiary companies and joint venture	D		323.74	323.74	310.68	310.68
				<b>1,431.42</b>	<b>1,431.42</b>	<b>1,109.80</b>	<b>1,109.80</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 51. FINANCIAL INSTRUMENTS (contd.)

#### Financial Liabilities

₹ in crores (10 Million)

Sl. No	Particulars	Note	Fair value hierarchy	As at March 31, 2021		As at March 31, 2020	
				Carrying	Fair	Carrying	Fair
				Amount	Value	Amount	Value
1	<b>Financial liability designated at fair value through profit and loss</b>						
a)	Derivatives - not designated as hedging instruments	A	Level-2	3.42	3.42	4.05	4.05
2	<b>Financial liability designated at amortised cost</b>						
a)	Borrowings	E		2,079.69	2,079.69	1,132.75	1,132.75
b)	<b>Trade payables *</b>			356.24	356.24	337.24	337.24
c)	Other financial liability			456.71	456.71	404.94	404.94
d)	Financial Obligation Towards Letter of Comfort	F	Level-3	5.65	5.65	3.89	3.89
				<b>2,901.71</b>	<b>2,901.71</b>	<b>1,882.87</b>	<b>1,882.87</b>

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

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

- A The fair values of derivatives are on MTM as per Bank.
- B Company has opted to fair value its mutual fund investment through statement of profit & loss.
- C Company has opted to fair value its quoted investments in equity share through OCI.
- D As per Para D-15 of Appendix D of Ind AS 101, the first time adopter may choose to measure its investment in subsidiaries, JVs and Associates at cost or at fair value. Company has opted to value its investments in subsidiaries, JVs and Associates at cost.
- E Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.
- F The Management has obtained independent valuer's report for Financial Liability against Letter Of Comfort (LOC) issued by the Company for borrowing facility extended to a step-down subsidiary by the Bank. The fair valuation of LOC is based on the best evidence of fair value determined by the valuer which valued the Letter of Comfort by applying Black Scholes Put Option Model using the inputs (including business projections, cash flows, terminal value etc ) provided by the management of the Company and used applicable discount rate ( as adjusted for risk) in arriving at the expected value of LOC.

\* The carrying amounts are considered to be the same as their fair values due to short term nature.

#### Fair value hierarchy

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

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 52.1 Financial Risk Factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk & interest rate risk. The Company calculates and compares the alternative sources of funding by including cost of currency cover also. Whenever, the currency cover costs are such as to neutralize the advantage in foreign currency, loans are hedged so as to not to lose advantage. The Company uses derivative financial instruments to reduce foreign exchange risk exposures.

#### i. Credit Risk

The Company evaluates the customer credentials carefully from trade sources before appointment of any distributor and only financially sound parties are appointed as distributors. The Company secures adequate deposits from its distributor and hence risk of bad debt is limited. The credit outstanding is sought to be limited to the sum of advances/deposits and credit limit determined by the company. The company has stop supply mechanism in place in case outstanding goes beyond agreed limits.

#### ii. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to fluctuation in market prices. These comprise three types of risk i.e. currency rate, interest rate and other price related risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

#### a. Foreign Currency Risk and Sensitivity

The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to reduce foreign exchange risk exposures and follows its risk management policies to mitigate the same. After taking cognisance of the natural hedge, the company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

The following table analyzes foreign currency risk from financial instruments as of March 31, 2021:

₹ in crores (10 Million)					
Particulars	USD	Euro	GBP	SEK/Other currency	Total
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	46.73	1.15	0.02	-	47.90
Other financials assets ( including loans)	-	-	-	-	-
<b>Financial liabilities</b>					
Trade payables	(54.67)	(11.91)		(0.32)	(66.90)
Other financials liabilities					
Borrowings	(24.45)	(497.17)			(521.62)
Interest Accrued but not due	(0.02)	(2.10)			(2.12)
<b>Net assets / (liabilities)</b>	<b>(32.41)</b>	<b>(510.03)</b>	<b>0.02</b>	<b>(0.32)</b>	<b>(542.74)</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

The following table analyzes foreign currency risk from financial instruments as of March 31, 2020:

₹ in crores (10 Million)

Particulars	USD	Euro	GBP	SEK/Other currency	Total
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	-	-	0.01	-	0.01
Other financials assets ( including loans)	-	-	-	-	-
<b>Financial liabilities</b>					
Trade payables	(35.88)	(0.55)	* (0.00)	(0.06)	(36.49)
Other financials liabilities					
Borrowings	(89.97)	(151.88)	-	-	(241.85)
Interest Accrued but not due	(0.08)	(0.17)	-	-	(0.25)
<b>Net assets / (liabilities)</b>	<b>(125.93)</b>	<b>(152.60)</b>	<b>0.01</b>	<b>(0.06)</b>	<b>(278.58)</b>

\* ₹41,402/-.

The following significant exchange rates have been applied during the year.

₹ in crores (10 Million)

INR	Year-end spot rate	
	March 31, 2021	March 31, 2020
USD	73.50	75.39
EUR	86.10	83.05
GBP	100.95	93.08

#### Foreign Currency Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

0.25% Increase and decrease in foreign exchanges rates will have the following impact on profit before tax:

₹ in crores (10 Million)

Particulars	2020-21		2019-20	
	0.25% Increase	0.25% decrease	0.25% Increase	0.25% decrease
USD Sensitivity (PY ₹127/-)	(0.05)	0.05	(0.00)	0.00
Euro Sensitivity (PY ₹17,136/-)	(0.03)	0.03	(0.00)	0.00
GBP Sensitivity (CY ₹450/-, PY ₹298/-)	0.00	(0.00)	0.00	(0.00)
SEK Sensitivity (CY ₹1,786/-, PY ₹1,588/-)	(0.00)	0.00	(0.00)	0.00
CNY Sensitivity (CY ₹4,539/-)	(0.00)	0.00	-	-
<b>Increases/ ( decrease ) in profit or loss</b>	<b>(0.08)</b>	<b>0.08</b>	<b>(0.00)</b>	<b>0.00</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

Summary of Exchange difference accounted in Statement of Profit and loss:

Particulars	₹ in crores (10 Million)	
	2020-21	2019-20
Currency fluctuations		
Net foreign exchange ( gain)/ losses shown as operating expenses	-	3.48
Net foreign exchange ( gain)/ losses shown as Finance Cost	7.92	0.17
Net foreign exchange ( gain)/ losses shown as Other Income	(0.61)	-
Derivatives		
Currency forwards ( gain) / losses shown as operating expenses	-	-
Interest rate swaps ( gain) / losses shown as finance cost	(9.14)	2.46
Net foreign exchange ( gain)/ losses shown as Other Income	-	-
<b>Total</b>	<b>(1.83)</b>	<b>6.11</b>

#### b. Interest Rate Risk and Sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debt. The Company has entered into various interest rate swap contracts, in which it agrees to exchange, at specific intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon principal amount. Borrowings at variable rates exposes to cash flow risk. With all other variables held constant, the following table demonstrates composition of fixed and floating rate borrowing of the company and impact of floating rate borrowings on company's profitability.

Interest Rate Risk Exposure

Particulars	As at March 31, 2021		As at March 31, 2020	
	(₹ in crores)	% of Total	(₹ in crores)	% of Total
Fixed Rate Borrowings	650.65	28.27%	452.18	33.00%
Variable Rate Borrowings	1,651.29	71.73%	918.07	67.00%
<b>Total Borrowings</b>	<b>2,301.94</b>	<b>100.00%</b>	<b>1,370.25</b>	<b>100.00%</b>

Sensitivity on variable Rate Borrowings

Particulars	Impact on Profit & Loss Account*		Impact on Equity	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Interest Rate Increase by 0.25%	(1.59)	(1.92)	(1.59)	(1.92)
Interest Rate decrease by 0.25%	1.59	1.92	1.59	1.92

\* Excluding Impact of Fund utilized for Capital Work in Progress.

#### c. Commodity Price Risk and Sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

#### CREDIT RISK

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹79.17 crores and ₹74.70 crores as of March



## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

31, 2021 and March 31, 2020, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account as per the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

(In %)

Particulars	Year ended March 31st	
	2021	2020
Revenue from top customer	5.64%	4.49%
Revenue from top five customers	18.31%	15.11%

#### Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 was ₹0.86 crores.

₹ in crores (10 Million)

Particulars	Year ended March 31st	
	2021	2020
Balance at the beginning	0.48	0.35
Impairment loss reversed	-	-
Additional provision created during the year	0.38	0.13
Balance at the end	0.86	0.48

The deposits with banks comprises mostly the liquid investment of the company and are generally not exposed to credit risk

#### Ageing Analysis of Trade Receivables

₹ in crores (10 Million)

Particulars	March 31, 2021				March 31, 2020			
	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months
Unsecured	46.79	32.38	-	0.86	22.62	52.08	-	0.48
Provision for Doubtful Receivables	-	-	-	0.86	-	-	-	0.48
Net Balance	46.79	32.38	-	-	22.62	52.08	-	-

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure funds are available for use as per the requirement. The company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The company also has adequate credit facilities agreed with the banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost effective manner.

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021:

₹ in crores (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	175.84	175.84	-	-	175.84
Borrowings - Non-Current	2,126.10	222.25	1,057.08	846.77	2,126.10
Trade payables	356.24	356.24	-	-	356.24
Other financial liabilities - Current	159.56	159.56	-	-	159.56
<b>Other financial liabilities - Non-Current</b>					
Trade Deposits	74.11	-	-	74.11	74.11
Interest accrued but not due on loans	1.70	-	1.70	-	1.70
Derivative Financial Instruments	2.51	-	1.73	0.78	2.51
Financial Obligation Towards Letter of Comfort	5.65	-	-	5.65	5.65

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:

₹ in crores (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	116.67	116.67	-	-	116.67
Borrowings - Non-Current	1,253.58	237.50	702.60	313.48	1,253.58
Trade payables	337.24	337.24	-	-	337.24
Other financial liabilities - Current	101.15	101.15	-	-	101.15
<b>Other financial liabilities - Non-Current</b>					
Trade Deposits	67.69	-	-	67.69	67.69
Interest accrued but not due on loans	1.55	-	1.55	-	1.55
Derivative Financial Instruments	1.10	-	1.10	-	1.10
Financial Obligation Towards Letter of Comfort	3.89	-	-	3.89	3.89

### 52.2 Competition and Price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

### 52.3 Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be

₹ in crores (10 Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings	2,301.94	1,370.25
Less: cash and cash equivalents including bank balance	8.69	30.22
Less: Current Investments	525.97	382.64
<b>Net debt</b>	<b>1,767.28</b>	<b>957.39</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

₹ in crores (10 Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity	2,600.22	2,368.05
<b>Capital and Net debt</b>	<b>4,367.50</b>	<b>3,325.44</b>
Gearing Ratio	40%	29%

### NOTE 53. DERIVATIVE FINANCIAL INSTRUMENTS

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

#### Forward Contract outstanding for the purpose of hedging at the Balance Sheet Date

Sr. No.	Foreign Currency	March 31, 2021		March 31, 2020	
		FC in Million	₹ In crores	FC in Million	₹ In crores
1	US Dollar	1.53	11.21	21.70	163.62
2	Euro	20.06	172.68	10.76	89.33

Nominal amounts of Complete Currency Swaps (CCS) for hedging entered into by the Company and outstanding at end of the year is ₹20.28 crores (Previous year ₹27.38 crores).

#### Foreign Currency Exposure not hedged as at the Balance Sheet Date

Sr. No.	Foreign Currency	March 31, 2021		March 31, 2020	
		FC in Million	₹ In crores	FC in Million	₹ In crores
1	US Dollar *	2.88	21.20	0.001	0.01
2	Euro	36.83	317.08	4.32	35.88
3	GBP *	(0.002)	(0.02)	(0.001)	(0.01)
4	SEK	0.09	0.07	0.09	0.06
5	CNY	0.22	0.25	-	-

\*Net of Receivables USD 2.36 Million – ₹17.33 crores (Previous year USD Nil – ₹ Nil), EUR 0.13 Million – ₹1.15 crores (Previous year EUR Nil – ₹ Nil) and GBP 0.002 Million – ₹0.02 crores (Previous year GBP 0.001 Million – ₹0.01 crores).

#### Interest Rate Swaps

The Company has variable interest borrowings. To offset the risk of variation in interest rates, the Company has entered into, fix pay and variable receipt, interest rate swaps. These swap contracts are in US Dollar, Euro and ₹. Outstanding amortised notional value of loan for swap contracts and MTM taken there on are as follows :

Sr. No.	Foreign Currency	March 31, 2021		March 31, 2020	
		Loan FC in Million	MTM ₹ In crores (Gain)/Loss	Loan FC in Million	MTM ₹ In crores (Gain)/Loss
1	US Dollar	0.16	0.01	7.17	(0.40)
2	Euro	10.39	0.76	14.99	0.93
3	₹	-	(9.66)	-	-

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 54. IMPAIRMENT REVIEW

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

**Key assumptions used in value-in-use calculations are:-**

(i) Operating margins (Earnings before interest and taxes), (ii) Discount Rate, (iii) Growth Rates and (iv) Capital Expenditure

### NOTE 55. INFORMATION RELATED TO CONSOLIDATED FINANCIALS

The Company is listed on stock exchange in India, the Company has prepared consolidated financial as required under IND AS110, Sections 129 of Companies Act, 2013 and listing requirements. The consolidated financial statement is available on Company's web site for public use

### NOTE 56. INCOME TAX

#### a) Amount recognised in Statement of Profit and Loss

Particulars	₹ in crores (10 Million)	
	2020-21	2019-20
<b>Current Income Tax</b>		
Current year *	124.22	215.38
<b>MAT Credit Entitlement</b>		
Current year	-	-
Reversal of MAT credit entitlement of earlier years	0.75	1.93
<b>Total</b>	<b>124.97</b>	<b>217.31</b>
Deferred Tax	6.26	8.57
Income tax expense reported in the statement of profit and loss	<b>131.23</b>	<b>225.88</b>

\* including ₹-4.49 crore related to earlier years (Previous year is ₹0.10 crores).

#### b) Reconciliation of Effective Tax Rate

Particulars	₹ in crores (10 Million)	
	2020-21	2019-20
<b>Profit before tax</b>	<b>453.42</b>	<b>718.59</b>
At applicable Statutory Income Tax Rate @ 34.944%	158.44	251.10
<b>Tax Impact on:-</b>		
Benefit of 80IA	(26.18)	(29.08)
Donation	(0.63)	0.09
In House R&D Expenditure	(0.12)	(0.84)
CSR Expenditure	3.62	2.67
Others	(3.90)	1.94
<b>Reported Income Tax Expense</b>	<b>131.23</b>	<b>225.88</b>
<b>Effective Tax Rate</b>	<b>28.94%</b>	<b>31.43%</b>

## Notes to the Standalone Financial Statement for the year ended March 31, 2021

### NOTE 57. SEGMENT INFORMATION

#### Information about primary segment

The Company has only one business segment i.e. Paper and Board and one geographical reportable segment i.e. Operations mainly within India. The performance is reviewed by the Board of Directors (Chief operating decision makers).

### NOTE 58.

Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

### NOTE 59.

Notes 1 to 58 are annexed to and form an integral part of financial statements.

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As per our report of even date attached

For **LODHA & CO.**

Chartered Accountants

Firm's Registration Number 301051E

**(N.K. LODHA)**

Partner

Membership No. 85155

New Delhi, the 24th May, 2021

For and on behalf of the Board of Directors

**Harsh Pati Singhania**

Vice Chairman & Managing Director

**A. S. Mehta**

President & Director

**V. Kumaraswamy**

Chief Finance Officer

**Deepak Gupta**

Company Secretary



## Cash Flow Statement for the year ended March 31, 2021

₹ in crores (10 Million)

	2020-21	2019-20
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax	453.42	718.59
Adjustments for :		
Depreciation and amortization	153.62	143.56
Defined Benefit Plans charged to OCI	2.64	(2.78)
Income from Investments	(20.66)	(20.49)
(Profit)/ Loss on Sale of Property, Plant and Equipment (Net)	0.77	(0.06)
Dividend Income (CY- ₹17,856/- )	(0.00)	(0.06)
Finance Cost	94.37	122.81
Interest Income	(48.89)	(60.55)
Foreign Exchange Fluctuation	(0.38)	3.48
Assets Written off	0.44	4.08
Bad Debts	-	0.31
Provision for Doubtful Debts	0.38	0.13
Provision for earlier years no longer required	(17.98)	(15.10)
Operating Profit before Working Capital Changes	617.73	893.92
Adjustments for Working Capital Changes:		
Trade and Other Receivables	(97.06)	(50.19)
Inventories	101.70	(124.82)
Trade and Other Payables	13.46	45.36
Cash generated from Operations	635.83	764.27
Taxes paid	(76.17)	(127.79)
Net Cash from Operating Activities	559.66	636.48
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Property Plant & Equipment	(1,066.19)	(466.54)
Sale of Property Plant & Equipment	1.79	1.91
Sale/(Purchase) of Investments (Net)	(138.70)	229.29
Dividend Income (CY- ₹17,856/- )	0.00	0.06
Interest Received	37.47	79.35
Net Loans & Advances	(160.00)	(142.33)
Net Cash from Investing Activities	(1,325.63)	(298.26)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Buyback of equity shares including buyback tax & other transaction costs	(96.45)	-
Proceeds of Long-term Borrowings	1,115.30	139.79
Repayment of Long-term Borrowings	(231.61)	(264.76)
Proceeds/(Repayment) from Short-term Borrowings (Net)	59.17	98.63

## Cash Flow Statement for the year ended March 31, 2021

₹ in crores (10 Million)

	2020-21		2019-20	
Payment of lease Liabilities	(15.71)		(13.88)	
Interest and Financial Charges	(86.03)		(122.18)	
Dividend (including Dividend Tax)	(0.23)		(160.64)	
Net cash from Financing Activities		744.44		(323.04)
<b>D. Increase/(Decrease) in Cash and Cash Equivalents - Cash &amp; Bank Balance</b>		<b>(21.53)</b>		<b>15.18</b>
<b>E. Cash and Cash Equivalents as at the beginning of the year - Cash &amp; Bank Balances</b>		<b>30.22</b>		<b>15.04</b>
<b>F. Cash and Cash Equivalents as at the close of the year - Cash &amp; Bank Balances</b>		<b>8.69</b>		<b>30.22</b>

### Notes :

	2020-21		2019-20	
	Long Term	Short Term	Long Term	Short Term
<b>(a) Total Liabilities from Financing Activities</b>				
Opening	1,253.58	116.67	1,331.97	18.04
Cash Flow Changes				
Inflow/(Repayments)	883.69	59.17	(124.97)	98.63
<b>Non-Cash Flow Changes</b>				
Foreign Exchange	(3.23)	-	14.10	-
Lease Liabilities	(7.26)	-	28.10	-
Other	(0.68)	-	4.38	-
Closing	<b>2,126.10</b>	<b>175.84</b>	<b>1,253.58</b>	<b>116.67</b>

(b) Previous year's figures have been re-grouped / re-arranged wherever necessary.

As per our report of even date attached

For **LODHA & CO.**

Chartered Accountants

Firm's Registration Number 301051E

**(N.K. LODHA)**

Partner

Membership No. 85155

New Delhi, the 24th May, 2021

For and on behalf of the Board of Directors

**Harsh Pati Singhania**

Vice Chairman & Managing Director

**A. S. Mehta**

President & Director

**V. Kumaraswamy**  
Chief Finance Officer

**Deepak Gupta**  
Company Secretary

## Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/ associate companies/ joint ventures

### Part - "A": Subsidiaries

₹ In crores (10 Million)

Sl. No	Particulars	The Sirpur Paper Mills Limited	Jaykaypur Infrastructure & Housing Limited	Songadh Infrastructure & Housing Limited	Enviro Tech Ventures Limited	JK Paper International (Singapore) Pte. Limited
1	Financial Year ended on	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
2	Reporting Currency	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees	US\$
3	Closing Exchange Rate	-	-	-	-	73.50
4	Share Capital	182.00	4.95	4.95	21.27	22.21
5	Reserve & Surplus/ (Accumulated Losses)	(101.67)	(0.89)	1.79	52.68	1.75
6	Total Assets	1,002.94	40.76	17.77	299.83	23.99
7	Total Liabilities	1,002.94	40.76	17.77	299.83	23.99
8	Investments	-	-	-	173.34	23.89
9	Total Turnover	269.45	8.12	2.83	20.74	-
10	Profit/ (Loss) before tax	(79.62)	1.26	0.18	(4.96)	(0.06)
11	Provision for Income Tax	-	0.35	0.05	(0.15)	-
12	Profit/ (Loss) after tax	(79.62)	0.91	0.13	(4.81)	(0.06)
13	Proposed Dividend	-	-	-	-	-
14	% of Shareholding	96.27%	100%	100%	96.08%	100%

### Part - "B": Subsidiaries

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S. No.	Name of Joint Venture Company	Habras MZZ Plantation Myanmar Company Limited
1	Financial Year/Period ended on	March 31, 2021
2	% of Shareholding	50%
3	Investment in Joint Venture	23.89
	Extent of Holding %	50%
4	Description of how there is significant influence	Based on Shareholding
5	Reason why the Joint Venture is not consolidated	Not Applicable
6	Net worth attributable to Share Holding as per latest Un-audited Balance sheet	23.89
7	Loss for the year	NIL
	i) Considered in consolidation	NIL
	ii) Not Considered in consolidation	NIL

For and on behalf of the Board of Directors

**Harsh Pati Singhania**

Vice Chairman & Managing Director

**A. S. Mehta**

President & Director

**V. Kumaraswamy**  
Chief Finance Officer

**Deepak Gupta**  
Company Secretary

New Delhi, the 24th May, 2021

# Consolidated Financial Statements

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
JK Paper Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of JK Paper Limited ("the Company"/ " Holding Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") and jointly controlled entity, which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and jointly controlled entity as at March 31, 2021, the consolidated profit including other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and jointly controlled entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Emphasis of Matter

We draw attention to Note no. 39 (B) to the Consolidated financial statements regarding Company's investments of ₹23.89 crores in a Jointly Controlled Entity (which has plantation operations in Myanmar), through its subsidiary in Singapore. The coup and the civil disobedience movement that followed have not effected the operations, as stated in the said note and in the opinion of the management there is no need to make any provision at this stage.

Our opinion is not modified in respect of above matter.

#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a 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 Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated



financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group and jointly controlled entity in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and jointly controlled entity are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and jointly controlled entity 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and jointly controlled entity are responsible for assessing the Group'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 Group and jointly controlled entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and jointly controlled entity are also responsible for overseeing the financial reporting process of the Group and jointly controlled entity.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and jointly controlled entity 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 consolidated 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 Group and jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the

direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

## Other Matters

A) We did not audit the financial statements of four subsidiaries, whose financial statements/financial information reflect total assets of ₹382.35 crores as at 31 March 2021, total revenue of ₹31.69 crores, total net profit / (loss ) after tax of (₹3.83 crores) and total comprehensive income of (₹3.83 crores) and net cash outflow of ₹1.45 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our

report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries based solely on the reports of the other auditors.

Our opinion is not modified in respect of this matter.

B) The Consolidated financial statements include the Group (loss) of ₹ Nil and total comprehensive income of ₹ Nil for the year ended 31st March 2021 as considered in these consolidated financial statements in respect of one jointly controlled entity, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion, in so far as it relates amounts and disclosures included in respect of said financial Statements, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity , is based solely on such management certified financial statements and other unaudited financial information.

Our opinion is not modified in respect of above matter.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act ,read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 and taken on record by the Board of Directors of the Holding Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in

India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company and its subsidiaries incorporated in India, refer to our separate Report in "Annexure A" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

- g) With respect to the other matter to be included in the Auditors' report under Section 197(16) :

In our opinion and according to the information and explanation given to us, the remuneration paid/provided for the year ended March 31, 2021 by the Holding Company and its subsidiaries which are incorporated in India is in accordance with the provisions of Section 197 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 consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group and jointly controlled entity.
- II. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

**For LODHA & CO.**

Chartered Accountants

Firm's Registration No.301051E

**(N. K. Lodha)**

Partner

Membership No. 85155

UDIN :21085155AAAAACN6923

Place: New Delhi

Date: 24th May 2021

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## Annexure – A 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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2021, we have audited the internal financial controls over financial reporting of JK Paper Limited ('the Holding Company' / 'the Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective 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 ('the Act').

#### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary companies, which are companies incorporated in India, 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 Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements

#### 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 consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; 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, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Holding Company and its Subsidiary companies, which are incorporated in India, have, maintained, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Holding 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.

### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, insofar as it relates to three subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

#### For LODHA & CO.

Chartered Accountants

Firm's Registration No.301051E

#### (N. K. Lodha)

Partner

Membership No. 85155

UDIN :21085155AAAACN6923

Place: New Delhi

Date: 24th May 2021



## Consolidated Balance Sheet as at March 31, 2021

₹ in crores (10 Million)

Particulars	Note	March 31, 2021	March 31, 2020
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	2,944.72	3,054.72
Capital Work-in-Progress		1,701.71	399.15
Investment Property	4	54.78	53.79
Goodwill		9.81	9.81
Other Intangible Assets	3	21.65	23.35
Intangible Assets Under Development		2.03	0.48
<b>Financial Assets</b>			
Investments	5	113.89	108.58
Other Financial Assets	6	43.37	31.79
Other Non-Current Assets	7	48.85	182.15
		<b>4,940.81</b>	<b>3,863.82</b>
<b>Current Assets</b>			
Inventories	8	382.98	498.19
Financial Assets			
Investments	9	526.77	382.64
Trade Receivables	10	79.09	73.79
Cash and Cash Equivalents	11	5.98	29.52
Bank Balances other than above	12	13.55	12.51
Loans	13	127.50	118.25
Other Financial Assets	14	169.11	112.04
Other Current Assets	15	309.07	199.69
		<b>1,614.05</b>	<b>1,426.63</b>
<b>Total Assets</b>		<b>6,554.86</b>	<b>5,290.45</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	169.40	178.24
Other Equity		2,346.68	2,187.25
		<b>2,516.08</b>	<b>2,365.49</b>
Non-controlling interest		4.83	8.01
Inter-Unit Financing			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	17	2,358.43	1,425.06
Other Financial Liabilities	18	78.32	70.34
Provisions	19	9.88	9.10
Deferred Tax Liabilities (Net)	20	395.59	341.01
Other Non-Current Liabilities	21	45.83	47.83
		<b>2,888.05</b>	<b>1,893.34</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	22	181.48	119.69
Trade Payables	23		
Micro & Small Enterprises		9.52	5.02
Others		387.59	377.20
Other Financial Liabilities	24	432.56	372.49
Other Current Liabilities	25	127.11	141.03
Provisions	26	1.64	5.47
Current Tax Liabilities	27	6.00	2.71
		<b>1,145.90</b>	<b>1,023.61</b>
<b>Total Equity and Liabilities</b>		<b>6,554.86</b>	<b>5,290.45</b>
<b>Significant Accounting Policies</b>	1		

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements

As per our report of even date attached

For **LODHA & CO.**

Chartered Accountants

Firm's Registration Number 301051E

(N.K. LODHA)

Partner

Membership No. 85155

New Delhi, the 24th May, 2021

For and on behalf of the Board of Directors

**Harsh Pati Singhania**

Vice Chairman & Managing Director

**A. S. Mehta**

President & Director

**V. Kumaraswamy**

Chief Finance Officer

**Deepak Gupta**

Company Secretary

## Consolidated Statement of Profit & Loss for the year ended March 31, 2021

₹ in crores (10 Million)

Particulars	Note	2020-21	2019-20
<b>Revenue :</b>			
Sales		2,977.10	3,258.91
Less : Discounts		249.77	240.07
Net Sales		<b>2,727.33</b>	<b>3,018.84</b>
Other Operating Revenue	28	23.39	41.35
<b>Revenue from Operations</b>		<b>2,750.72</b>	<b>3,060.19</b>
<b>Other Income</b>	29	111.28	103.81
<b>Total Revenue</b>		<b>2,862.00</b>	<b>3,164.00</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	30	1,150.56	1,266.83
Purchases of Stock-in-Trade		73.10	231.19
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	31	94.78	(134.04)
Employee Benefits Expense	32	305.32	287.67
Finance Costs	33	128.60	129.30
Depreciation and Amortisation Expenses	34	174.25	149.48
Other Expenses	35	565.18	537.18
<b>Total Expenses</b>		<b>2,491.79</b>	<b>2,467.61</b>
<b>Profit Before Interest, Depreciation &amp; Tax (EBITDA)</b>		<b>673.06</b>	<b>975.17</b>
<b>Profit/(Loss) Before Tax</b>		<b>370.21</b>	<b>696.39</b>
<b>Tax Expense</b>			
Current Tax		125.26	217.79
Less : MAT Credit Entitlement/Adjustment		0.75	0.27
Provision / (Credit) for Deferred Tax		7.48	9.92
<b>Profit for the period</b>		<b>236.72</b>	<b>468.41</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to statement of Profit and Loss			
(i) Re-measurement Gain/(Loss) on Defined Benefit Plans		3.96	(2.82)
(ii) Tax on (i) above		(0.92)	0.97
(iii) Equity Instruments through Other Comprehensive Income		4.71	(2.90)
(iv) Tax on (iii) above		-	-
Items that will be reclassified to statement of Profit and Loss			
Exchange differences on translating the financial statements of a foreign operations		(0.61)	2.02
<b>Total Comprehensive Income for the period</b>		<b>243.86</b>	<b>465.68</b>
<b>Net Profit attributable to:</b>			
a) Owners of the company		239.95	475.32
b) Non controlling interest		(3.23)	(6.91)
<b>Other comprehensive Income attributable to:</b>			
a) Owners of the company		7.09	(2.73)
b) Non controlling interest		0.05	-
<b>Total comprehensive Income attributable to:</b>			
a) Owners of the company		247.04	472.59
b) Non controlling interest		(3.18)	(6.91)
<b>Earnings per Equity Shares</b>			
1) Basic (in ₹)		13.73	26.28
2) Diluted (in ₹)		13.73	26.28
<b>Significant Accounting Policies</b>	1		

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements

As per our report of even date attached

For LODHA & CO.

Chartered Accountants

Firm's Registration Number 301051E

(N.K. LODHA)

Partner

Membership No. 85155

New Delhi, the 24th May, 2021

For and on behalf of the Board of Directors

Harsh Pati Singhania

Vice Chairman & Managing Director

A. S. Mehta

President & Director

V. Kumaraswamy

Chief Finance Officer

Deepak Gupta

Company Secretary

## Consolidated Statement of Changes in Equity for the year ended March 31, 2021

### A. Equity Share Capital

a. Equity Share Capital					₹ in crores (10 Million)
April 1, 2019	Changes in Equity Share Capital during 2019-20	March 31, 2020	Changes in Equity Share Capital during 2020-21 (refer Note 46)	March 31, 2021	
178.24	-	178.24	(8.84)	169.40	

### B. Other Equity

Particulars	Equity Component of Compound financial Instruments	Reserve and Surplus					Other Comprehensive Income (OCI)				Total Attributable to owners of the Parent	Attributable to Non - Controlling Interests	Total
		Retained Earnings	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Debt Redemption Reserve	General Reserve	Exchange differences on translating the financial statements of a foreign operations	Items that will not be Reclassified to profit or loss				
									Re-measurement of the net defined benefit plans	Equity Instruments through OCI			
April 1, 2019	8.00	738.45	29.92	3.00	525.93	4.74	550.59	0.80	(7.77)	6.20	1,859.86	50.88	1,910.74
Profit for the year		475.32					-	-	-	-	475.32	(6.91)	468.41
Transfer from Retained Earnings	-	(200.00)	-	-	-	-	200.00	-	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	-	-	2.02	(1.85)	(2.90)	(2.73)	-	(2.73)
Dividend including Corporate Dividend Tax	-	(161.16)	-	-	-	-	-	-	-	-	(161.16)	-	(161.16)
Issue of 0.1% Compulsory Convertible Preference Share	23.00	-	-	-	-	-	-	-	-	-	23.00	-	23.00
Changes in ownership interests in subsidiaries		(7.04)									(7.04)	(35.96)	(43.00)
March 31, 2020	31.00	845.57	29.92	3.00	525.93	4.74	750.59	2.82	(9.62)	3.30	2,187.25	8.01	2,195.26
Profit for the year	-	239.95	-	-	-	-	-	-	-	-	239.95	(3.18)	236.77
Transfer from Retained Earnings	-	(200.00)	-	-	-	-	200.00	-	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(0.61)	2.99	4.71	7.09	-	7.09
Adjustments related to Buy Back of Equity Shares (refer Note 46)	-	-		8.84	(87.61)		(8.84)				(87.61)	-	(87.61)
March 31, 2021	31.00	885.52	29.92	11.84	438.32	4.74	941.75	2.21	(6.63)	8.01	2,346.68	4.83	2,351.51

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For LODHA & CO.

Chartered Accountants

Firm's Registration Number 301051E

For and on behalf of the Board of Directors

Harsh Pati Singhania

Vice Chairman & Managing Director

A. S. Mehta

President & Director

(N.K. LODHA)

Partner

Membership No. 85155

New Delhi, the 24th May, 2021

V. Kumaraswamy

Chief Finance Officer

Deepak Gupta

Company Secretary

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. The Group overview:

The Group, JK Paper Limited (JKPL) and its subsidiaries is India's largest producer of branded papers and a leading player in Coated papers and High-end Packaging Boards.

These Consolidated Financial Statements were approved and adopted by board of directors of the Company in their meeting held on 24th May, 2021.

#### 1.2. Statement of Compliance:

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended time to time and other relevant provisions of the Companies Act, 2013.

#### 1.3. Significant Accounting Policies for the year ended 31st March, 2021.

##### (i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria described below also be met before revenue is recognised.

##### Sale of goods

Revenue from the sale of goods is recognised, when control of goods being sold is transferred to customer and where there are no longer any unfulfilled obligations. The performance obligations in contracts are considered as fulfilled in accordance with the terms agreed with the respective customers.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales as disclosed, are exclusive of Goods and Services Tax.

The company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods to a customer, excluding amount collected on behalf of third parties (for example taxes collected on behalf of government). The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both.

The transaction price is allocated by the company to each performance obligation in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods to the customer.

##### Export Incentives

Income from export incentives and duty drawbacks is recognised on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

##### Interest Income

Interest income is recognized on time proportion basis using the effective interest method.

##### Dividend Income

Dividend income is recognized when the right to receive payment is established by the reporting date, which is generally when shareholders approve the same.

##### Renewal Energy Certificate

Renewable Energy Certificate (REC) benefits are recognized in Statement of Profit & Loss on sale of REC's.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

#### (ii) Inventory Valuation

Inventories such as Raw Materials, Work-in-Progress, Finished Goods, Stock in Trade, Stores & Spares and Renewable Energy Certificates are valued at the lower of cost and net realisable value (except scrap/waste which are value at net realisable value). The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### (iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand cash at bank and demand deposits with banks with an original maturity of three months or less which are subject to an insignificant risk of change in value.

#### (iv) Property, Plant and Equipment

On transition to IND AS, the company had adopted optional exception under IND AS 101 to measure Property, Plant and Equipment (PPE) at fair value. Consequently the fair value had been assumed to be deemed cost of PPE on the date of transition. Subsequently PPE were carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

PPE acquired are stated at cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Capital work-in-progress includes cost of PPE under installation / under development as at the balance sheet date. Advances paid towards the acquisition of PPE outstanding at each balance sheet date is classified as capital advances under other non-current assets.

Subsequent expenditures relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.

Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method over their useful lives as prescribed under Schedule II of Companies Act, 2013. However, in respect of certain property, plant and equipment, depreciation is provided as per their useful lives as assessed by the management supported by technical advice ranging from 10 to 40 years for plant and machinery and 8 to 60 years for buildings.

Depreciation on additions due to exchange rate fluctuation is provided on the basis of residual life of the assets. Depreciation on assets costing up to ₹5000/- and on Temporary Sheds is provided in full during the year of additions.

Depreciation will be charged from the date the assets is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### Leased Assets

Leasehold lands are amortized over the period of lease, Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

#### Intangible Assets

Intangible Assets are recognised, if the future economic benefits attributable to the assets are expected to flow to the company and cost of the asset can be measured reliably. All other expenditure is expensed as incurred. The same are amortised over the

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any and are amortised over their respective individual estimated useful life on straight line method.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted prospectively, if appropriate.

#### (v) Research and Development Costs

- Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.
- Items of Property, Plant and equipment and acquired intangible assets utilised for research and development are capitalised and depreciated / amortized in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

#### (vi) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company had adopted Ind AS 116 "Leases" effective April 1, 2019 (Transition date) using the simplified approach (Retrospective cumulative effect was from 1st April 2019)

##### Right of use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis from the commencement date over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

##### Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its existing borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

Lease liabilities and Right-of-use assets have been presented as a separate line in Note 2 of Property, Plant and Equipment (PPE) and Note 17 of Non current Financial Liabilities -Borrowings. Lease payments have been classified as cash used in financing activities.

#### Short Term Leases and Leases of Low Value Assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

#### (vii) Impairment

The carrying amount of PPEs, Intangible assets and Investment property are reviewed at each Balance Sheet date to assess impairment if any, based on internal / external factors. An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value, being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount.

#### (viii) Financial Assets & Liabilities

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

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

##### (a) Financial Assets at Amortised Cost

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

##### (b) Financial Assets at Fair value through Other Comprehensive Income

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

##### (c) Financial Assets at Fair value through Profit or Loss

At the date of initial recognition, Financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

#### Trade Receivables

In respect of trade receivables the company applies the simplified approach of IND AS 109 "Financial Instruments", which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

#### Investment in Equity Shares

Investment in equity instruments which are held for trading are classified as at fair value through profit or loss ('FVTPL'). For all other equity instruments, the company makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same as fair value through the comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL'). Amount presented in other comprehensive income are not subsequently transferred to profit or loss.

#### Investment in Associates, Joint Ventures and Subsidiaries

The Company has accounted for its investment in subsidiaries, associates and joint venture at cost.

#### Investments in Mutual Funds

Investments in Mutual Funds are accounted for at fair value through profit and loss. Any subsequent fair value gain or loss is recognized through Profit or Loss Account.

#### Derecognition

Financial Asset is primarily derecognised when:

- (i) The right to receive cash flows from asset has expired, or,
- (ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either:
  - a) The Company has transferred substantially all the risks and rewards of the asset, or
  - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Financial Liabilities

##### Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

##### Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below :

##### a) 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 with all the changes recognized in the Statement of Profit and Loss.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

#### b) 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.

#### c) Loans and Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. 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.

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 period.

#### d) 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 period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 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 of Financial Instruments

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

#### Compound Financial Instruments

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

#### (ix) Foreign Exchange Transactions / Translations / Hedge Accounting

Financial statements are presented in Indian Rupee, which is Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Financial instruments designated as Hedge Instruments are mark to market using the valuation given by the bank on the reporting date. Exchange differences arising on settlement of monetary items on actual payments / realisations and year end translations including on forward contracts are dealt with in Profit and Loss Statement except exchange differences arising on those Long term foreign currency monetary items, related to acquisition of depreciable capital assets being carried forward from previous GAAP, which are adjusted to cost of such assets and depreciated over their balance life pursuant to the option in Notification No.G.S.R 914(E) dated 29th December, 2011 issued by Ministry of Corporate Affairs. Non Monetary Foreign Currency items are stated at cost.

#### (x) Employee Benefits

##### a) Defined Contribution Plan:

The Company makes defined contribution to Superannuation Funds, which are accounted on accrual basis as expenses in the statement of Profit and Loss.

##### b) Defined Benefit Plan:

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19, 'Employee Benefits' These liabilities are funded on year-to-year basis by contribution to respective funds. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each yearend. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, is made to trust administered by the trustees. The interest rate to the members of the trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. The Employer shall make good deficiency, if any.

The Defined Benefit Plan can be short term or Long terms which are defined below:

##### i) Short Term Employee Benefit

All employees' benefits payable wholly within twelve months rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

#### ii) Long Term employee Benefits

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date

#### c) Termination Benefits:

Termination benefits are recognized as an expense in the period in which they are incurred. The Company shall recognise a liability and expense for termination benefits at the earlier of the following dates:

- (a) When the entity can no longer withdraw the offer of those benefits; and
- (b) When the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

#### (xi) Earnings per Share (EPS)

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

#### (xii) Income Tax

##### Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### Minimum Alternate Tax

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

#### (xiii) Provisions and Contingent Liabilities /Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

#### (xiv) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### (xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### (xvi) Fair Value Measurements

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.



## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

- **Level 1-** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### (xvii) Investment Properties :

Investment Properties comprises portions of freehold land and buildings that are held for long-term rentals yields and/or for capital appreciation. Investment properties are initially recognised at cost. Subsequent Investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on building is provided over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Though the Company measures investment property using cost based measurement, the fair value of investment is disclosed in notes.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

#### (xviii) Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements which have significant effect on the amounts recognized in the financial statement:

##### a. Income Taxes

Judgment of the Management is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

##### b. Contingencies

Judgment of the Management is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

##### c. Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on ECL, which are the present value of the cash shortfall over the expected life of the financial assets.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 1. GROUP OVERVIEW, STATEMENT OF STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(contd.)

#### d. Defined Benefit Plans

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

#### e. Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where

this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### (xix) Business Combinations

Business Combinations are accounted for using the acquisition method. The cost of acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria are stated at their fair values at the acquisition date except certain assets and liabilities required to be measured as per the applicable standard.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportionate share of the acquiree's identifiable net assets.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 2. PROPERTY, PLANT AND EQUIPMENT (PPE)

₹ in crores (10 Million)

Description	Gross Carrying Value				Depreciation				Net Carrying Value	
	April 1, 2020	Additions/ Adjustments	Sales/ Adjustments	March 31, 2021	April 1, 2020	For the year	On Sales/ Adjustments	March 31, 2021	March 31, 2021	March 31, 2020
Land - Freehold (a)	342.78	-	-	342.78	-	-	-	-	342.78	342.78
-Right-of-use Asset	76.88	-	-	76.88	1.45	1.45	-	2.90	73.98	75.43
Building	334.95	3.52	5.88	332.59	56.72	16.75	5.21	68.26	264.33	278.23
Plant & Equipment (b)	2,754.82	47.93	6.61	2,796.14	456.78	129.44	5.82	580.40	2,215.74	2,298.04
Right-of-use Asset	38.94	5.97	-	44.91	12.03	13.69	-	25.72	19.19	26.91
Furniture and Fixture	6.13	0.38	0.01	6.50	2.39	0.59	0.01	2.97	3.53	3.74
Office Equipment	12.24	1.84	0.10	13.98	5.99	2.42	0.09	8.32	5.66	6.25
Vehicles & Locomotive	27.44	1.16	3.09	25.51	5.74	3.32	1.56	7.50	18.01	21.70
Railway Siding	2.60	-	-	2.60	0.96	0.14	-	1.10	1.50	1.64
Total	3,596.78	60.80	15.69	3,641.89	542.06	167.80	12.69	697.17	2,944.72	3,054.29
Previous year (c)	3,053.78	638.44	95.44	3,596.78	410.49	144.21	12.64	542.06	3,054.72	2,643.29

#### Notes:

- Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees and cost of 34.72 acres land of ₹20.24 crores (Previous year ₹20.24 crores) for which title is yet to be transferred in name of the Company.
- During the year ₹2.51 crores has been added in Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year ₹9.03 crores was added).
- Refer note 17 and 22 for details on pledges and securities.

### NOTE 3. OTHER INTANGIBLE ASSETS

₹ in crores (10 Million)

Description	Gross Carrying Value				Amortisation				Net Carrying Value	
	April 1, 2020	Additions/ Adjustments	Sales/ Adjustments	March 31, 2021	April 1, 2020	For the year	On Sales/ Adjustments	March 31, 2021	March 31, 2021	March 31, 2020
Computer Software	28.49	3.18	-	31.67	5.14	4.88	-	10.02	21.65	23.35
Total	28.49	3.18	-	31.67	5.14	4.88	-	10.02	21.65	23.35
Previous year	4.84	26.88	3.23	28.49	4.57	3.79	3.22	5.14	23.35	0.27

### NOTE 4. INVESTMENT PROPERTY

₹ in crores (10 Million)

Description	Gross Block				Depreciation				Net Block	
	April 1, 2020	Additions/ Adjustments	Sales/ Adjustments	March 31, 2021	April 1, 2020	For the year	On Sales/ Adjustments	March 31, 2021	March 31, 2021	March 31, 2020
Land										
Freehold	6.99	-	-	6.99	-	-	-	-	6.99	6.99
Leasehold	12.01	-	-	12.01	2.03	0.20	-	2.23	9.78	9.98
Buildings	45.13	2.56	-	47.69	8.31	1.37	-	9.68	38.01	36.82
Total	64.13	2.56	-	66.69	10.34	1.57	-	11.91	54.78	53.79
Previous year ended 31st March 2020	61.79	2.34	-	64.13	8.86	1.48	-	10.34	53.79	52.93

As at 31st March 2019, the fair value of Land and Buildings are ₹116.20 crores. These Valuations are based on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method. Management estimates that there is no major change in fair valuation as on 31st March, 2021.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 5. NON- CURRENT INVESTMENTS

₹ in crores (10 Million)

Particulars	Face Value ₹/Share	March 31, 2021		March 31, 2020	
		No of Share	Value	No of Share	Value
<b>Quoted, Equity shares fully paid up</b>					
<b>Investment Carried at Fair Value through OCI</b>					
JK Lakshmi Cement Limited	5/-	1,91,000	8.26	1,91,000	3.74
TCPL Packaging Limited	10/-	32,187	1.40	-	-
<b>Investment in Equity instruments of Others</b>					
Global Strategic Technologies Limited	10/-	3,42,000	0.34	3,42,000	0.34
<b>Unquoted, Preference shares fully paid up</b>					
Bengal & Assam Company Limited	100/-	65,00,000	65.00	65,00,000	65.00
Global Strategic Technologies Limited	100/-	5,00,000	5.00	5,00,000	5.00
Deepti Electronics and Electro Optics Private Limited	100/-	10,00,000	10.00	10,00,000	10.00
<b>Investments Carried at Cost</b>					
<b>Investment in Equity instrument of Joint Venture</b>					
Habras MZZ Plantation Myanmar Company Limited	USD 1000	3,250	23.89	3,250	24.50
Share of Post acquisition profit and reserves in Joint Venture			-		-
<b>Investment in Others</b>					
JK Paper Mills Employees' Co-operative Stores Limited (CY ₹2500/- ,PY ₹2500/-)	10/-	250	0.00	250	0.00
<b>TOTAL</b>			<b>113.89</b>		<b>108.58</b>
Aggregate book value of unquoted investments			104.23		104.84
Aggregate market value of quoted investments			9.66		3.74

### NOTE 6. NON CURRENT FINANCIAL ASSETS - OTHERS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Deposits with Government Authorities & Others*	11.55	7.75
Derivative Financial Instruments (at fair value through P&L)	12.19	4.41
Others Deposit	19.63	19.63
<b>TOTAL</b>	<b>43.37</b>	<b>31.79</b>

\* includes ₹0.77 crores (PY ₹ Nil) against legal case.

### NOTE 7. OTHER NON CURRENT ASSETS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Capital Advances	36.37	166.90
Deposits with Government Authorities and Others	12.08	15.25
Prepaid Expenses	0.40	-
<b>TOTAL</b>	<b>48.85</b>	<b>182.15</b>

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 8. INVENTORIES

(at cost or Net realisable value whichever is lower)

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Raw Materials #	188.92	199.89
Work-in-Progress @	24.97	63.58
Finished Goods	97.69	148.17
Stock in Trade #	1.82	7.62
Stores & Spares #	69.46	78.92
Renewable Energy Certificates	0.12	0.01
<b>TOTAL</b>	<b>382.98</b>	<b>498.19</b>

# Includes Raw Materials in transit ₹8.94 crores (As at March 31, 2020 ₹10.08 crores), Stores & Spares in transit ₹2.47 crores (As at March 31, 2020 ₹1.91 crores) and Stock in Trade in transit ₹0.60 crores (As at March 31, 2020 ₹1.27 crores)

@ Includes Pulp in process ₹7.33 crores (As at March 31, 2020 ₹3.82 crores) and Semi Finished Goods ₹10.22 crores (As at March 31, 2020 ₹48.42 crores).

### NOTE 9. CURRENT INVESTMENTS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Measured at fair value through P&amp;L (FVTPL)</b>		
Investment in Non Convertible Debenture	-	74.91
Investment in Mutual Fund	456.87	307.73
Fixed Deposit with NBFC	69.90	-
	<b>526.77</b>	<b>382.64</b>
Aggregate book value of quoted investments	456.87	307.73
Aggregate book value of unquoted investments	69.90	74.91

### NOTE 10. TRADE RECEIVABLES

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Unsecured</b>		
Considered Good	79.09	73.79
Credit Impaired	0.86	0.48
	<b>79.95</b>	<b>74.27</b>
Less: Allowance for credit impairment	<b>0.86</b>	<b>0.48</b>
<b>TOTAL</b>	<b>79.09</b>	<b>73.79</b>

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 11. CASH AND CASH EQUIVALENTS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Cash & Cash Equivalents		
Balances with Bank-Current Accounts*	5.69	28.76
Cheques/Drafts on hand	0.03	-
Bank Deposits with original maturity of 3 months or less	-	0.51
Cash on Hand	0.26	0.25
<b>TOTAL</b>	<b>5.98</b>	<b>29.52</b>

\* includes ₹1.31 crores in CY and ₹1.72 crores in PY earmarked for specified purposes.

### NOTE 12. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Other Bank Balances</b>		
Unclaimed Dividend Accounts	0.49	0.72
Fixed Deposit with Scheduled Banks #	13.06	11.79
<b>TOTAL</b>	<b>13.55</b>	<b>12.51</b>

# Includes ₹0.20 crores (Previous year ₹0.20 crores) pledged with Government Authorities.

### NOTE 13. CURRENT FINANCIAL ASSETS - LOANS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Unsecured considered good :-</b>		
<b>Loans to related parties</b>		
Bengal & Assam Co. Limited-(Associate of)	90.00	90.00
<b>Other Loans &amp; Advances</b>		
Others	37.50	28.25
<b>TOTAL</b>	<b>127.50</b>	<b>118.25</b>

All the above loans and advances have been given in the ordinary course of business for general business purpose (U/s 186(4) of the Companies Act 2013).

### NOTE 14. CURRENT FINANCIAL ASSETS - OTHER

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Unsecured considered good :-</b>		
Advances Recoverable	1.61	5.57
Interest Accrued but not due	9.48	6.61
Advances to Employees	0.54	1.00
Derivative Financial Instruments (at fair value through P&L)	6.05	4.35
Government Benefits Receivable - Revenue	101.43	44.51
Government Benefits Receivable - Capital	50.00	50.00
<b>TOTAL</b>	<b>169.11</b>	<b>112.04</b>



## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 15. OTHER CURRENT ASSETS

		₹ in crores (10 Million)
Particulars	March 31, 2021	March 31, 2020
Advances Recoverable	8.72	6.48
Advances to Suppliers	40.52	57.53
Indirect Tax Recoverable	254.09	129.70
Other Deposits	2.22	2.73
Prepaid Finance Charges	3.52	3.25
<b>Doubtful Advances</b>		
Other	0.35	0.35
	<b>309.42</b>	<b>200.04</b>
Less : Allowance for Doubtful Advances	0.35	0.35
<b>TOTAL</b>	<b>309.07</b>	<b>199.69</b>

### NOTE 16. SHARE CAPITAL

		₹ in crores (10 Million)
Particulars	March 31, 2021	March 31, 2020
Authorised :		
Equity Shares - 30,00,00,000	300.00	300.00
(30,00,00,000 Equity Share of ₹10 each as at March 31, 2020)		
Redeemable Preference Shares - 2,00,00,000	200.00	200.00
(2,00,00,000 Share of ₹100 each as at March 31, 2020)		
	<b>500.00</b>	<b>500.00</b>
Issued, Subscribed and Paid-up :		
Equity Shares - 16,94,02,344 (17,82,43,585 Equity Share of ₹10 each fully paid up at March 31, 2020)	169.40	178.24
	<b>169.40</b>	<b>178.24</b>

Notes :

#### (a) Reconciliation of Equity Share Capital (In numbers)

		₹ in crores (10 Million)
Particulars	March 31, 2021	March 31, 2020
Shares outstanding at the beginning of the year	17,82,43,585	17,82,43,585
Add : Shares issued during the year	-	-
Less : Shares bought back during the year(refer Note 46)	88,41,241	-
Shares outstanding at the end of the year	<b>16,94,02,344</b>	<b>17,82,43,585</b>

#### (b) Equity Shares:

The Equity Shareholders have:-

- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting.
- The Company has only one class of Equity Shares having face value of ₹10/- each and each shareholder is entitled to one vote per share.
- In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their individual shareholding in the paid up equity capital of the Company.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 16. SHARE CAPITAL (contd.)

#### (c) Reconciliation of Preference Shares Capital (In numbers)

₹ in crores (10 Million)		
Particulars	March 31, 2021	March 31, 2020
Preference Shares outstanding at the beginning of the year	63,00,000	40,00,000
Add : issued during the year (Nil )	-	23,00,000
Previous year ((Nominal Value ₹100, ₹100 Paid up)		
Preference Shares outstanding at the end of the year	63,00,000	63,00,000

Subsidiary issued following preference shares :

#### (i) During the Previous year :

JK Enviro-Tech Limited has issued Compulsory Convertible Preference Shares having nominal Value of ₹100/- (One Hundred) each, aggregating to ₹23,00,00,000 (Rupees Twenty Three crores only), having 0.01% dividend (on cumulative basis) on 4th September 2019, to be convertible into Equity shares of the Company, having nominal value of ₹10 each, at a conversion price of ₹20.80 per equity share (including premium of ₹10.80 per equity share) at any time upto 7 years but further extendable with mutual consent of the Company and the shareholder(s), by way of preferential allotment for cash. These convertible preference share is recorded in Other equity.

(ii) During the FY. 2018-19 The Sirpur Paper Mills Limited had issued Redeemable Preference Shares of ₹1,62,03,00,000 for consideration other than cash, to be redeemed at the end of 20 years from the issue date with dividend of 0.01% p.a. The Equity portion of these Redeemable Preference Shares, on account of Dividend payout being lower than effective market rate, is recorded in Other Equity.

#### (d) List of Shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers) :

₹ in crores (10 Million)		
Particulars	March 31, 2021	March 31, 2020
Bengal & Assam Company Limited	7,96,27,228	7,96,27,228

### NOTE 17. NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in crores (10 Million)		
Particulars	March 31, 2021	March 31, 2020
<b>SECURED</b>		
<b>Term Loan</b>		
From Banks	1,868.36	1,099.16
From Financial Institutions	288.36	119.76
<b>Non Convertible Debentures (NCDs)</b>	332.48	332.01
<b>UNSECURED</b>		
Public Deposits	44.12	32.41
Liability Component of Redeemable Preference Share	54.45	51.12
Lease Liabilities	20.84	28.10
	<b>2,608.61</b>	<b>1,662.56</b>
Less : Current Maturities of Long Term Borrowings	250.18	237.50
<b>TOTAL</b>	<b>2,358.43</b>	<b>1,425.06</b>

A. Term Loans of ₹252.22 crores (FIs – ₹ Nil, Banks ₹252.22 crores) and NCD of ₹335 crores are secured by means of first pari passu mortgage/charge on the Property, Plant and Equipment of the company . Out of the above Term Loan, ₹132.09 crores (FIs – ₹ Nil, Banks ₹132.09 crores) are further secured by second charge on the current assets of the Company. These Term Loans are/shall be repayable as under :-

1 Term Loans aggregating to ₹252.22 crores are repayable in total 44 quarterly instalments from June 2021 to March 2024.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 17. NON CURRENT FINANCIAL LIABILITIES - BORROWINGS (contd.)

- 2 NCDs of ₹335.00 crores is repayable in 15 Half yearly installment from September 2021 to July 2028.
- B. Term Loans of ₹464.38 crores (Fls – ₹128.00 crores, Banks ₹336.38 crores) is secured by means of first pari passu mortgage/charge on the Property, Plant and Equipment, both present and future, of Unit JKPM of the company. These Term Loans are/shall be repayable as under :-
  - 1 Term Loans aggregating to ₹107.60 crores are repayable in total 27 equal quarterly-instalments from June 2021 to September 2027.
  - 2 Term Loans aggregating to ₹110.88 crores are repayable in total 7 equal half-yearly instalments from May 2021 to August 2023.
  - 3 Term Loans aggregating to ₹245.90 crores are repayable in total 43 quarterly instalmenst from May 2021 to September 2027.
- C. Term Loans of ₹1018.39 crores (Fls – ₹161.10 crores, Banks ₹857.29 crores) is secured by means of first pari passu mortgage/charge on the Property, Plant and Equipment, both present and future, of Unit CPM of the company. These Term Loans are/shall be repayable as under :-
  - 1 Term Loans aggregating to ₹433.51 crores are repayable in total 108 equal Quarterly-instalments from December 2022 to March 2032.
  - 2 Term Loans aggregating to ₹387.45 crores are repayable in total 37 equal half-yearly instalments from December 2022 to January 2032.
  - 3 Term Loans aggregating to ₹197.43 crores are repayable in total 36 quarterly instalmenst from December 2022 to September 2031.
- D. Term Loans aggregating to ₹0.78 crores (Fls – ₹ Nil, Banks ₹0.78 crores) are secured by specific charge on the Vehicle hypothicated against these loans. These Term Loans are repayable in total 21 monthly instalments from April 2021 to December 2022.
- E. Secured Term loans from Financial Institutions and Banks have been reduced by ₹9.62 crores (Fls – ₹0.74 crores, Banks ₹6.36 crores) and NCDs have been reduced by ₹2.52 crores due to effective rate of interest.
- F. Certain charges are in the process of satisfaction. Secured Term loans from Financial Institutions and Banks include ₹498.32 crores foreign currency loans.
- G. Lease Liabilities aggregating to ₹20.84 crores is repayable in total 234 monthly installments from April 2021 to June 2026.
- H. Public deposits are due for repayment in 2021-22, 2022-23 & 2023-24.
- I. Subsidiary :
  - A. Term Loans of ₹431.50. crores from Banks is secured by means of first pari passu mortgage/charge on the fixed assets of the company, and is further secured by second charge on the current assets of the Company. JK Paper Limited (Ultimate Parent Company) has also extended the Letter of Comfort towards the above loans.
    - i. Term Loans aggregating to ₹401.50 crores are repayable in total 36 equal quarterly instalments from December 2021 to September 2030.
    - ii. Term Loans aggregating to ₹30.00 crores are repayable in total 16 equal quarterly instalments from September 2021 to June 2025.
  - B. Secured Term loans from Bank has been adjusted by ₹3.44 crores for effective rate of interest.
  - C. During the FY2019-20 company had issued Redeemable Preference Shares of ₹10 crores, to be redeemed at the end of 12 years (During FY2018-19 ₹162 crores, to be redeemed at the end of 20 years) from the issue date with dividend of 0.01% p.a. The Equity portion of these Redeemable Preference Shares, on account of Dividend payout being lower than effective market rate, is recorded in Other Equity.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 18. NON CURRENT FINANCIAL LIABILITIES - OTHER

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Trade Deposits	74.11	67.69
Interest Accrued but not due on Loans	1.70	1.55
Derivative Financial Instruments (at fair value through P&L)	2.51	1.10
<b>TOTAL</b>	<b>78.32</b>	<b>70.34</b>

### NOTE 19. NON CURRENT PROVISIONS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Provision for Employee Benefits	9.88	9.10
<b>TOTAL</b>	<b>9.88</b>	<b>9.10</b>

### NOTE 20. DEFERRED TAX LIABILITIES

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	588.81	569.75
Tax on carried forward unabsorbed Depreciation	(101.71)	(73.25)
Tax on Others	<b>34.68</b>	<b>16.88</b>
<b>a Total Deferred Tax Liability</b>	<b>521.78</b>	<b>513.38</b>
Opening MAT Credit Entitlements	(172.37)	(265.60)
Current MAT Credit Entitlement	0.86	1.83
Reversal of MAT Credit of Earlier Years	45.32	91.40
<b>b Total MAT Credit Entitlement</b>	<b>(126.19)</b>	<b>(172.37)</b>
<b>c Net Deferred Tax Liability (a+b)</b>	<b>395.59</b>	<b>341.01</b>

Based on the past performance and current plans, the Company expects to continue to generate taxable income which will enable it to utilise MAT credit entitlement.

### NOTE 21. OTHER NON CURRENT LIABILITIES

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Deferred Government Benefits	45.83	47.83
<b>TOTAL</b>	<b>45.83</b>	<b>47.83</b>

### NOTE 22. CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>SECURED</b>		
Working Capital Borrowings from Bank	132.08	78.42
<b>UNSECURED</b>		
Commercial Paper*	-	26.71
Working Capital Borrowings from Bank	37.12	8.90
Public Deposits	12.28	5.66
<b>TOTAL</b>	<b>181.48</b>	<b>119.69</b>

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 22. CURRENT FINANCIAL LIABILITIES - BORROWINGS (contd.)

Working Capital Borrowings are secured by hypothecation of Raw Materials, Finished Goods, Stock-in-Process, Stores & Spares and Book Debts. The same are further secured by a second charge on the movable and immovable assets of the Company.

\* Maximum amount outstanding at any time during the year was ₹103.00 crores (Previous year ₹75.00 crores).

### NOTE 23. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLE

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
<b>Trade Payable</b>		
Total Outstanding dues of Micro and Small Enterprises	9.52	5.02
Total Outstanding dues of Creditors other than Micro and Small Enterprises	387.59	377.20
<b>TOTAL</b>	<b>397.11</b>	<b>382.22</b>

### NOTE 24. CURRENT FINANCIAL LIABILITIES - OTHER

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Current Maturities of Non Current Borrowings	250.18	237.50
Interest Accrued but not due	11.38	8.04
Unclaimed Dividends #	0.49	0.72
Unclaimed Matured Deposits #	2.41	0.67
Unclaimed Interest on Unclaimed Matured Deposits #	0.27	0.13
Derivative Financial Instruments (at fair value through P&L)	0.91	2.95
Capital Creditors	124.73	63.22
Other Payables	42.19	59.26
<b>TOTAL</b>	<b>432.56</b>	<b>372.49</b>

# Investor Education and Protection Fund will be credited as & when due.

### NOTE 25. OTHER CURRENT LIABILITIES

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Advance from Customers	10.12	15.07
Statutory Dues	25.44	21.42
Other Payables	89.55	102.54
Deferred Government Benefits	2.00	2.00
<b>TOTAL</b>	<b>127.11</b>	<b>141.03</b>

### NOTE 26. SHORT TERM PROVISIONS

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Provision for Employee Benefits	1.64	5.47
<b>TOTAL</b>	<b>1.64</b>	<b>5.47</b>

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 27. CURRENT TAX LIABILITIES

₹ in crores (10 Million)

Particulars	March 31, 2021	March 31, 2020
Provision for Income Tax (Net of Advance tax)	6.00	2.71
<b>TOTAL</b>	<b>6.00</b>	<b>2.71</b>

### NOTE 28. OTHER OPERATING REVENUES

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Insurance Charges Recovered	1.37	0.12
Excess Provision no longer required written back	18.18	15.10
Miscellaneous Income	3.84	26.13
<b>TOTAL</b>	<b>23.39</b>	<b>41.35</b>

### NOTE 29. OTHER INCOME

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Interest Income	26.11	52.93
Dividend Income (CY- ₹17,856/- )	0.00	0.06
Profit on sale of Property, plant and equipment	-	0.06
Profit on Sale/Fair value of Current investment	20.71	21.02
Foreign Exchange Fluctuation	0.61	-
Miscellaneous Income	6.67	11.94
Government Benefits	57.18	17.80
<b>TOTAL</b>	<b>111.28</b>	<b>103.81</b>

### NOTE 30. COST OF MATERIALS CONSUMED

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Hardwood & Bamboo	556.37	591.10
Pulp	221.92	245.55
Chemicals	285.77	333.50
Packing Material	86.50	96.68
<b>TOTAL</b>	<b>1,150.56</b>	<b>1,266.83</b>



## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 31. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in crores (10 Million)

Particulars	2020-21	2019-20
<b>Inventories at the beginning of the year</b>		
Finished Goods	148.17	39.83
Stock In Trade	7.62	24.98
Work-in-Progress	63.58	20.52
Renewable Energy Certificates	0.01	0.01
	219.38	85.34
<b>Inventories at the end of the year</b>		
Finished Goods	97.69	148.17
Stock In Trade	1.82	7.62
Work-in-Progress	24.97	63.58
Renewable Energy Certificates	0.12	0.01
	124.60	219.38
(Increase)/ Decrease in Stock <b>TOTAL</b>	<b>94.78</b>	<b>(134.04)</b>

### NOTE 32. EMPLOYEE BENEFIT EXPENSES

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Salaries, Wages, Allowances, etc.	286.76	268.09
Contribution to Provident and Other Funds	16.02	14.49
Staff Welfare Expenses	2.54	5.09
<b>TOTAL</b>	<b>305.32</b>	<b>287.67</b>

### NOTE 33. FINANCE COST

₹ in crores (10 Million)

Particulars	2020-21	2019-20
<b>Interest on:</b>		
Term Loan and Fixed Deposits	89.37	100.90
Others	32.87	16.43
<b>Other Borrowing Costs:</b>		
Financial Charges	4.79	5.07
Premium on Forward Exchange Contracts	0.31	1.23
Lease rent on Machinery	2.48	3.04
Net (Gain) or Loss on Foreign Currency Transaction	(1.22)	2.63
<b>TOTAL</b>	<b>128.60</b>	<b>129.30</b>

### Note 34. DEPRECIATION AND AMORTISATION EXPENSES

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Depreciation on Property Plant & Equipment	169.37	145.69
Amortisation of Other Intangible Assets	4.88	3.79
<b>TOTAL</b>	<b>174.25</b>	<b>149.48</b>

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 35. OTHER EXPENSES

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Consumption of Stores and Spares	63.23	59.56
Power, Fuel and Water	323.72	295.27
Repairs to Building	8.34	8.95
Repairs to Machinery	30.15	30.76
Rent (Net)	12.66	15.22
Insurance	8.62	3.73
Rates and Taxes	2.35	3.16
Commission on Sales	1.14	0.33
Directors' Fees	0.52	0.48
Directors' Commission	2.97	3.66
Loss on Foreign Exchange Fluctuation	-	3.49
Loss on Sale of Property, Plant and Equipment	0.77	-
Asset Written off	0.44	4.08
Bad Debts	-	0.56
Less: Withdrawal from Provision for Doubtful Advance	-	0.25
Provision for Doubtful Debts	0.38	0.13
Other Miscellaneous Expenses	109.89	108.05
<b>TOTAL</b>	<b>565.18</b>	<b>537.18</b>

### NOTE 36. PRINCIPLES OF CONSOLIDATION

- a. The Consolidated Financial Statements comprise of the financial statements of JK Paper Limited (Parent Company) and the following as on 31st March, 2021;

#### i Subsidiaries:

Name	Proportion of ownership interest	Financial Statements as on	Status
Jaykaypur Infrastructure & Housing Limited, India	100%	March 31, 2021	Audited
Songadh Infrastructure & Housing Limited, India	100%	March 31, 2021	Audited
Enviro Tech Ventures Limited (Formerly known as JK Enviro Tech Limited), India	96.08%	March 31, 2021	Audited
The Sirpur Paper Mills Limited, India (Subsidiary of Enviro Tech Ventures Limited, India)	96.27%	March 31, 2021	Audited
JK Paper International (Singapore) Pte Limited, Singapore	100%	March 31, 2021	Audited

#### ii Joint Venture:

Name	Proportion of ownership interest	Financial Statements as on	Status
Habras MZZ Plantation Myanmar Company Limited, Myanmar*	50.00%	March 31, 2021	Unaudited**

\*Joint venture of JK Paper International (Singapore) Pte Limited, Singapore

\*\*Management Certified Accounts

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 36. PRINCIPLES OF CONSOLIDATION (contd.)

- The Financial Statements of the Parent Company and its Subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of Assets, Liabilities, Income and Expenses, after eliminating intra-group balances and intra-group transactions.
- Goodwill represents difference between company's share in net worth of subsidiaries and the cost of acquisition at each point of time of making investment.
- Investment in Joint Venture, are accounted for using equity method as per Indian Accounting Standard (Ind AS) 28 – "Accounting for Investments in Associates and joint ventures" notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014.
- In case of foreign subsidiary, being non-integral operations, revenue items are consolidated at the average exchange rate during the year. All assets and liabilities are translated at year end exchange rate. The resulting exchange differences are accumulated in the Foreign Currency Translation Reserve.
- The summary of share of Net Assets and Profit/(Loss) of Subsidiaries and Joint Venture:

₹ in crores (10 Million)

Name of the Entity	Net Assets i.e Total Assets minus Total Liabilities		Share in Profit/(Loss)	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit	Amount
<b>Subsidiaries</b>				
Jaykaypur Infrastructure & Housing Limited, India	0.16%	4.06	0.38%	0.91
Songadh Infrastructure & Housing Limited, India	0.27%	6.74	0.05%	0.13
Enviro Tech Ventures Limited (Formerly known as JK Enviro Tech Limited)	2.94%	73.94	-2.03%	(4.81)
The Sirpur Paper Mills Limited, India (Subsidiary of Enviro Tech Ventures Limited, India)	3.19%	80.33	-33.63%	(79.62)
JK Paper International (Singapore) Pte Limited, Singapore	0.95%	23.96	-0.03%	(0.06)
<b>Joint Venture</b>				
Habras MZZ Plantation Myanmar Company Limited, Myanmar (Joint Venture of JK Paper International (Singapore) Pte Limited)	-	-	-	-

- Other Notes to Accounts of the Financial Statements of the Company and its subsidiaries are stated in their respective Financial Statements. Hence not disclosed again in Consolidated Accounts.

### NOTE 37. SEGMENT REPORTING

The Company has identified business segment as the primary segment, after considering all the relevant factors. The Company's manufactured products are sold primarily within India hence there is no reportable geographical segment. The Company's operation predominantly relates to manufacture of Paper & Boards. Other Business Segment comprises activities for providing housing facilities to the employees engaged in Paper & Board manufacturing business. These operations are insignificant in the context of total turnover; hence same has been shown as "Others".

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 37. SEGMENT REPORTING (contd.)

₹ in crores (10 Million)

S. No.	Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
		Paper & Board	Others	Total	Paper & Board	Others	Total
A	<b>Segment Revenue</b>						
	Revenue	2,738.83	23.50	2,762.33	3,055.30	19.70	3,075.00
	Inter-Segment Revenue	-	(11.61)	(11.61)	-	(14.81)	(14.81)
	<b>Income from Operations</b>	<b>2,738.83</b>	<b>11.89</b>	<b>2,750.72</b>	<b>3,055.30</b>	<b>4.89</b>	<b>3,060.19</b>
B	<b>Segment Results</b>						
	Segment Results ( PBIT excluding Exceptional items)	399.29	(11.76)	387.53	731.26	(9.38)	721.88
	Less : (i) Interest & Financial Charges (Net)			128.60			129.30
	(ii) Exceptional items			-			-
	(iii) Other Un-allocable Expenditure (net off Un-allocable Income)			(111.28)			(103.81)
	<b>Total Profit / ( Loss ) before Tax ( PBT )</b>			<b>370.21</b>			<b>696.39</b>
C	<b>Capital Employed</b>						
	Segment Assets	6,345.50	209.36	6,554.86	5,090.87	199.58	5,290.45
	Segment Liabilities	3,860.02	173.93	4,033.95	2,753.29	163.66	2,916.95
	<b>Total Capital Employed (Net)</b>	<b>2,485.48</b>	<b>35.43</b>	<b>2,520.91</b>	<b>2,337.58</b>	<b>35.92</b>	<b>2,373.50</b>
	Capital Expenditure	1,363.78	0.90	1,364.68	619.09	3.52	622.61
	Depreciation & Amortisation	172.51	1.74	174.25	147.87	1.61	149.48
	Non Cash Expenses other than Depreciation	-	-	-	-	-	-

### NOTE 38. CONTINGENT LIABILITIES & COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in crores (10 Million)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Contingent Liabilities:</b>		
<b>a) Claim against the company not acknowledged as debts#</b>		
Excise duty/ Custom duty/Service tax liability/GST in respect of matter in appeals	18.92	18.86
Sales tax/ VAT/Octroi liability in respect of matter in appeals	2.21	2.21
Income tax liability that may arise in respect of matters in appeal referred by the department	-	0.10
Other matters	8.87	7.44
<b>b) Commitments:</b>		
Contracts remaining to be executed on capital account (Net of Advances)	194.27	993.61
Export commitments against import of capital goods under EPCG scheme	754.94	-

# In respect of certain disallowances and additions made by the income tax authorities, appeals are pending before the appellate authorities and adjustments , if any, will be made after the same are finally determined.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 39.

- A. In respect of levy of Octroi pertaining to Unit - CPM by Songadh Group Gram Panchayat, the Company has paid ₹1.25 crores till 31st March 1997 under protest and also created a liability of the similar amount. As the matter is still pending in the court of law, the necessary adjustment, if any, would be made after its disposal.
- B. The Company has investments of ₹23.89 crores in a Jointly Controlled Entity (which has plantation operations in Myanmar) through its subsidiary in Singapore. The recent coup and the civil disobedience movement has not interrupted the joint venture's field operations at present. As on date, the management does not foresee any significant financial impact on its operation and hence no provision is considered necessary.
- C. During the year The Sirpur Paper Mills Limited has recognised government grant in terms of MoA entered with Government of Telangana as under:

₹ in crores (10 Million)		
Particulars	2020-21	2019-20
Revenue	56.92	44.51
Capital Subsidy	-	50

In current year ₹57.18 crores (including Deferred Government Grant of ₹2.00 crores) has been recognised in Statement of Profit and Loss Account and ₹1.74 crores been adjusted with Property, Plant and Equipments.

### NOTE 40.1. EARNING PER SHARE

₹ in crores (10 Million)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Profit after tax	236.72	468.41
b) Weighted Average Number of Ordinary Shares	17,24,53,081	17,82,43,585
c) Nominal Value of Ordinary Shares	₹10/-	₹10/-
d) <b>Earning Per Ordinary Share (₹)</b>		
Basic	13.73	26.28
Diluted	13.73	26.28

### NOTE 40.2. LEASES

The Company has adopted Ind AS 116 "Leases" effective 1st April, 2019 as notified by the Ministry of Corporate Affairs (MCA) and applied the Standard to its leases using the simplified approach. This has resulted in recognising right-of-use assets and corresponding lease liabilities.

- 1 Refer Note 2 for changes in the carrying value of right of use assets for the year ended March 31, 2021:
- 2 The following is the break-up of current and non-current lease liabilities as at March 31, 2021

₹ in crores (10 Million)	
Particulars	Year ended March 31, 2021
Current lease liabilities	7.70
Non-current lease liabilities	13.14
<b>Total</b>	<b>20.84</b>

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 40.2. LEASES (contd.)

3 The following is the movement in lease liabilities during the year ended March 31, 2021:

₹ in crores (10 Million)	
Particulars	Year ended March 31, 2021
Balance at the beginning	28.10
Addition during the year	5.97
Finance cost accrued during the period	2.48
Payment of lease liabilities	(15.71)
Balance at the end	20.84

4 The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

₹ in crores (10 Million)	
Particulars	Year ended March 31, 2021
Not later than one year	9.14
Later than one year and not later than five years	14.71
Later than five years	0.50

### NOTE 40.3. UNCERTAINTIES RELATING TO COVID-19

The Management has taken steps to scale up its operations and has evaluated to the extent possible likely impact from Covid -19 on the carrying value of its Assets & Liabilities. Based on current indications, the Company expects to recover the carrying amount of its Assets and does not foresee any incremental risk to service financial obligations. The impact of any future events & developments emerging out of the Pandemic, if any, occurring after the approval of financial results for the quarter will be recognized prospectively. Considering the Company's quality product portfolio, brand image, long-standing relationships & goodwill with its customers, suppliers & other stakeholders, the business operations, cash flows, future revenue, assets and liabilities are expected to sustain going forward

### NOTE 41. RELATED PARTY DISCLOSURES

#### a) List of Related Parties

##### i. Enterprise which holds more than 20% of Equity Share

Bengal & Assam Company Limited (BACL)

##### ii. Trust under common control

JK Paper Limited (JK Paper Mills) Compulsory Employees Provident Fund

JK Paper Limited Employees Gratuity Fund

JK Paper Limited Officers Superannuation Scheme

##### iii. Key Management Personnel (KMP)

###### Executive Directors

Shri Harsh Pati Singhania, Vice Chairman & Managing Director

Shri Amar Singh Mehta, President and Director

###### Non-Executive Directors

Shri Bharat Hari Singhania, Chairman

Shri Arun Bharat Ram



## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 41. RELATED PARTY DISCLOSURES (contd.)

#### Executives

Shri V. Kumaraswamy, Chief Finance Officer  
 Shri S.C. Gupta, Vice President & Company Secretary( till 15<sup>th</sup> May, 2020)  
 Shri Deepak Gupta (Company Secretary)( w.e.f 16<sup>th</sup> May, 2020)

#### Non-Executive Directors

Shri Dharendra Kumar  
 Shri M.H.Dalmia  
 Shri R.V.Kanoria  
 Shri Sandip Somany  
 Shri Shailendra Swarup  
 Shri Udayan Bose(ceased w.e.f. 07<sup>th</sup> January, 2021)  
 Smt. Vinita Singhania  
 Smt. Deepa Gopalan Wadhwa ( w.e.f. 27<sup>th</sup> June, 2019)  
 Shri Sushil Kumar Roongta

#### b) The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis :

₹ in crores (10 Million)

Sl. No	Nature of Transactions	Enterprise which holds more than 20% of Equity Share	
		BACL	
		2020-21	2019-20
(i)	Interest Paid	-	-
(ii)	Rent Paid	0.07	0.07
(iii)	Loans Given	-	30.00
(iv)	Loan installment received	-	60.00
(v)	Interest Received	12.85	12.79
(vi)	Preference Shares Investment	-	65.00
(vii)	Loan Repaid	-	-
(viii)	Outstanding at end of the period - Receivable	155.00	155.62
(ix)	Outstanding at end of the period - Payable	-	-

₹ in crores (10 Million)

Sl. No	Nature of Transactions	Trust Under Common Control					
		Employees Provident Fund		Employees Gratuity Fund		Officers Superannuation Scheme	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
(i)	Contribution	5.36	4.49	0.89	6.03	0.68	0.65
(ii)	Outstanding at end of the period- Payable	0.33	0.38	0.13	0.60	0.68	0.66

#### Key Management Personnel (KMP) :

₹ in crores (10 Million)

Sl. No	Particulars	2020-21	2019-20
(i)	Short-term Employee Benefits including honorarium #	30.95	35.40
(ii)	Commission and other benefits to Non-Executive Directors *	3.45	4.09

# The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

\* Including sitting fees and commission

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 42. FINANCIAL INSTRUMENTS

#### Financial Assets

₹ in crores (10 Million)

Sl. No	Particulars	Note	Fair value hierarchy	As at March 31, 2021		As at March 31, 2020	
				Carrying	Fair	Carrying	Fair
				Amount	Value	Amount	Value
1	<b>Financial assets designated at fair value through Profit and Loss</b>						
a)	Derivatives - not designated as hedging instruments	A	Level-2	18.24	18.24	8.76	8.76
b)	Investments :						
(i)	Equity and Preference Investment	F	Level 3	80.34	80.34	80.34	80.34
(ii)	In mutual funds and others	B	Level-1	526.77	526.77	382.64	382.64
2	<b>Financial assets designated at fair value through other comprehensive income</b>						
	Investment in Equity shares	C	Level-1	9.66	9.66	3.74	3.74
3	<b>Financial assets designated at amortised cost</b>						
a)	Other Bank Balances *			13.55	13.55	12.51	12.51
b)	Cash & Cash Equivalents *			5.98	5.98	29.52	29.52
c)	Trade receivables *			79.09	79.09	73.79	73.79
d)	Other receivables			127.50	127.50	118.25	118.25
e)	Other financial assets			194.25	194.25	135.07	135.07
4 a)	Investment in Joint Venture	D		23.89	23.89	24.50	24.50
				<b>1,079.27</b>	<b>1,079.27</b>	<b>869.12</b>	<b>869.12</b>

#### Financial Liabilities

₹ in crores (10 Million)

Sl. No	Particulars	Note	Fair value hierarchy	As at March 31, 2021		As at March 31, 2020	
				Carrying	Fair	Carrying	Fair
				Amount	Value	Amount	Value
1	<b>Financial liability designated at fair value through Profit and Loss</b>						
a)	Derivatives - not designated as hedging instruments	A	Level-2	3.42	3.42	2.95	2.95
2	<b>Financial liability designated at amortised cost</b>						
a)	<b>Borrowings</b>	E		2,539.91	2,539.91	1,544.75	1,544.75
b)	Trade payables *			397.11	397.11	382.22	382.22
c)	Other financial liability			507.46	507.46	439.88	439.88
				<b>3,447.90</b>	<b>3,447.90</b>	<b>2,369.80</b>	<b>2,369.80</b>

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

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

- A The fair values of derivatives are on MTM as per Bank.
- B Company has opted to fair value its mutual fund investment through statement of profit & loss.
- C Company has opted to fair value its quoted investments in equity share through OCI.
- D Investment in Joint Venture, are accounted for using equity method.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 42. FINANCIAL INSTRUMENTS (contd.)

E Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

F Company has opted to fair value its unquoted investments in equity and preference share through P&L

\* The carrying amounts are considered to be the same as their fair values due to short term nature.

#### Fair value hierarchy

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

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

### NOTE 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 43.1 Financial Risk Factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk & interest rate risk. The Company calculates and compares the alternative sources of funding by including cost of currency cover also. Whenever, the currency cover costs are such as to neutralize the advantage in foreign currency, loans are hedged so as to not to lose advantage. The Company uses derivative financial instruments to reduce foreign exchange risk exposures.

##### i. Credit Risk

The Company evaluates the customer credentials carefully from trade sources before appointment of any distributor and only financially sound parties are appointed as distributors. The Company secures adequate deposits from its distributor and hence risk of bad debt is limited. The credit outstanding is sought to be limited to the sum of advances/deposits and credit limit determined by the company. The company have stop supply mechanism in place in case outstanding goes beyond agreed limits.

##### ii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e. currency rate, interest rate and other price related risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

##### a. Foreign Currency Risk and sensitivity

The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to reduce foreign exchange risk exposures and follows its risk management policies to mitigate the same. After taking cognisance of the natural hedge, the company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

The following table analyzes foreign currency risk from financial instruments as of March 31, 2021:

₹ in crores (10 Million)

Particulars	USD	Euro	GBP	SEK & CNY	SGD	Total
<b>Financial Assets</b>						
Cash and cash equivalents	0.05	-	-	-	0.04	0.09
Trade receivables	46.73	1.15	0.02	-	-	47.90
Other financials assets (including loans)	-	-	-	-	-	-
<b>Financial liabilities</b>						
Trade payables	(54.70)	(11.91)	-	(0.32)	-	(66.93)
Other financials liabilities	-	-	-	-	-	-
Borrowings	(24.45)	(497.17)	-	-	-	(521.62)
Interest Accrued but not due	(0.02)	(2.10)	-	-	-	(2.12)
<b>Net assets / (liabilities)</b>	<b>(32.39)</b>	<b>(510.03)</b>	<b>0.02</b>	<b>(0.32)</b>	<b>0.04</b>	<b>(542.68)</b>

The following table analyzes foreign currency risk from financial instruments as of March 31, 2020:

₹ in crores (10 Million)

Particulars	USD	Euro	GBP	SEK	SGD	Total
<b>Financial Assets</b>						
Cash and cash equivalents	0.02	-	-	-	* 0.00	0.02
Trade receivables	-	-	0.01	-	-	0.01
Other financials assets (including loans)	-	-	-	-	-	-
<b>Financial liabilities</b>						
Trade payables	(35.88)	(0.55)	-	(0.06)	-	(36.49)
Other financials liabilities	0.03	-	-	-	-	0.03
Borrowings	(89.97)	(151.88)	-	-	-	(241.85)
Interest Accrued but not due	(0.08)	(0.17)	-	-	-	(0.25)
<b>Net assets / (liabilities)</b>	<b>(125.88)</b>	<b>(152.60)</b>	<b>0.01</b>	<b>(0.06)</b>	<b>0.00</b>	<b>(278.53)</b>

\* ₹16,993/-

The following significant exchange rates have been applied during the year.

INR	Year-end spot rate	
	March 31, 2021	March 31, 2020
USD	73.50	75.39
EUR	86.10	83.05
GBP	100.95	93.08
SGD	54.43	52.96

#### Foreign Currency Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

0.25% Increase and decrease in foreign exchanges rates will have the following impact on profit before tax:

Particulars	2020-21		2019-20	
	0.25% Increase	0.25% decrease	0.25% Increase	0.25% decrease
	₹ in crores (10 Million)			
USD Sensitivity (PY ₹127/-)	(0.05)	0.05	(0.00)	0.00
Euro Sensitivity (PY ₹17,136/-)	(0.03)	0.03	(0.00)	0.00
GBP Sensitivity (CY ₹450/-, PY ₹298/-/-)	0.00	(0.00)	0.00	(0.00)
SEK Sensitivity (CY ₹1,786/-, PY ₹1,588/-)	(0.00)	0.00	(0.00)	0.00
CNY Sensitivity (CY ₹4,539/-)	(0.00)	0.00		
<b>Increases/ ( decrease ) in profit or loss</b>	<b>(0.08)</b>	<b>0.08</b>	<b>(0.00)</b>	<b>0.00</b>

Summary of Exchange difference accounted in Statement of Profit and loss:

Particulars	Year Ended	
	March 31, 2021	March 31, 2020
₹ in crores (10 Million)		
<b>Currency fluctuations</b>		
Net foreign exchange ( gain)/ losses shown as operating expenses	-	3.48
Net foreign exchange ( gain)/ losses shown as Finance Cost	7.92	0.17
Net foreign exchange ( gain)/ losses shown as Other Income	(0.61)	-
<b>Derivatives</b>		
Currency forwards ( gain) / losses shown as operating expenses	-	-
Interest rate swaps ( gain) / losses shown as finance cost	(9.14)	2.46
Net foreign exchange ( gain)/ losses shown as Other Income	-	-
<b>Total</b>	<b>(1.83)</b>	<b>6.11</b>

#### b. Interest Rate Risk and Sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debt. The Company has entered into various interest rate swap contracts, in which it agrees to exchange, at specific intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon principal amount. Borrowings at variable rates expose the Company to cash flow interest rate risk. With all other variables held constant, the following table demonstrates composition of fixed and floating rate borrowing of the company and impact of floating rate borrowings on company's profitability.

Interest Rate Risk Exposure

Particulars	As at March 31, 2021		As at March 31, 2020	
	₹ in crores	% of Total	₹ in crores	% of Total
	₹ in crores (10 Million)			
Fixed Rate Borrowings	705.10	25.27%	503.31	28.24%
Variable Rate Borrowings	2,084.99	74.73%	1,278.95	71.76%
<b>Total Borrowings</b>	<b>2,790.09</b>	<b>100.00%</b>	<b>1,782.26</b>	<b>100.00%</b>

Sensitivity on variable rate borrowings

Particulars	Impact on Profit & Loss Account*		Impact on Equity	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	₹ in crores (10 Million)			
Interest Rate Increase by 0.25%	(2.67)	(2.82)	(2.67)	(2.82)
Interest Rate decrease by 0.25%	2.67	2.82	2.67	2.82

\* Excluding impact of fund utilized for capital work in progress.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### c. Commodity price risk and sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

#### CREDIT RISK

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹79.09 crores and ₹73.79 crores as of March 31, 2021 and March 31, 2020, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account as per the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

(In %)

Particulars	Year ended March 31st	
	2021	2020
Revenue from top customer	5.62%	4.49%
Revenue from top five customers	18.26%	15.11%

#### Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 was ₹0.86 crores.

₹ in crores (10 Million)

Particulars	Year ended March 31st	
	2021	2020
Balance at the beginning	0.48	0.35
Impairment Loss reversed	-	-
Additional provision created during the year	0.38	0.13
<b>Balance at the end</b>	<b>0.86</b>	<b>0.48</b>

The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk.

#### Ageing Analysis of Trade Receivables

₹ in crores (10 Million)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months
Unsecured	46.61	32.38	0.10	0.86	21.65	52.08	0.06	0.48
Provision for Doubtful Receivables	-	-	-	0.86	-	-	-	0.48
<b>Net Balance</b>	<b>46.61</b>	<b>32.38</b>	<b>0.10</b>	<b>-</b>	<b>21.65</b>	<b>52.08</b>	<b>0.06</b>	<b>-</b>



## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure funds are available for use as per the requirement. The company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The company also has adequate credit facilities agreed with the banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost effective manner.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021:

₹ in crores (10 Million)

Particulars	Carrying Amount	Less than 1 Year	1-5 Years	More Than 5 Year	Total
Borrowings - Current	181.48	181.48	-	-	181.48
Borrowings - Non-Current	2,608.61	250.18	1,259.90	1,098.53	2,608.61
Trade payables	397.11	397.11	-	-	397.11
Other financial liabilities - Current	182.38	182.38	-	-	182.38
<b>Other financial liabilities - Non-Current</b>					
Trade Deposits	74.11	-	-	74.11	74.11
Interest accrued but not due on loans	1.70	-	1.70	-	1.70
Derivative Financial Instruments	2.51	-	1.73	0.78	2.51

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:

₹ in crores (10 Million)

Particulars	Carrying Amount	Less than 1 Year	1-5 Years	More Than 5 Year	Total
Borrowings - Current	119.69	119.69	-	-	119.69
Borrowings - Non-Current	1,662.56	237.50	859.48	565.58	1,662.56
Trade payables	382.22	382.22	-	-	382.22
Other financial liabilities - Current	134.99	134.99	-	-	134.99
<b>Other financial liabilities - Non-Current</b>					
Trade Deposits	67.69	-	-	67.69	67.69
Interest accrued but not due on loans	1.55	-	1.55	-	1.55
Derivative Financial Instruments	1.10	-	1.10	-	1.10

#### 43.2 Competition and Price Risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### 43.3 Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be

₹ in crores (10 Million)

	As at March 31, 2021	As at March 31, 2020
Borrowings	2,790.09	1,782.25
Less: cash and cash equivalents including bank balance	19.53	42.03
Less: Current Investments	526.77	382.64
<b>Net debt</b>	<b>2,243.79</b>	<b>1,357.58</b>
Equity	2,516.08	2,365.49
<b>Capital and Net debt</b>	<b>4,759.87</b>	<b>3,723.07</b>
Gearing Ratio	47%	36%

### NOTE 44. DERIVATIVE FINANCIAL INSTRUMENTS

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

#### Forward Contract outstanding for the purpose of hedging at the Balance Sheet Date

Sr. No.	Foreign Currency	March 31, 2021		March 31, 2020	
		FC in Million	₹ In crores	FC in Million	₹ In crores
1	US Dollar	1.53	11.21	21.70	163.62
2	Euro	20.06	172.68	10.76	89.33

Nominal amounts of Complete Currency Swaps (CCS) for hedging entered into by the Company and outstanding at end of the year is ₹20.28 crores (Previous year ₹27.38 crores).

#### Foreign Currency Exposure not hedged as at the Balance Sheet Date

Sr. No.	Foreign Currency	March 31, 2021		March 31, 2020	
		FC in Million	₹ In crores	FC in Million	₹ In crores
1	US Dollar *	3.04	22.31	0.09	0.66
2	Euro	36.86	317.36	4.32	35.88
3	GBP *	(0.002)	(0.02)	(0.001)	(0.01)
4	SEK	0.09	0.07	0.09	0.06
5	CNY	0.22	0.25	-	-

\*Net of Receivables USD 2.36 Million – ₹17.33 crores (Previous year USD Nil – ₹ Nil), EUR 0.13 Million – ₹1.15 crores (Previous year EUR Nil – ₹ Nil) and GBP 0.002 Million – ₹0.02 crores (Previous year GBP 0.001 Million – ₹0.01 crores).

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 44. DERIVATIVE FINANCIAL INSTRUMENTS (contd.)

#### Interest Rate Swaps

The Company has variable interest borrowings. To offset the risk of variation in interest rates, the Company has entered into, fix pay and variable receipt, interest rate swaps. These swap contracts are in US Dollar, Euro and ₹. Outstanding amortised notional value of loan for swap contracts and MTM taken there on are as follows :

Sr. No.	Foreign Currency	March 31, 2021		March 31, 2020	
		Loan FC in Million	MTM ₹ In crores (Gain)/Loss	Loan FC in Million	MTM ₹ In crores (Gain)/Loss
1	US Dollar	0.16	0.01	7.17	(0.40)
2	Euro	10.39	0.76	14.99	0.93
3	₹	-	(9.66)	-	-

### NOTE 45. INCOME TAX

#### a) Amount recognised in Statement of Profit and Loss

₹ in crores (10 Million)

Particulars	2020-21	2019-20
<b>Current Income Tax</b>		
Current Year*	125.26	217.79
<b>MAT Credit Entitlement</b>		
Current Year	-	(1.66)
Reversal of MAT credit entitlement of earlier years	0.75	1.93
<b>Total</b>	<b>126.01</b>	<b>218.06</b>
Deferred Tax	7.48	9.92
Income tax expense reported in the statement of profit and loss	<b>133.49</b>	227.98

\* including CY ₹(-)4.49 crores PY ₹0.10 crores related to earlier years.

#### b) Reconciliation of Effective Tax Rate

₹ in crores (10 Million)

Particulars	2020-21	2019-20
Profit before tax	<b>370.21</b>	<b>696.39</b>
At applicable Statutory Income Tax Rate 34.944%	129.37	243.35
<b>Tax Impact on:-</b>		
Benefit of 80IA	(26.18)	(29.08)
Donation	(0.63)	0.09
Differential Tax Rates of Subsidiaries	0.40	0.05
In House R&D Expenditure	(0.12)	(0.84)
CSR Expenditure	3.62	2.67
Deferred Tax Asset not recognised on business losses and unabsorbed depreciation of The Sirpur Paper Mills Limited	27.82	7.57
Others	(0.79)	4.17
<b>Reported Income Tax Expense</b>	<b>133.49</b>	<b>227.98</b>
<b>Effective Tax Rate</b>	<b>36.06%</b>	<b>32.74%</b>

## Notes to the Consolidated Financial Statement for the year ended March 31, 2021

### NOTE 46.

The Board of Directors at its meeting held on 28th April 2020 approved the buyback of the Company's fully paid-up equity shares of face value of ₹10 each for an aggregate amount not exceeding ₹100 crore (maximum buyback size), at a price not exceeding ₹130 per equity share (maximum buyback price) via the "open market" route through the stock exchanges. The buyback of equity shares commenced on 8th May 2020 and closed on 6th November 2020 and during the said period, the Company bought back and extinguished 88,41,241 equity shares at an average buyback price of ₹94.35 per equity share. As a result, the paid-up equity share capital of the Company stands reduced to that extent. The Company has utilized ₹83.41 crore for the Buy Back (excluding transaction costs) and ₹13.04 crore for buyback tax & other transaction costs, of which ₹87.61 crore has been drawn from the Securities Premium Reserve. In accordance with Section 69 of the Companies Act, 2013, the Company has created capital redemption reserve of ₹8.84 crore equal to the face value of equity shares bought back as appropriation from general reserves.

### NOTE 47.

Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

### NOTE 48.

Notes 1 to 47 are annexed to and form an integral part of financial statements.

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As per our report of even date attached

For **LODHA & CO.**

Chartered Accountants

Firm's Registration Number 301051E

**(N.K. LODHA)**

Partner

Membership No. 85155

New Delhi, the 24th May, 2021

For and on behalf of the Board of Directors

**Harsh Pati Singhania**

Vice Chairman & Managing Director

**A. S. Mehta**

President & Director

**V. Kumaraswamy**

Chief Finance Officer

**Deepak Gupta**

Company Secretary

## Cash Flow Statement for the year ended March 31, 2021

₹ in crores (10 Million)

	2020-21	2019-20
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax	370.21	696.39
<b>Adjustments for :</b>		
Depreciation and amortization	174.25	149.48
Defined Benefit Plans charged to OCI	3.96	(2.82)
Income from Investments	(20.71)	(21.02)
(Profit)/ Loss on Sale of Property, Plant and Equipment (Net)	0.77	(0.06)
Dividend Income (CY ₹ (-)17,856/-)	(0.00)	(0.06)
Finance Cost	128.60	129.30
Interest Income	(26.11)	(52.93)
Foreign Exchange Fluctuation	(0.38)	3.49
Assets Written off	0.44	4.08
Bad Debts	-	0.31
Provision for Doubtful Debts	0.38	0.13
Provision for earlier years no longer required	(18.18)	(15.10)
Foreign Currency Translation gain / (loss) on Consolidation	(0.61)	2.02
Deferred Government Benefits	(2.00)	(0.17)
Operating Profit before Working Capital Changes	610.62	893.04
<b>Adjustments for Working Capital Changes:</b>		
Trade and Other Receivables	(180.66)	(191.59)
Inventories	115.20	(151.92)
Trade and Other Payables	6.69	138.51
Cash generated from Operations	551.85	688.04
Taxes paid	(76.65)	(130.31)
<b>Net Cash from Operating Activities</b>	<b>475.20</b>	<b>557.73</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Property Plant & Equipment	(1,173.29)	(722.45)
Sale of Property Plant & Equipment	1.79	1.91
Sale/(Purchase) of Investments (Net)	(124.02)	202.26
Dividend Income (CY ₹ 17,856/-)	0.00	0.06
Interest Received	23.24	73.26
Net Loans and Advances	(9.25)	50.02
<b>Net Cash from Investing Activities</b>	<b>(1,281.53)</b>	<b>(394.94)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Buyback of equity shares including buyback tax & other transaction costs	(96.45)	-
Proceeds of Long-term Borrowings	1,185.66	334.79

## Cash Flow Statement for the year ended March 31, 2021

₹ in crores (10 Million)

	2020-21		2019-20	
Repayment of Long-term Borrowings	(231.61)		(264.76)	
Proceeds/(Repayment) from Short-term Borrowings (Net)	61.79		101.65	
Payment of lease Liabilities	(15.71)		(13.88)	
Interest and Financial Charges	(119.62)		(124.66)	
Dividend (including Dividend Tax)	(0.23)		(160.64)	
Proceeds/(Repayment) from Preference Share Capital	-		23.00	
Proceeds/(Payment) from Issue of Share Capital to Non Controlling Interest	-		(43.00)	
<b>Net cash from Financing Activities</b>		<b>783.83</b>		<b>(147.50)</b>
D. Increase/(Decrease) in Cash and Cash Equivalents - Cash & Bank Balance		(22.50)		15.29
E. Cash and Cash Equivalents - Cash & Bank Balance as at the beginning of the year		42.03		26.74
F. Cash and Cash Equivalents - Cash & Bank Balance as at the close of the year		19.53		42.03

### Notes :

₹ in crores (10 Million)

	2020-21		2019-20	
	Long Term	Short Term	Long Term	Short Term
<b>(a) Total Liabilities from Financing Activities</b>				
Opening	1,662.56	119.69	1,544.54	18.04
Cash Flow Changes				
Inflow/(Repayments)	954.05	61.79	73.11	101.65
<b>Non-Cash Flow Changes</b>				
Foreign Exchange	(3.23)	-	14.10	-
Lease Liabilities	(7.26)	-	28.10	-
Other	2.49	-	2.71	-
Closing	<b>2,608.61</b>	<b>181.48</b>	<b>1,662.56</b>	<b>119.69</b>

(b) Previous year's figures have been re-grouped / re-arranged wherever necessary.

As per our report of even date attached

For **LODHA & CO.**

Chartered Accountants

Firm's Registration Number 301051E

**(N.K. LODHA)**

Partner

Membership No. 85155

New Delhi, the 24th May, 2021

For and on behalf of the Board of Directors

**Harsh Pati Singhania**

Vice Chairman & Managing Director

**A. S. Mehta**

President & Director

**V. Kumaraswamy**

Chief Finance Officer

**Deepak Gupta**

Company Secretary



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