# *Seshasayee Paper and Boards Limited*

*Sixty First Annual Report*

*2020-21*

# SESHASAYEE PAPER AND BOARDS LIMITED

## DIRECTORS

Sri N GOPALARATNAM, *Chairman (DIN No: 00001945)*

Sri V SRIDAR *(DIN No: 02241339)*

Dr S NARAYAN, I A S (Retd.) *(DIN No: 00094081)*

Sri A L SOMAYAJI *(DIN No: 00049772)*

Dr NANDITHA KRISHNA *(DIN No: 00906944)*

Mr MOHAN VERGHESE CHUNKATH, I A S (Retd.) *(DIN No: 01142014)*

Tmt. SIGY THOMAS VAIDHYAN, I A S, *Nominee of TIIC (DIN No: 08922290)*

Dr SHEKHAR KUMAR NIRAJ, I F S, *Nominee of Govt. of Tamilnadu (DIN No: 08235891)*

Sri K S KASI VISWANATHAN, *Managing Director (DIN No: 00003584)*

Sri V PICHAI, *Deputy Managing Director & Secretary (DIN No: 00263934)*

## AUDITORS

M/s MAHARAJ N R SURESH AND CO LLP, Chennai

M/s R SUBRAMANIAN AND COMPANY LLP, Chennai

## COST AUDITOR

M/s S MAHADEVAN AND CO., Coimbatore

## SECRETARIAL AUDITOR

M/s B K SUNDARAM & ASSOCIATES, Trichy

## BANKS

CANARA BANK

STATE BANK OF INDIA

## REGD. OFFICE

PALLIPALAYAM, CAUVERY RS PO,

ERODE - 638 007, NAMAKKAL DISTRICT,

TAMIL NADU

CIN : L21012TZ1960PLC000364

# SESHASAYEE PAPER AND BOARDS LIMITED

## COMPOSITION OF COMMITTEES

### AUDIT COMMITTEE

| | |
|---|---|
| Sri V Sridar | Chairman of the Committee |
| Dr S Narayan, IAS (Retd.) | Member |
| Sri A L Somayaji | Member |
| Sri Mohan Verghese Chunkath IAS (Retd.) | Member |
| Sri N Gopalaratnam | Member |

### NOMINATION CUM REMUNERATION COMMITTEE

| | |
|---|---|
| Sri V Sridar | Chairman of the Committee |
| Dr S Narayan, IAS (Retd.) | Member |
| Sri A L Somayaji | Member |

### STAKEHOLDERS RELATIONSHIP COMMITTEE

| | |
|---|---|
| Sri V Sridar | Chairman of the Committee |
| Sri N Gopalaratnam | Member |
| Sri V Pichai | Member |

### CSR COMMITTEE

| | |
|---|---|
| Sri N Gopalaratnam | Chairman of the Committee |
| Sri V Sridar | Member |
| Sri K S Kasi Viswanathan | Member |
| Sri V Pichai | Member |

### PROJECT COMMITTEE

| | |
|---|---|
| Sri N Gopalaratnam | Chairman of the Committee |
| Sri V Sridar | Member |
| Sri K S Kasi Viswanathan | Member |
| Sri V Pichai | Member |

## AUDITORS

### STATUTORY AUDITORS

**M/s Maharaj N R Suresh & Co LLP**
Chartered Accountants
New No.9, old No.5, II Lane,
II Main Road, Trustpuram,
Kodambakkam, Chennai - 600024
Telephone: 044 - 24724932, 24837583
E-mail: mnrssuresh56@gmail.com

**M/s R Subramanian and Company LLP**
Chartered Accountants
Door No.6 (old No.36),
Krishnaswamy Avenue,
Luz, Mylapore, Chennai - 600004,
Telephone: 044 - 2499226, 24991347
E-mail: rs@rscompany.co.in

### INTERNAL AUDITOR

**M/s Suri & Co.**
Chartered Accountants
Park Circle, 2nd Floor, No. 20, Moores Road,
Thousand Lights, Chennai - 600006,
Telephone: 044 - 24341140, 24341150
E-mail: chennai@suriandco.com

### COST AUDITOR

**M/s S Mahadevan & Co.**
Cost Accountants
Old No.158, New No.112, 'Sri Abhirami',
First Floor, Dr. Radhakrishna Road,
Tatabad, Coimbatore - 641012,
Telephone: 0422 - 2491276, 6517868
E-mail: s.mahadevan.co@gmail.com

### SECRETARIAL AUDITOR

**B K Sundaram & Associates**
Practicing Company Secretaries
29, Pandamangalam Agraharam
Woriur, Tiruchirappalli - 620003
Telephone: 0431 - 2761590
E-mail: bkksoffice@gmail.com

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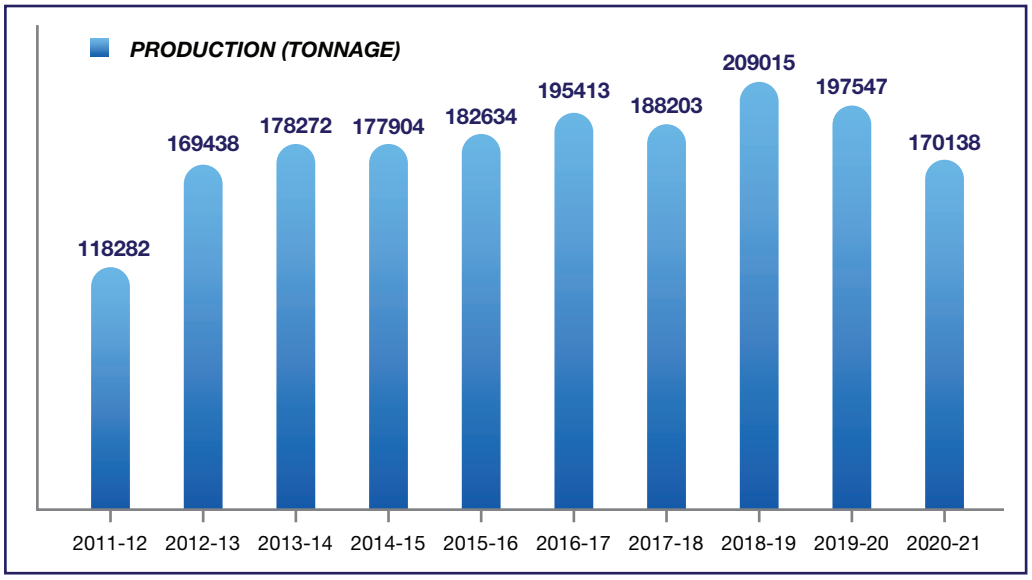
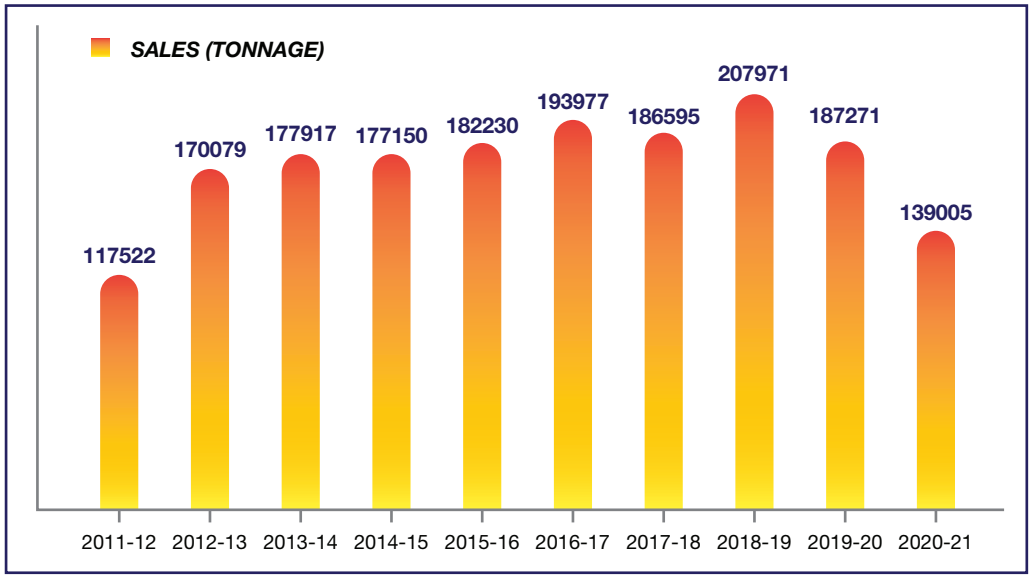
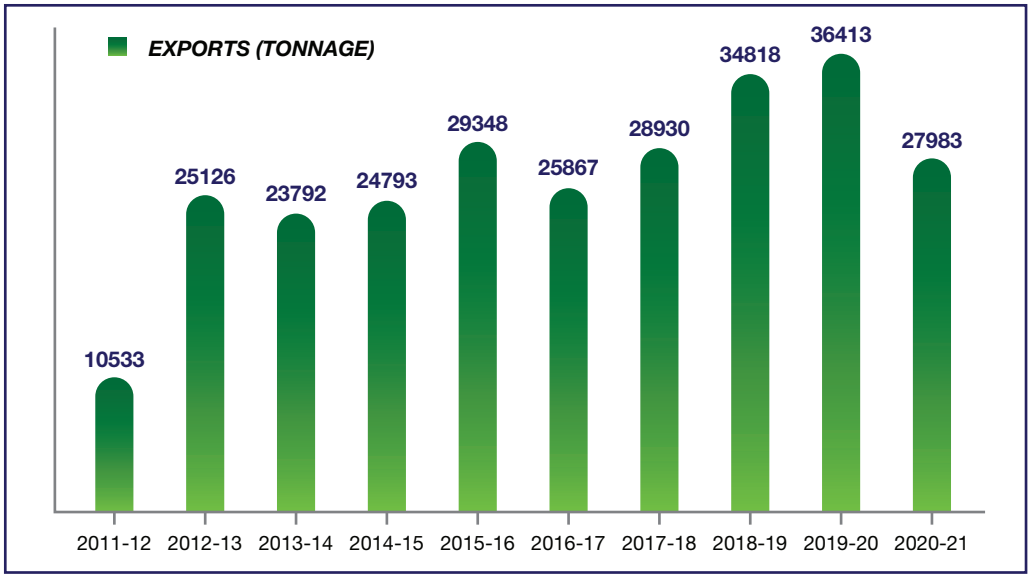
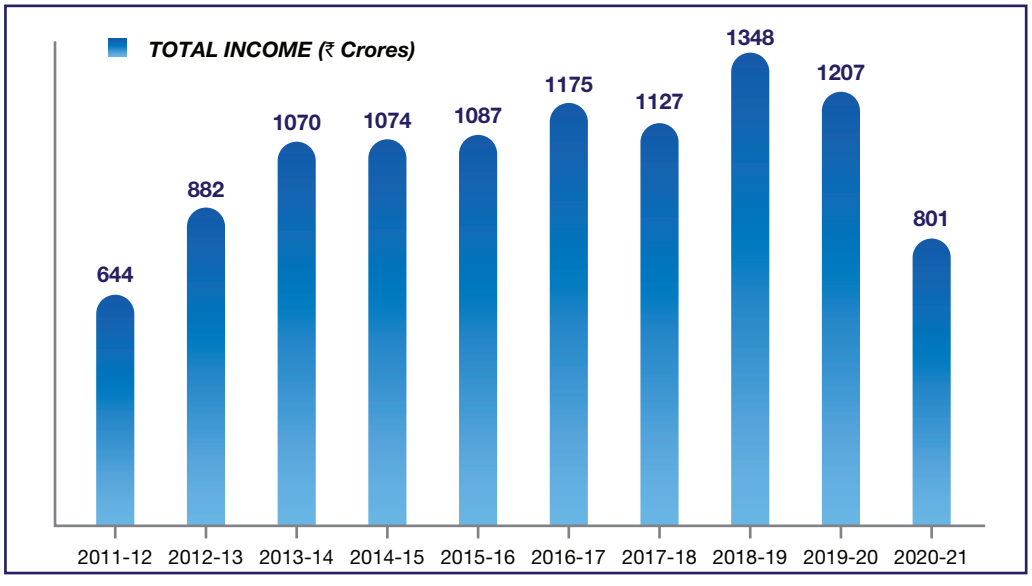
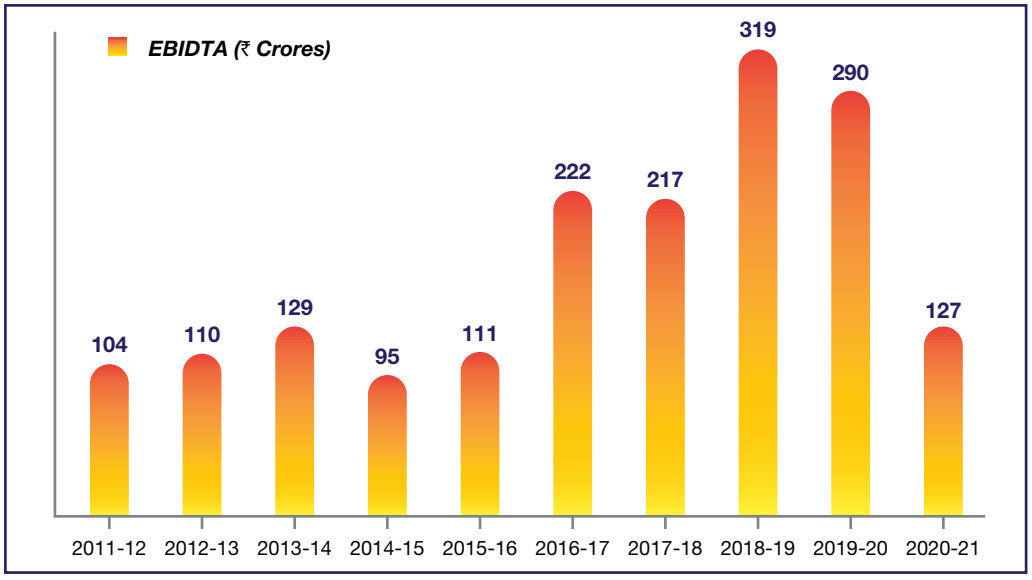
## PERFORMANCE - 10 YEARS AT A GLANCE

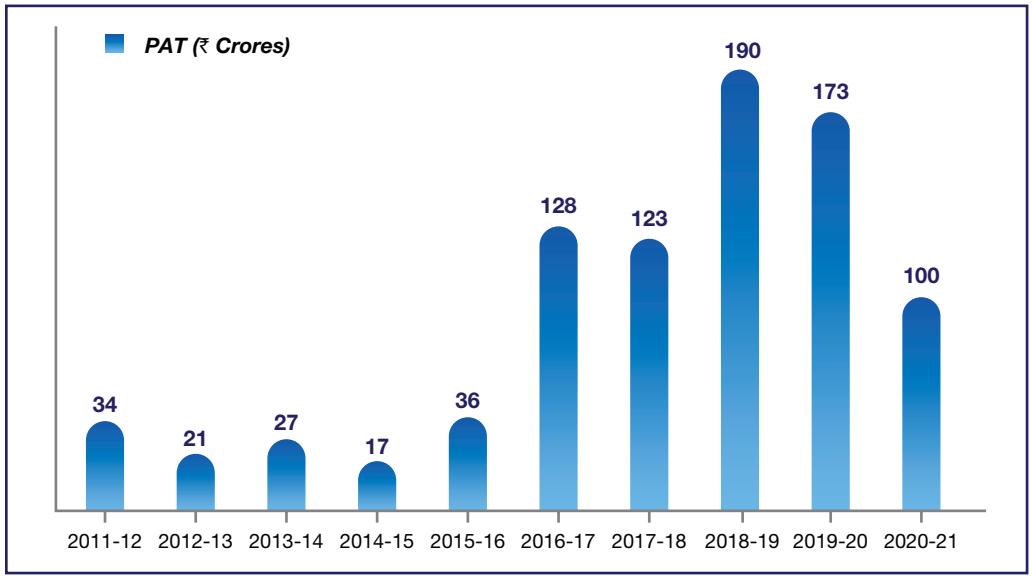


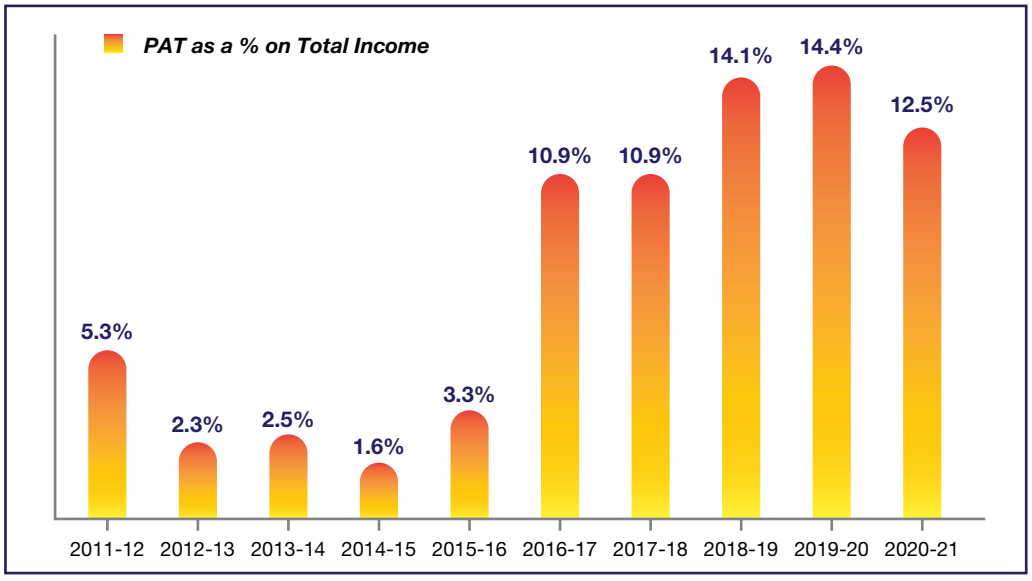



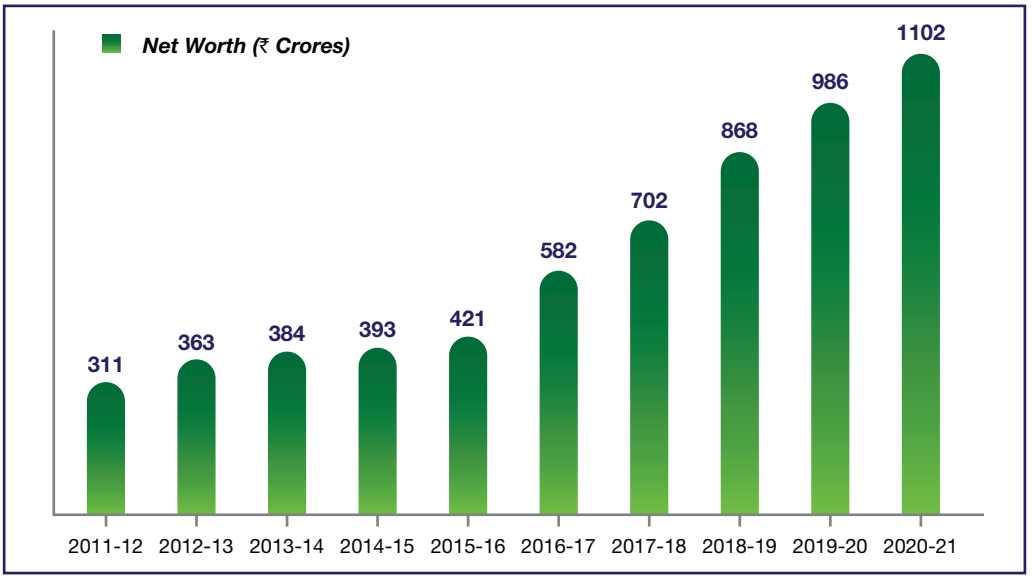

EXPORTS (TONNAGE)
10533
25126
23792
24793
29348
25867
28930
34818
36413
27983
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21

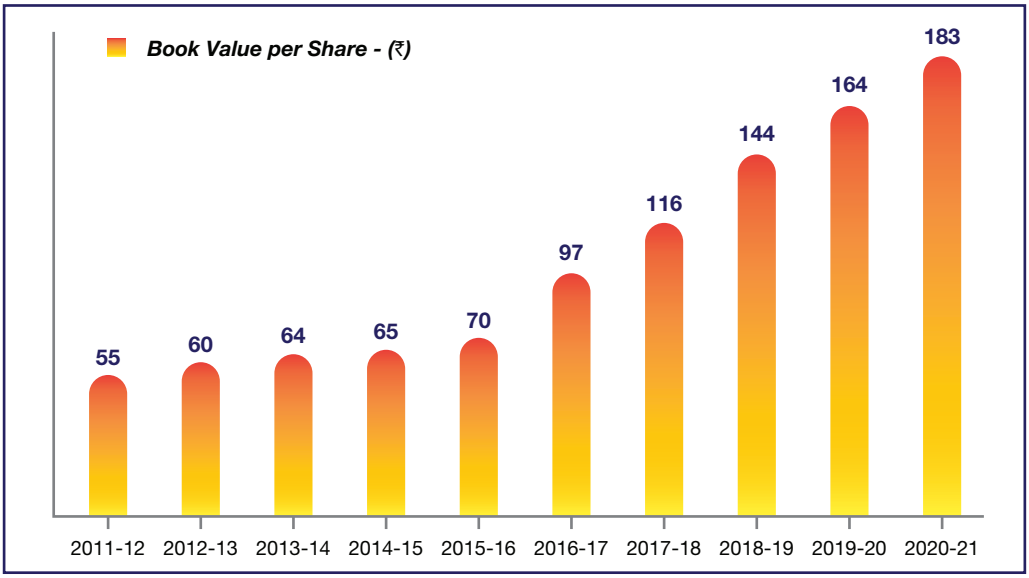

TOTAL INCOME (₹ Crores)
644
882
1070
1074
1087
1175
1127
1348
1207
801
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21

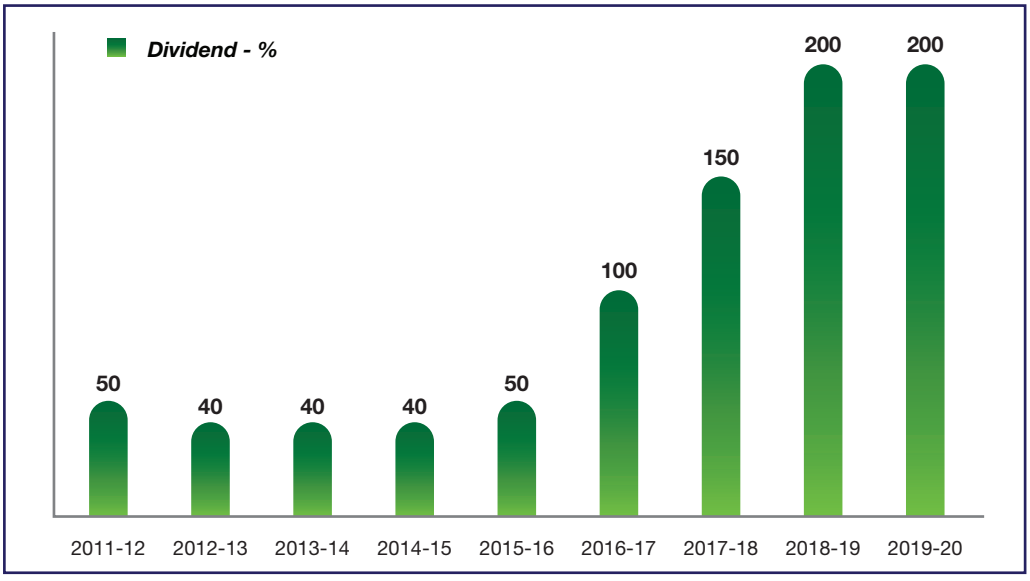

EBIDTA (₹ Crores)
104
110
129
95
111
222
217
319
290
127
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21


PAT (₹ Crores)
34
21
27
17
36
128
123
190
173
100
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21


PAT as a % on Total Income
5.3%
2.3%
2.5%
1.6%
3.3%
10.9%
10.9%
14.1%
14.4%
12.5%
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21


Net Worth (₹ Crores)
311
363
384
393
421
582
702
868
986
1102
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21


Book Value per Share - (₹)
55
60
64
65
70
97
116
144
164
183
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21


Dividend - %
50
40
40
40
50
100
150
200
200
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20

## Financial Highlights - Ten years at a glance

(₹ crores)

| For the year | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Income | 643.8 | 882.2 | 1069.5 | 1074.1 | 1087.4 | 1174.8 | 1127.2 | 1348.3 | 1207.7 | 801.1 |
| Total Expendtiure | 540.2 | 772.2 | 940.6 | 978.9 | 976.1 | 953.0 | 910.6 | 1029.4 | 917.1 | 674.2 |
| EBIDTA | 103.5 | 110.1 | 128.9 | 95.1 | 111.3 | 221.8 | 216.6 | 318.9 | 289.6 | 126.9 |
| Finance Costs | 24.3 | 44.5 | 38.7 | 37.2 | 32.3 | 23.2 | 14.3 | 13.8 | 6.9 | 2.9 |
| Depreciation | 34.3 | 49.1 | 49.0 | 32.5 | 28.8 | 30.6 | 31.9 | 33.8 | 35.0 | 37.6 |
| Exceptional Item | – | – | – | – | – | – | 4.8 | – | – | – |
| PBT | 45.0 | 16.5 | 41.2 | 25.4 | 50.3 | 168.0 | 175.2 | 271.3 | 247.7 | 86.4 |
| Tax expense | 10.9 | -4.0 | 14.5 | 8.1 | 14.7 | 39.9 | 52.3 | 81.3 | 74.2 | -13.9 |
| PAT | 34.1 | 20.5 | 26.8 | 17.4 | 35.6 | 128.0 | 122.9 | 190.0 | 173.5 | 100.3 |
| EPS - ₹ ** | 6.06 | 3.41 | 4.45 | 2.88 | 5.91 | 21.26 | 20.40 | 31.55 | 28.80 | 16.65 |
| Dividend - % | 50 | 40 | 40 | 40 | 50 | 100 | 150 | 200 | 200 | |
| **As at the year end** | | | | | | | | | | |
| Net Block | 456 | 715 | 675 | 662 | 675 | 637 | 673 | 672 | 675 | 734 |
| Loan Funds | 220 | 435 | 390 | 329 | 345 | 177 | 154 | 100 | 12 | 8 |
| Net Worth | 311 | 363 | 384 | 393 | 421 | 582 | 702 | 868 | 986 | 1102 |
| Book Value per share - ₹ ** | 55 | 60 | 64 | 65 | 70 | 97 | 116 | 114 | 164 | 183 |

** For comparison purpose, the per share value of EPS and Book Value of the 10 years, restated for face value equivalent to ₹ 2/- (Two) per share.

## NOTICE

Notice is hereby given that the 61st Annual General Meeting (AGM) of the Company will be held on Saturday, the 24th July 2021 at 11.00 AM (IST) through Video Conferencing (VC) to transact the following business:

### ORDINARY BUSINESS

**1 Adoption of Accounts, etc.**

To consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon.

**2 Declaration of Dividend**

To declare a dividend on Equity Shares.

**3 Re-appointment of retiring Director**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED that Sri V Pichai, Deputy Managing Director & Secretary (DIN: 00263934), who retires by rotation, be and is hereby re-appointed as Deputy Managing Director & Secretary of the Company, liable to retire by rotation".

### SPECIAL BUSINESS

**4 Appointment of Sri Hans Raj Verma, IAS as a Nominee Director, not liable to retire by rotation:**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED that Sri Hans Raj Verma, IAS (DIN: 00130877), who was nominated by Tamilnadu Industrial Investment Corporation Limited (TIIC) and thereupon appointed by the Board of Directors as an Additional Director of the Company with effect from June 15, 2021, pursuant to Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Nominee Director of the Company, not liable to retire by rotation".

**5. Remuneration to Cost Auditor**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year 2021-22, be paid the remuneration as set out in the Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take such steps as may be necessary, proper or expedient to give effect to this Resolution".

(By Order of the Board)
For Seshasayee Paper and Boards Limited

(V PICHAI)
Deputy Managing Director & Secretary

Erode
June 15, 2021

**Notes :**

**1 AGM thro' Video Conference (VC)**

Pursuant to the General Circular Nos. 20/2020, 14/2020, 17/2020 and 02/2021 issued by the Ministry of Corporate Affairs (MCA) and Circular numbers SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), Companies are allowed to hold AGM through Video Conferencing (VC), without the physical presence of members at a common venue. In view of the surge in second wave of the pandemic Covid-19 and in compliance with the Circulars, the AGM of the Members of the Company is being held through VC. The registered office of the Company shall be deemed to be the venue for the AGM.

**2 Proxy**

A Member, entitled to attend and vote at the meeting, is entitled to appoint one or more Proxies to attend and vote on a poll instead of himself and such Proxy need not be a Member of the Company. Since the AGM is being held in accordance with the MCA Circulars through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

However, Body Corporates who are Members of the Company, are entitled to appoint authorised representatives to attend the AGM through VC and participate thereat and cast their votes through e-Voting.

**3 Quorum**

Participation of Members through VC will be reckoned for the purpose of quorum for the AGM, as per section 103 of the Companies Act, 2013 ("the Act").

**4 Register of Directors**

The Register of Directors and Key Managerial Personnel and their shareholding, as maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested, as maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for inspection electronically, without payment of any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. July 24, 2021. Members, seeking to inspect such documents, can send an email to investor@spbltd.com.

**5 Particulars of Directors**

Particulars of Director seeking appointment / re-appointment, pursuant to Clause 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are given in Appendix - A.

**6 Book Closure**

The Register of Members and the Share Transfer Books will be closed from Thursday, the July 15, 2021 to Saturday, the July 24, 2021 (both days inclusive).

**7 Record Date**

The Record Date, for the purpose of determining the entitlement of Members to the Dividend declared for the Financial Year 2020-21, will be July 14, 2021.

**8 Dividend**

The Board of Directors, at their meeting held on May 08, 2021, has recommended payment of Dividend of ₹ 2.50 per Equity Share of face value of ₹ 2 each, for the financial year 2020-21.

On declaration of the Dividend as above, at the AGM, the same will be paid on Monday, the July 26, 2021, electronically to those Members who have updated their bank account details with their DP or with the Company / RTA. The payment of such Dividend is subject to deduction of tax at source.

For Members who have not updated their bank account details, dividend warrants / demand drafts will be sent to their registered addresses once

the postal facility is available, for delivery to the concerned address. To avoid delay in receiving the Dividend, Members are requested to update their KYC with their Depository Participants (DP) or with the Company / RTA to receive the Dividend directly into their bank account on the payout date.

**9 Tax deduction at source**

Members may note that the Income Tax Act, 1961, ("the IT Act"), as amended by the Finance Act, 2020, mandates that Dividend paid or distributed by a Company after April 01, 2020 shall be taxable in the hands of Members. The details in this regard are given in Appendix - B to this Notice.

**10 Form 15G / 15H**

Declaration in Form No. 15G (applicable to any person other than a Company or a firm)/ Form No. 15H (applicable to an individual who is 60 years and above), fulfilling certain conditions to claim exemption from deduction of tax at source should be sent to the RTA on or before July 14, 2021. Please download Form 15G / 15H from the Income Tax website www.incometaxindia.gov.in.

**11 Unclaimed Dividend**

Unclaimed Dividend for over 7 years and the underlying shares thereof will be transferred to the Investor Education and Protection Fund. Members may refer to Page 73 of the Annual Report and lodge their claim, if any, immediately with RTA / Investor Education and Protection Fund. For any assistance required, the Member may write to the Company or its RTA.

**12** In compliance with the above mentioned MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for 2020-21 is sent only through electronic mode, to those Members whose e-mail addresses are registered with their Depository Participants or with the RTA.

Members may note that the Notice and Annual Report for 2020-21 will also be available on the Company's website www.spbltd.com, websites of the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL,.https://www.evoting.nsdl.com.

Instructions to Members for attending the AGM through Video Conference is given in Appendix - C.

**13 Voting facilities**

**(a) Remote e-Voting**

Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management & Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015, as amended from time to time, the Company provides facility for its Members to exercise their voting right by electronic means.

Process and manner of e-Voting, containing detailed instructions, is given in Appendix - C.

**(b) Voting at Annual General Meeting (E-Voting during the AGM)**

Members present in the AGM through VC and who have not cast their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through the e-Voting system during the AGM. The Procedure for e-Voting on the day of AGM is same as the instructions given for Remote E-Voting in Appendix - C.

Members who need assistance before or during the AGM in the use of technology, can send a request to 'evoting@nsdl.com' or use Toll-free Nos. 1800 1020 990 & 1800 22 44 30 or Contact Ms. Sarita Mote, Assistant Manager, NSDL at the designated e-mail ID: 'SaritaM@nsdl.co.in'.

**14 Permanent Account Number**

SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository

Participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA.

**15 Route Map**

Since the AGM will be held through VC, the Route Map is not annexed in this Notice.

**16 Nomination Facility**

As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The form can be downloaded from the Company's website www.spbltd.com. Members are requested to submit these details to their DP in case the shares are held by them in electronic form and to the RTA in case the shares are held in physical form.

17 The Scrutiniser will submit his report to the Chairman of the Company ("the Chairman") or to any other person authorised by the Chairman after the completion of the scrutiny of the e-Voting (vote cast during the AGM and vote cast through Remote e-Voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutiniser's Report shall be communicated to the Stock Exchanges, NSDL and RTA and will also be displayed on the Company's website, www.spbltd.com.

(By Order of the Board)
For Seshasayee Paper and Boards Limited

(V PICHAI)
Deputy Managing Director & Secretary

Erode
June 15, 2021

## STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013 and Regulation 17(1A) of the Listing Regulations and forming part of the notice)

**Item No. 3**

**Re-appointment of retiring director**

Sri V Pichai (DIN: 00263934), aged 73 years, was last appointed as Deputy Managing Director & Secretary of the Company, for a period of three years from April 1, 2020. His appointment and the remuneration and other terms and conditions of his appointment were approved by the Shareholders of the Company, by a Special Resolution, in their Annual General Meeting held on August 08, 2020.

Sri V Pichai retires by rotation in the 61st Annual General Meeting of the Company pursuant to Section 152(6)(c)/(d) of the Companies Act, 2013 and being eligible, offers himself for re-appointment. On such re-appointment, he will continue to hold the post as Deputy Managing Director & Secretary of the Company until March 31, 2023.

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, from April 1, 2019 requires Special Resolution to the passed for the appointment of a person or his continuance in the directorship of a Company if he has attained the age of 75 years. Since Sri V Pichai would be attaining the age of 75 years during the proposed tenure, it is proposed to pass a Special Resolution for the current re-appointment. The terms and conditions governing his current re-appointment are same as the terms approved by Shareholders in their meeting, on August 08, 2020.

Sri V Pichai is quite active and alert and is presently the Deputy Managing Director & Secretary of the Company, In the opinion of the Board, he is suitable for being continued as a Director of the Company despite attaining the age of 75 years during the tenure of his office. The Board accordingly recommends his re-appointment by Special Resolution for the consideration of Shareholders. Particulars required under Regulation 36(3) of the Listing Regulations are given in Appendix-A that forms part of this Notice.

Sri V Pichai, is concerned and interested in his appointment and none of the other Directors/ Key Managerial Personnel of the Company and their relatives are concerned or interested in the said appointment, except to the extent of their shareholding in the Company. It is declared with reference to the proviso to Section 102(2) of the Companies Act, 2013 that the proposed Resolution does not have any bearing with the business of any other Company.

The Board recommends the Special Resolution set out in Agenda 3 of the Notice for approval of the Shareholders.

**Item No. 4**

**Appointment of Nominee Director, not liable to retire by rotation**

Consequent to nomination received from The Tamilnadu Industrial Investment Corporation Limited (TIIC), Sri Hans Raj Verma, IAS, was appointed as an Additional Director by the Board of Directors, in the place of Tmt. Sigy Thomas Vaidhyan, IAS, by a Circular Resolution, on June 15, 2021. He retires from the position of additional director in the present AGM and, being eligible, seeks election as 'Nominee Director, not liable to retire by rotation'.

Notice as required under Section 160 of the Companies Act, 2013, has been received by the Company from a Member proposing the appointment of Sri Hans Raj Verma, IAS, as a Nominee Director of the Company, not liable to retire by rotation.

TIIC, a Government of Tamil Nadu Undertaking, is the single largest shareholder of our Company, holding 14.27% of the Equity Share Capital of the Company. TIIC had always held the right, vide the earlier Articles of Association, to appoint a Nominee Director not liable to retire by rotation, in the Board of our Company. In line with the provisions of Companies Act, 2013 and the present Articles of Association of the Company, approval of the Shareholders is sought herewith, for appointment of Sri Hans Raj Verma, IAS, who has been nominated by TIIC, as a Nominee Director not liable to retire by rotation.

Sri Hans Raj Verma, IAS, has filed with the Company his consent under Section 152 of the Companies Act, 2013, to act as a Director, if appointed. This may be treated as notice under Section 160 of the Companies Act, 2013.

A copy of the Resolution of the Board of Directors and other relevant documents in this regard are available for inspection by the Members at the Registered Office of the Company, during business hours.

Sri Hans Raj Verma, IAS, is concerned and interested in his appointment and none of the other Directors / Key Managerial Personnel of the Company and their relatives are concerned or interested in the said appointment, except to the extent of their shareholding in the Company. It is declared with reference to the proviso to Section 102(2) of the Companies Act, 2013 that the proposed Resolution does not have any bearing with the business of any other Company.

The Board recommends the Ordinary Resolution set out in Agenda 4 of the Notice for approval of the Shareholders.

**Item No. 5**

**Remuneration to Cost Auditor**

The Company is engaged in the manufacture of paper and paper boards at its unit at Erode and Tirunelveli. It has been maintaining cost accounting records and getting them audited under the provisions of the Companies Act, 2013.

While the remuneration for the audit of cost records is determined by the Board of Directors on the recommendations of Audit Committee, it will have to be ratified by the Members at the following General Meeting. The approval of Central Government is no longer required under the new Law.

Pursuant to the above, the Board of Directors have appointed M/s S Mahadevan & Co., Cost Accountants (Firm Registration No. 000007) for the audit of cost records of the Company for the financial year 2021-22 and determined the remuneration at ₹ 3 00 000/- (Rupees three lakhs only), in addition to Goods and Service Tax, if any, reimbursement of actual expenses incurred in connection with the Audit, based on the recommendations of the Audit Committee. It is now placed for the approval of the Members in accordance with Section 148(3) of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

Copies of relevant Resolutions of the Audit Committee / Board and other relevant documents are available for inspection of the Members during business hours on any working day prior to the date of the meeting.

No Director, Key Managerial Personnel or relative of them is concerned or interested, financially or otherwise, in this business.

The Board recommends the Ordinary Resolution set out in Agenda 5 of the Notice for approval of the Shareholders.

(By Order of the Board)
For Seshasayee Paper and Boards Limited

(V PICHAI)
Deputy Managing Director & Secretary

Erode
June 15, 2021

**Appendix-A**

**Appointment / Re-appointment of a Director :**

**Disclosure required under Clause 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of a Director seeking appointment / re-appointment at the Sixty First Annual General Meeting :**

**SRI V PICHAI:**

| | | |
|---|---|---|
| **Director Identification Number** | : | 00263934 |
| **Date of Birth & Age** | : | 12 09 1947 (73 years) |
| **Date of Appointment** | : | 29 01 2005 as a Director (Finance) & Secretary<br>01 04 2014 as Deputy Managing Director & Secretary<br>01 04 2020 as Deputy Managing Director & Secretary |
| **Qualification** | : | B.Com., ACA, ACS, CAIIB |
| **Expertise in specific functional areas** | : | He is a Chartered Accountant and a Company Secretary. His qualification is B.Com., ACA, ACS and CAIIB. He has to his credit nearly 49 years of experience. After a shot stint of 7 years in a Nationalised Bank, he joined the Company in 1980. He has completed over 41 years of service in the Company. He has managed admirably various functional area of the Company. Viz., Accounts, Finance, Legal, Taxation, Secretarial, etc,<br>He is in charge of the Finance, Accounts, Taxation, Legal and Secretarial functions of the Company. He reports to the Chairman. |
| **Number of shares held in the Equity Capital of the Company** | : | 42695 (of Face Value ₹ 2 each) |
| **Relationship with other Directors** | : | He is not related to any other Director |
| **Directorship in other Companies** | : | Dhanashree Investments Private Limited<br>Time Square Investments Private Limited<br>Ultra Investments and Leasing Company Private Limited |
| **Committee / executive positions held in other companies** | : | Nil |

**SRI HANS RAJ VERMA, IAS:**

| | | |
|---|---|---|
| **Director Identification Number** | : | 00130877 |
| **Date of Birth and age** | : | 30 05 1964 (57 years) |
| **Date of Appointment** | : | 15 06 2021 |
| **Qualification** | : | IAS |
| **Expertise in specific functional areas:** | : | Additional Chief Secretary / Chairman and Managing Director,<br>The Tamilnadu Industrial Investment Corporation Limited. (Government Undertaking) |
| **Number of shares held in the Equity Capital of the Company** | : | Nil |
| **Relationship with other Directors** | : | He is not related to any other Director |
| **Directorship in other Companies** | : | Tamil Nadu Industrial Investment Corporation Limited (TIIC). |
| **Committee / executive positions held in other Companies** | : | Nil |

**Appendix-B**

**Tax Deduction at Source (TDS) provisions under the Income Tax Act, 1961, for Resident and Non-Resident shareholder categories, on the Dividend payment:**

This appendix provides the applicable Tax Deduction at Source (TDS) provisions under the Income Tax Act, 1961 for Resident and Non-Resident shareholder categories.

**I For Resident Shareholders :**

Pursuant to the changes introduced by the Finance Act 2020, with effect from April 01, 2020, the Company would be required to withhold taxes at the prescribed rates on the dividend paid to its Shareholders. The withholding tax rate would vary depending on the residential status of the Shareholder and the documents submitted by them and accepted by the Company. Accordingly, the above referred Dividend will be paid after deducting the tax at source as follows:

| Particulars | Applicable Rate * | Document Required (if any) |
|---|---|---|
| With PAN | 10% | Update the PAN, if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents - Integrated Registry Management Services Pvt. Ltd (in case of shares held in physical mode). |
| Without PAN / with Invalid PAN | 20% | |
| Submitting Form 15G / 15H | Nil | Declaration in Form No. 15G (applicable to any person other than a Company or a firm) / Form 15H (applicable to an Individual who is 60 years and older), fulfilling certain conditions. Please download Form 15G/15H from the Income Tax website www.incometaxindia.gov.in. |
| Submitting Order under Section 197 of the Income Tax Act, 1961 (Act) | Rate provided in the Order | Lower / NIL in accordance with tax certificate obtained from tax authority. |
| Shareholders (e.g. LIC, GIC) for whom Section 194 of the Act is not applicable | Nil | Shareholders (e.g. LIC, GIC) for whom Section 194 of the Act is not applicable. |
| Persons Covered under Section 196 of the Act (e.g. Mutual Funds, Govt.) | Nil | Documentary evidence that the person is covered under said Section 196 of the Act. |

* Notwithstanding the above, tax would not be deducted on payment of dividend to resident Individual shareholder, if total dividend to be paid in Financial Year 2021-22 does not exceed ₹ 5,000/-.

* Shareholders are requested to ensure Aadhar number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhar with PAN within the prescribed timelines, PAN shall be considered inoperative and, in such scenario, tax shall be deducted at higher rate of 20%.

**II Non-Resident Shareholder:**

| Particulars | Applicable Rate** | Document Required (if any) |
|---|---|---|
| Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) | 20% (plus applicable surcharge and cess)<br>(or)<br>rate provided in relevant DTAA read with MLI whichever is more beneficial | In order to apply the Tax Treaty rate, following documents would be required:<br>1. Copy of the PAN Card allotted by the Indian Income Tax authorities duly attested by the shareholder or details as prescribed under rule 37BC of Income Tax Rules, 1962<br>2. Copy of Tax Residency Certificate for the FY 2021 - 2022 obtained from the revenue/ tax authorities of the country of tax residence, duly attested by the shareholder<br>3. Self - declaration in Form 10 F<br>4. Self-declaration by the shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty.<br>5. Self - declaration of beneficial ownership by the non-resident shareholder<br>6. Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by the shareholder |
| Other Non-resident Shareholders | 20% (plus applicable surcharge and cess)<br>(or)<br>Tax Treaty Rate**<br>(whichever is lower) | |
| Submitting Order under Section 197 (i.e. lower or NIL withholding tax certificate) | Rate provided in the Order | Lower / NIL withholding tax certificates obtained from tax authority. |

** The Company is not obligated to apply the beneficial Tax Treaty Rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non Resident Shareholder and review to the satisfaction of the Company.

**III TDS to be deducted at higher rate in case of non-filers of Return of Income:**

The Finance Act, 2021, has inter alia inserted the provisions of Section 206AB of the Act with effect from July 01, 2021. The provisions of Section 206AB of the Act require the deductor to deduct tax at higher of the following rates from amounts paid / credited to 'specified person':

a. At twice the rate specified in the relevant provision of the Act; (or)

b. At twice the rate or rates in force; (or)

c. At the rate of 5%

The 'specified person' means a person who has :

a) Not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under Section 139(1) has expired.

b) Subjected to tax deduction / collection at source in aggregate amounting to Rs 50,000 or more in each of such two immediate previous years.

The non-resident, who does not have the permanent establishment in India, is excluded from the scope of a specified person.

**IV** Shareholders who are exempted from TDS provisions through any Circular or Notification shall provide documentary evidence in relation to the same, to enable the Company in applying the appropriate TDS on Dividend payment to such Shareholder.

The aforesaid documents, as applicable, should be sent by email to kalyan@integratedindia.in on or before on July 14, 2021, to enable the Company to determine the appropriate TDS / withholding tax rate applicable.

No communication on the tax determination/ deduction received post July 14, 2021 shall be considered for payment of Dividend.

If the tax on said Dividend is deducted at a higher rate, in absence of receipt of or satisfactory completeness of the afore-mentioned details / documents by July 14, 2021, the Shareholder may claim an appropriate refund in the return of income filed with their respective Tax Authorities.

**No claim shall lie against the Company for such taxes deducted.**

The Company will arrange to email a soft copy of the TDS certificate at the Shareholders registered email ID in due course, post payment of the said Dividend. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at https://incometaxindiaefiling.gov.in.

We request your cooperation in this regard.

**V For Shareholders having multiple accounts under different status / category:**

Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

Disclaimer: This Appendix shall not be treated as an advice from the Company or its Registrar & Transfer Agent. Shareholders should obtain the tax advice related to their tax matters from a tax professional.

**Appendix - C**

## Voting Process and Instructions

**(A) Remote e-Voting (Voting through electronic means)**

I In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI Listing Regulations, as amended from time to time, the Company is pleased to provide Members facility to exercise their right to vote at the 61st Annual General Meeting (AGM) by electronic means. The facility of casting votes by a Member using an electronic voting system from a place other than the venue of the AGM (remote e-Voting) will be provided by National Securities Depository Limited (NSDL) and the items of business as detailed in this Notice may be transacted through remote e-Voting.

II A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date of July 17, 2021 only shall be entitled to avail the facility of Remote e-Voting.

III The Members who have cast their votes through Remote e-Voting prior to the AGM may also attend / participate in the AGM through VC, but shall not be entitled to cast their vote again.

IV The Remote e-voting period commences on July 21, 2021 (9:00 AM) and ends on July 23, 2021 (5:00 PM). During this period, Members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date of July 17, 2021, may cast their vote electronically. The Remote e-Voting module shall be disabled by NSDL for voting thereafter.

V The voting rights of Members shall be in proportion to their share of the Paid-up Equity Share Capital of the Company as on the cut-off date of July 17, 2021.

VI The details of the process and manner for e-voting and voting during AGM are explained below :

Step 1 : Access to the NSDL e-voting system

Step 2 : Cast your vote electronically on NSDL e-voting system

**Step 1 : Access to the NSDL e-voting system**

**A) Login method for e-voting and joining virtual meeting / voting during the meeting for individual shareholders holding securities in demat mode :**

In terms of SEBI circular dated December 09, 2020 on "e-Voting facility provided by Listed Companies", individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | **A. NSDL IDeAS Facility :**<br><br>**If you are already registered for the NSDL IDeAS facility:**<br><br>1. Please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile.<br>2. Once the home page of e-Services is launched, click on the **"Beneficial Owner"** icon under "Login" which is available under **"IDeAS"** section.<br>3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services.<br>4. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page.<br>5. Click on options available against Company name or **e-Voting service provider - NSDL** and you will be re-directed to NSDL e-Voting website for casting your vote during the Remote e-Voting period (or) joining virtual meeting & voting during the meeting.<br><br>**If the user is not registered for IDeAS facility:**<br><br>1. The option to register is available at https://eservices.nsdl.com.<br>2. Select **"Register Online for IDeAS"** Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>3. Upon successful registration, please follow steps given in points 1 - 5 above.<br><br>**B. E-voting website of NSDL**<br><br>1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.<br>2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section.<br>3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. (Contd.) | 4. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against Company name or **e-Voting service provider - NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the Remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Existing users who have opted for Easi / Easiest can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on "New System Myeasi".<br>2. After successful login of Easi / Easiest, the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider ("ESP") i.e. NSDL portal. Click on NSDL to cast your vote.<br>3. If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.<br>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) logging through their depository participants | 1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility.<br>2. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.<br>3. Click on options available against Company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the Remote e-Voting period or joining virtual meeting & voting during the meeting. |

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30. |

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43. |

**B) Login method for e-voting and joining virtual meeting/voting method during the meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section.
3. A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.
4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically on NSDL e-voting system.
5. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12********** then your user ID is 12********** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the Company<br>For example if folio number is 001*** and EVEN is 116008 then user ID is 116008001*** |

6. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

   If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your

mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

7. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on

   i. "Forgot User Details / Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   ii. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

b) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address etc.

c) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

8. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

9. Now, you will have to click on "Login" button.

10. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join general meeting on NSDL e-voting system.**

1. After successful logging at Step 1, you will be able to see the "EVEN" of all Companies in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of Seshasayee Paper and Boards Limited, which is 116008.

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**Process for procuring user id and password for e-voting for those shareholders whose email ids are not registered with the depositories / Company:**

Members holding shares in dematerialised form and whose e-mail IDs are not registered with the Company / Depository Participants, as well as for Members holding shares in physical form may follow the process detailed below for registration of e-mail ID to obtain user ID / Password for e-Voting and updation of Bank account mandate for receipt of Dividend :

| Type of holder | Process to be followed | |
|---|---|---|
| | **Registering Email address** | **Updating Bank account details** |
| Physical | Send a request to the RTA of the Company, Integrated Registry Management Services Pvt. Ltd at kalyan@integratedindia.in providing Folio No., Name of Member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar card) for registering email address. | Send a request to the RTA of the Company, Integrated Registry Management Services Pvt. Ltd at kalyan@integratedindia.in providing Folio No., Name of Member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar card) for updating bank account details.<br>The following additional details need to be provided in case of updating bank account details :<br>◊ Name and address of the branch of the Bank in which you wish to receive the dividend.<br>◊ Bank account type.<br>◊ Bank account number allotted by their Banks after implementation of core banking solutions.<br>◊ 9 digit MICR Code Number.<br>◊ 11 digit IFSC.<br>◊ a scanned copy of the cancelled cheque leaf bearing the name of the first Member. |
| Demat | Please contact your DP and register your e-mail address and Bank account details in your demat account, as per the process advised by your DP. | |

**The instructions for members for e-voting on the day of the AGM are as under :**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC facility and have not casted their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the

AGM shall be the same person mentioned for Remote e-voting.

5. The Chairman will fix the time for voting at the meeting

**Instructions for members for attending the AGM through VC are as under :**

1. Member will be provided with a facility to attend the AGM through VC through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against the Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder / Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the Remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from mobile devices or tablets or through Laptop connecting via Mobile Hotspot may experience audio / video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members can join the AGM in the VC mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available for 1,000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend the AGM without restriction on account of first come first served basis.
6. The Company reserves the right to limit the number of Members asking questions depending on the availability of time at the AGM.
7. Shareholders who would like to express their views / ask questions during the meeting, may register themselves as a speaker by sending their request mentioning their name, demat account number / folio number, email id, mobile number at investors@spbltd.com on or before 05.00 PM IST on Monday, 19th July 2021. Members, who register themselves as speaker Shareholders would receive a separate link from the Company, thro' which they may join and raise questions during the AGM, as and when allowed by the moderator for the meeting. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.
8. Shareholders may also send their questions in advance mentioning their name demat account number / folio number, email id, mobile number at investors@spbltd.com, on or before 05.00 PM IST on Monday, the 19th July 2021. The same will be replied by the Company suitably.

**General instructions :**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bkksoffice@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free nos. 1800 1020 990 and 1800 22 44 30 or send a request to evoting @nsdl.co.in, or contact Ms. Sarita Mote, Assistant Manager, National Securities Depository Ltd., at designated email IDs : evoting@nsdl.co.in or SaritaM@nsdl.co.in to get your grievances on e-voting addressed.

4. The cut-off date for the purpose of e-Voting has been fixed as July 17, 2021. Members holding shares as on this cut-off date should endeavour to cast their vote in any one of the two modes.

5. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer / RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

6. Sri B Kalyanasundaram, Practicing Company Secretary (Membership No.672) has been appointed as the Scrutiniser.

7. The Scrutiniser will after the conclusion of voting at the AGM:

   (i) First count the votes cast at the meeting thro e-Voting.

   (ii) Then unblock the votes cast through Remote e-Voting

   (iii) All the above will be done in the presence of two witnesses not in the employment of the Company.

   (iv) Make a consolidated Scrutiniser's Report (integrating the votes cast at the meeting and through Remote e-Voting) of the total votes cast in favour or against, if any, to the Chairman.

   (v) The Scrutiniser's Report as above would be made soon after the conclusion of

AGM and in any event not later than 48 hours from the conclusion of the Meeting.

8. Voting Results:

(i) The Chairman or a person authorised by him in writing shall declare the result of the voting based on the Scrutiniser's Report.

(ii) The results declared along with the Scrutiniser's Report will be placed on the Company's website www.spbltd.com and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared and also communicated to NSE and BSE.

(iii) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of AGM.

## DIRECTORS' REPORT

The Directors hereby present their Sixty First Annual Report and the Audited Accounts for the year ended March 31, 2021.

The Company has adopted the Indian Accounting Standards (IndAS) from Financial Year 2017-18 as mandated. Accordingly, the financial statements for current year, including comparative figures of previous year are based on IndAS and in accordance with the recognition and measurement principles stated therein, as well as other accounting principles generally accepted in India. While this has no major impact for the Statement of Profit and Loss, there is and there will be periodical impact for "Other Comprehensive Income" in measuring and restating investments at fair value.

### WORKING RESULTS

| | 2020-21 (in tonnes) | 2019-20 (in tonnes) |
|---|---|---|
| Production | 1 70 138 | 1 97 547 |
| Sales | 1 39 005 | 1 87 271 |
| | (₹ crores) | (₹ crores) |
| Revenue from Operations | 781.79 | 1183.98 |
| Other Income | 19.32 | 22.73 |
| **Total Income** | 801.11 | 1206.71 |
| **Profit before interest, depreciation, exceptional item and tax** | 126.87 | 289.57 |
| Finance Cost | 2.91 | 6.89 |
| Depreciation | 37.60 | 35.00 |
| **Profit before tax** | 86.36 | 247.68 |
| Provision for current tax | 18.44 | 45.17 |
| Transfer to / (from) Deferred Tax | (-) 32.35 | 29.05 |
| **Net Profit** | 100.27 | 173.46 |

### DIVIDEND

The Board of Directors recommend payment of Dividend at ₹ 2.50 (Rupees Two and Fifty paise) per Equity Share of ₹ 2 each, absorbing a sum of ₹ 15.77 crores.

As per the provisions of the Income tax Act, 1961, as amended by the Finance Act, 2020, Dividend Distribution Tax is not applicable in respect of Dividends declared, distributed or paid by the Company after March 31, 2020. The same will be taxed in the hands of the Shareholders.

As per Ind AS 10, Events after the reporting period, Proposed Dividend on Equity Shares, being a non-adjusting event at the Balance Sheet date, is not recognised as a liability in the accounts for the year ended March 31, 2021. The same will be recognised in the year of payment, viz., year ending March 31, 2022.

### APPROPRIATIONS

| | 2020-21 (₹ crores) |
|---|---|
| Net profit for the year | 100.27 |
| *Add:* | |
| Income from SPB Equity Shares Trust | 0.74 |
| Carried over | 101.01 |

| | 2020-21 (₹ crores) |
|---|---|
| Brought forward | 101.01 |
| *Add:* Surplus brought forward from the previous year | 199.77 |
| *Add:* Re-measurement of defined benefit Plans (net of tax) | 1.34 |
| | 302.12 |
| *Less:* | |
| Dividend paid during the year (For Financial Year 2019-20) | 25.23 |
| Tax on Dividend distribution | -- |
| Transfer to General Reserve | 100.00 |
| Balance carried forward | 176.89 |

## OPERATIONS

The lockdown imposed in multiple phases to contain the spread of COVID-19 pandemic, had affected the normal functioning of commercial establishments, schools, colleges and educational institutions. Slowdown in the Indian economy, coupled with poor offtake in export markets due to the pandemic situation, had resulted in significant reduction in demand for Printing and Writing Paper, key segment in which the Company operates. Due to these factors, Company witnessed significant drop in Revenue and profits during the financial year ended March 31, 2021.

## PRODUCTION

During the FY 2020-21, the production at Unit : Erode was 1 12 489 tonnes of paper, as compared to 1 25 313 tonnes, produced in the previous year. The production during the year includes 16 226 tonnes of Pulp Board produced during the year (Previous Year - Nil). Accordingly paper production at Unit : Erode was lower by 29 050 tonnes, compared to the previous year. Reduction was mainly due to (i) the poor market conditions on account of the Covid-19 pandemic related lockdowns and the consequent market related intermittent shuts that the Company had to avail in its Paper Machines and (ii) the shuts availed by the Company for upgradation works in its Paper Machines during the year, under Mill Development Plan - III.

Unit : Erode also produced 32 569 tonnes of Wet Lap Pulp (Previous Year 35 083 tonnes) to augment the Pulp requirements of Unit : Tirunelveli.

Unit : Tirunelveli produced 57 649 tonnes of Paper during the FY 2020-21, as compared to 72 234 tonnes, produced in the previous year. The production was lower by 14 585 tonnes, compared to the previous year. Reduction was mainly due to the poor market conditions and the consequent market related intermittent shuts.

Overall Production for the Company was 170 318 tonnes of Paper and Boards for the year, as compared to 1 97 547 tonnes produced, in the previous year.

## SALES

During the FY 2020-21, Company registered overall sales of 1 39 005 tonnes of Paper (Previous year : 1 87 271 tonnes). Unit : Erode registered Sales of 86 309 tonnes of paper in FY 2020-21 (Previous year : 117 576 tonnes). The Company's unit in Tirunelveli registered sales of 52 696 tonnes of Paper during FY 2020-21 (Previous Year : 69 695 tonnes).

In addition, as part of its trading activity, the Company had sold during FY 2020-21, petroleum products valued at ₹ 21.75 crores (Previous Year: ₹ 25.62 crores) and 367 tonnes of Note Books valued at ₹ 3.61 crores (Previous Year : 365 tonnes valued at ₹ 3.81 crores).

The overall Inventory of Paper and Boards stood at 35 225 tonnes, as on March 31, 2021 (As on March 31, 2020 - 9 831 tonnes). Closing Stock of Notebook was 459 tonnes, as on March 31, 2021 (Stock of Notebook as on March 31, 2020 : 458 tonnes).

## PROFITABILITY

The Revenue from Operations of the Company for the year was ₹ 781.79 crores, as against ₹ 1183.98 crores, in the previous year.

Profit before interest, depreciation, exceptional item and tax was ₹ 126.87 crores, for the Company as a whole, compared to ₹ 289.57 crores, in the previous year.

After absorbing interest and depreciation of ₹ 2.91 crores and ₹ 37.60 crores respectively, the Profit before tax (PBT) was ₹ 86.36 crores in FY 2020-21, as compared to ₹ 247.68 crores, in the previous year.

The Company registered a lower PBT compared to previous year, mainly due to lower sales volumes and drop in net sales realisations in the current year, attributable in entirety to the significant reduction in demand for Printing and Writing Paper caused by lockdown imposed in multiple phases by Central / State Governments in India, to contain the spread of COVID-19 pandemic.

For the year ended 31st March 2021, current tax liability works out to ₹ 18.44 crores, as against a liability of ₹ 45.17 crores in the previous year.

Considering the advantages, the Company plans to opt for the reduced tax rate of 25.17% (including surcharge and Cess) under Section 115BAA of the Income Tax Act from the FY 2021-22. Accordingly, the deferred tax assets and liabilities, as on March 31, 2021, have been measured at the effective income tax rate of 25.17%, which is expected to be applied to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The restatement, at effective tax rate of 25.17%, involved a reversal of Net Deferred Tax Liability ₹ 43.67 crores and the Deferred Tax Expense for Q4/FY 2020-21 is net of the aforesaid amount.

As a result, profit after tax for the year ended March 31, 2021 was ₹ 100.27 crores, as compared to ₹ 173.46 crores, in the previous year.

## FINANCE

The Company did not have any instalments of Term Loans and interest (on Term Loans and Working Capital borrowings), due for payment during the year.

The Company reports NIL debt position as on March 31, 2021 (Debt Position as on March 31, 2020 was also NIL).

## INTEREST FREE SALES TAX DEFERRAL LOAN

The Company repaid ₹ 3.35 crores during the year and the balance outstanding as on March 31, 2021 was ₹ 8.40 crores.

## MARKET CONDITIONS

Both the units of the Company (Units in Erode and Tirunelveli) had closed down operations from midnight of March 24, 2020, in response to the nation-wide lockdown to curb the spread of Covid-19 Virus.

Subsequently, in response to our representation dated April 10, 2020, the Collector of Namakkal District had given permission on same day to the Company to recommence its operations in Unit : Erode, with minimum employees, following all precautions in every shift and after ensuring full hygenic care and protection of the employees.

Accordingly, the Company recommenced its operations in its Unit : Erode on April 13, 2020. Based on Collector's (Tirunelveli District) permission to recommence operations, Unit:Tirunelveli recommenced operations on April 27, 2020.

The Company has taken all necessary precautions in both the units and has arranged for required Masks, Hand Sanitisers, etc., to ensure

protection for all its employees. The Company, in its Unit : Erode as well as in Unit : Tirunelveli, has Doctor in attendance, to attend to the health issues of the employees.

The paper market reached a trough in the last week of March 2020, amidst the Lockdown of key markets in India and across most parts of the Globe, due to Covid-19 pandemic. This adverse situation continued in the first half FY 2020-21, significantly affecting the revenue and profitability during the first 2 quarters of the FY 2020-21. The gradual relaxation of lock down initiated by the Government in Q2 was widely expected to trigger a pickup in demand for the paper industry in Q3. This unfortunately did not materialise for the printing and writing segment. Demand for Maplitho and Creamwove grades, the segments which represent major share of the Company's revenue, continued to remain low in Q3 mainly due to large sections of educational sector still remaining closed, dearth of orders from publishing industry and most institutions skipping printing of calendars / diaries for the current year.

The last quarter of FY 2020-21 witnessed favourable market conditions with increase in demand for most varieties of Printing and Writing paper. This resulted in increase in sales volumes and selling prices in Q4-2020-21. However, the net sales realisations from the Export Markets continued to be under pressure mainly on account of scarcity of containers resulting in higher logistics costs.

However, with a strong second wave of Covid-19 pandemic and consequent staggered lockdowns in place, the sustainability of the demand recovery is a challenge in the short term.

Until Financial Year 2018-19, the Company had achieved Zero Stock of Finished Goods at the end of Financial Year, in 21 years out of the last 25 years. On account of the market and the supply chain disruptions caused by Covid-19 and consequent lockdowns, the Company could not achieve Zero Stock of Finished Goods in the FY 2019-20 and FY 2020-21.

## EXPORT PERFORMANCE

Unit : Erode exported 11,802 tonnes of paper during the year, as compared to 15,324 tonnes exported during FY 2019-20. The export proceeds in Foreign Currency for the year 2020-21 amounted to US $ 7,793,716 (Previous Year Exports - US $ 12,852,220 and AED 1,312,846). For Unit : Erode, in Rupee terms, the value of exports amounted to ₹ 55.38 crores (Previous Year ₹ 88.40 crores). For Unit : Erode, by volume, exports constituted around 14.38% of the Production as against the 12.23% in the previous year. Unit : Erode also sold 73 tonnes during the year, under deemed exports whose proceeds amounted to ₹ 0.46 crores. (Previous Year : 63 tonnes valued at ₹ 0.41 crores).

Unit : Tirunelveli exported 16,181 tonnes of Paper during the year, as against 21,089 tonnes exported during 2019-20. The export proceeds in Foreign Currency amounted to US $ 11,200,798 (Previous Year Exports - US $ 16,673,504 and EURO 1,383,280). For Unit : Tirunelveli, in Rupee terms, the value of exports amounted to ₹ 75.32 crores (Previous Year ₹ 120.51 crores). For Unit: Tirunelveli, Exports, by volume, constituted around 28.06% of the Production as against 29.20% in the previous year. Unit : Tirunelveli did not have deemed exports sales during the year (Previous Year : 33 tonnes valued at ₹ 0.19 crores).

## TREE FARMING ACTIVITY

The Company continues to provide quality Clonal Seedlings of Eucalyptus, as well as bare-rooted Casuarina Seedlings, at subsidised rates, to interested farmers and assist them with technical help to achieve higher yields.

In addition, the Company had provided clones of Melia-Dubia, a high yielding fast growing species, suitable for Pulp production to interested farmers.

Technical Support to the farmers for this initiative is being provided in association with the Department of Tree Breeding of Forest College and Research Institute, attached to Tamil Nadu Agricultural University, Coimbatore, through a Collaborative Research Project.

In accordance with the Company's vision to achieve wood positive status, over sixteen crore Seedlings (Clonal Eucalyptus Seedlings, bare-rooted Casuarina Seedlings and Melia Dubia Clones) were made available during the year, to farmers at subsidised rates for planting in about 19015 acres of land. (Previous Year : 16801 acres).

## ISO 9001 / ISO 14001 ACCREDITATION

The Company's Quality Management Systems and Environment Management Systems continue to be covered under ISO 9001 and ISO 14001 Accreditations.

Both ISO 9001 and ISO 14001 Standard have undergone revision to 2015 Standards which lays emphasis on role of top management, adoption of risk management and change management. All these changes are to facilitate sustainability in business performance.

## OHSAS 18001 CERTIFICATION

The Company continues to enjoy certification under Occupational Health and Safety Assessment Series 18001 (OHSAS) which is an international standard that facilitates management of Occupational Health and Safety risks associated with the business of the organisation.

## FOREST STEWARDSHIP COUNCIL® (FSC®) CERTIFICATION

The Company has been certified under four Standards of FSC, viz. FSC-STD-40-004, FSC-STD-40-005, FSC-STD-40-003 and FSC-STD-50-001. By this, the Company assures its stakeholders that the wood and wood fibre (pulp) purchased by it are traceable to responsibly managed plantations and that adequate document controls are in place to ensure identification and traceability throughout the Chain of Custody. This also means that the Company is capable of manufacturing and selling FSC 100% and FSC Mix Products in the domestic and international markets.

## AWARDS

The Company won the following Awards and recognitions during the year :

◊ CII SR EHS Excellence Awards for the year 2020 - Company secured 3-Star Rating from CII in appreciation of the EHS Practices of the Company.

◊ Tamil Nadu State Safety Award.

## EXPORT HOUSE STATUS

The Company continues to be accredited with "Star Export House" Status by the Government of India, Ministry of Commerce, Directorate General of Foreign Trade, in recognition of its export performance.

## DEPOSITORY SYSTEM

As on March 31, 2021, 12 938 Shareholders are holding Shares in Demat form and 4 99 52 295 shares have been dematerialised, representing 79.20% of the total Equity Share Capital.

## SUBSIDIARY

M/s Esvi International (Engineers & Exporters) Limited (Esvin) is a wholly owned subsidiary of the Company. Currently, Esvin holds properties and derives property income.

## MILL DEVELOPMENT PLAN

In the FY 2020-21, the Company had embarked on a Mill Development Plan - III (MDP - III) at Unit : Erode at a Cost of ₹ 315 crores.

The MDP - III at Unit : Erode consists of :

◊ Upgradation and Modernisation of the Paper Machines to increase the Capacity

from 1 32 000 tonnes per annum to 1 65 000 tonnes per annum.

◊ Upgradation and Modernisation of the RDH Pulp Mill to increase the Capacity to 1 54 000 tonnes per annum.

◊ Conversion of one Paper Machine to manufacture high end varieties of multi-layer boards.

◊ Upgradation of the Recovery Island and

◊ Augmentation of Waste Water Treatment Plant.

The execution of the Project (MDP-III) had commenced with July 01, 2019 as the Zero Date, with an originally planned project execution period of 21 months. However, with some of the major suppliers and service providers, both globally and in India, located in Covid-19-lockdown areas, the project has seen delays and the Company expects to complete the Project in entirety, in FY 2021-22.

Some of the major components of the project, namely (a) upgradation of Paper Machine No. 5, (b) upgradation of Paper Machine No. 1, (c) conversion of Paper Machine No. 2 for manufacture of single layer and multi-layer boards, have been completed. Other critical components of the project, namely (a) the upgradation of Paper Machine No. 3, (b) upgradation of Paper Machine No. 4, (c) upgradation of Recovery Island and RDH Pulp Mill, are expected to be completed in phases in the FY 2021-22.

In the matter of acquisition of M/s Servalakshmi Papers Limited (under liquidation), the company has since advised the liquidator that it would not be interested in pursuing the proposal.

## CURRENT YEAR (2021-22)

A strong second wave of Covid-19 pandemic and consequent staggered lockdowns in place have affected and halted the demand up-tick that was witnessed in the last quarter of FY 2020-21. Order inflow has once again been impacted due to the consequences of 2nd wave, with schools and colleges continuing to remain closed and work-from-home trend continuing in offices. Outlook for 1st quarter of FY 2021-22 doesn't look promising with stricter lockdowns looming, with rapid spread of the virus.

In Unit : Erode, the Production during April 2021 was 10863 tonnes, as compared to 5 715 tonnes, produced during April 2020. In Unit : Tirunelveli, the Production was 6003 tonnes in April 2021, as against 337 tonnes in April 2020. The overall Production for the Company, for the month of April 2021, was 16866 tonnes. Total Value of Production, during April 2021, amounted to only ₹ 77.75 crores, compared to ₹ 26.15 crores during April 2020.

During April 2021, 3006 tonnes of paper, valued at ₹ 14.38 crores were exported.

## ENVIRONMENTAL PROTECTION

The Company continues to provide utmost attention to the conservation and improvement of the environment. In Unit: Erode, the Power Boilers, Lime kiln and Recovery Boilers are equipped with Electro Static Precipitators, to arrest dust emissions. The Company operates an Anaerobic Lagoon, for high BOD liquid effluents and a Secondary Treatment System for total Mill effluent. These facilities are operating efficiently, enabling the Company to comply with the Pollution Control norms, on a sustained basis. The treated effluent water continues to be utilised for irrigating nearby sugar cane fields.

Additional treatment facilities have been proposed for waste water under the Mill Development Plan - III.

Unit: Tirunelveli is well equipped with efficient Electro Static Precipitator for the Power Boiler and has an extensive green cover. Its treated waste water, after recycling, is used to irrigate the Company owned lands. As part of the Mill Expansion Plan, the Waste Water Treatment

Plant has been augmented with a Dissolved Air Floatation Cell and Anaerobic Digester.

## MANAGEMENT'S DISCUSSIONS AND ANALYSIS REPORT

The Report on Management's Discussion and Analysis, as required under Clause 49(VIII)(D) of the Listing Agreement with Stock Exchanges covering industry structure and developments, opportunities and threats, outlook, discussion on financial performance, etc., is contained in "Management Discussion and Analysis Report" that forms an integral part of this Report and annexed as Annexure - I.

## CORPORATE GOVERNANCE

Pursuant to Regulation 34 and Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance Report, together with the Certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance is given in Annexure - II.

## BUSINESS RESPONSIBILITY REPORT

Regulation 34(2) of the SEBI (LODR) Regulations requires the listed entities, to include a Business Responsibility Report (BRR) in their Annual Report, describing the initiatives taken by the Company from Environmental, Social and Governance perspective, in the format as specified by SEBI from time to time. Originally, this regulation / reporting requirement was applicable only for the top 500 listed Companies, based on Market Capitalisation (calculated as on March 31 of every financial year).

However, SEBI, vide their amendment to LODR, dated December 26, 2019, has extended this to Top 1000 Companies and this Regulation is applicable to our Company, with effect from Financial Year 2019-20.

The Company has drafted the Business Responsibility Report for FY 2020-21, in line with the format prescribed by SEBI, which is given in Annexure - III to the Directors' Report.

## DISCLOSURE REQUIREMENTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2013

Section 134(3) of the Companies Act, 2013 requires the Board's Report to include several additional contents and disclosures compared to the earlier law. Most of them have accordingly been made in the Corporate Governance Report at appropriate places that forms an integral part of this Report.

## EXTRACT OF THE ANNUAL RETURN

The details forming part of the Extract of the Annual Return in Form MGT - 9, is given in Annexure - IV.

## DIRECTORS'RESPONSIBILITY STATEMENT

While preparing the annual accounts, the Company has adhered to the following:

- ◊ Applicable Accounting Standards, referred to in Section 133 of the Companies Act, 2013, have been followed.
- ◊ The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the said period.
- ◊ The Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- ◊ The Directors have prepared the annual accounts on a "going concern" basis.
- ◊ The Directors have laid down internal financial controls to be followed by the

Company and that such internal financial controls are adequate and were operating effectively.

◊ The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the year, High Energy Batteries (India) Limited (HEB) repaid the Inter Corporate Loan of ₹ 4.40 crores, along with interest. There is no principal or interest due from HEB to the Company, as on March 31, 2021.

During the year, the Company did not extend any Loan or Guarantee or provided any security or make investment covered under Section 186 of the Companies Act, 2013.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

The Corporate Governance Report contains relevant details on the nature of Related Party Transactions (RPTs) and the policy formulated by the Board on Material RPTs. Particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1) of the Companies Act, 2013 is furnished in accordance with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC - 2 as Annexure - V.

## MATERIAL CHANGES AND COMMITMENTS

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

Commencing from the last week of the financial year ended March 31, 2020 and continuing in to the first-half of financial year 2020-21, the Company's operations were materially impacted by lower production, lower sales, higher Inventory and negative cash generation, due to the lockdown consequent to Covid-19 pandemic.

There are no other material changes and commitments in the business operations of the Company since the close of the financial year on 31st March 2021 to the date of this Report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure - VI.

## CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013 mandates every Company having minimum threshold limit of net worth, turnover or net profit as prescribed to constitute a Corporate Social Responsibility Committee of the Board, formulation of a Corporate Social Responsibility Policy that shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and duly approved by the Board, fix the amount of expenditure to be incurred on the activities and monitor the CSR Policy from time to time.

Since your Company falls within the minimum threshold limits, constituted a CSR Committee of the Board and formulated a CSR Policy. The CSR Report, forming part of this Report, is furnished in Annexure - VII.

## COVID-19 RELIEF ACTIVITIES

Our Company undertook a series of initiatives throughout the year, to help our employees, their families and those living around our Units to combat Covid-19 pandemic. While re-commencing operations of the Plant, a detailed Standard Operating Procedures (SOP) was put in place and Awareness Programmes were conducted for all employees.

The Company provided face masks, gloves and other protection materials free of cost to all employees and nearby residents. In line with the Guidelines of Govt. of Tamilnadu, Kabasura Kudineer (a herb based medicinal drink) was distributed, free of cost, to all our employees and residents regularly. Hand sanitizers were provided at mill entrance, all departments and also in public places around the Mill. Packets containing rice, grocery, cooking oil, etc. were distributed to those residing in containment areas as requested by District Collector, Namakkal.

Disinfectant was sprayed every day using a dedicated tractor all over the Plant, Residential Colony and nearby Villages. The Company also assisted installation of Key Medical Equipment, Oxygen Storage System, etc. in nearby Govt. Hospitals.

## PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197, read with Rule 5 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014, is furnished in Annexure - VIII.

## CASH FLOW STATEMENT

As required under Regulation 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Cash Flow Statement is attached to the Balance Sheet.

## INDUSTRIAL RELATIONS

Relations between the Management and Employees were cordial throughout the year under review. The five year wage / salary agreement with labour unions / staff association expired on March 31, 2019. Negotiations are underway for a new agreement which will be effective from April 01, 2019.

## DIRECTORS

During the FY 2020-21, Tamilnadu Industrial Investment Corporation (TIIC) withdrew the nomination of Tmt. E Sundaravalli, IAS and in her place nominated Tmt. Sigy Thomas Vaidhyan, IAS (Managing Director, TIIC) as its Nominee Director on the Board of our Company. Tmt. Sigy Thomas Vaidhyan, IAS, was appointed as an Additional Director on the Board of the Company on November 07, 2020. She was later appointed by the Shareholders of the Company, vide Postal Ballot on December 22, 2020, as Nominee Director not liable to retire by rotation.

Also, during the year, Tamilnadu Government withdrew the nomination of Sri Deepak Srivatsava, IFS and in his place nominated Dr. Shekhar Kumar Niraj, IFS, the Special Secretary to Government, Environment and Forests Department, as its Nominee Director on the Board of our Company. Dr. Shekhar Kumar Niraj, IFS, was appointed as an Additional Director on the Board of the Company on November 07, 2020. He was later appointed by the Shareholders of the Company, vide Postal Ballot on December 22, 2020, as Nominee Director liable to retire by rotation.

Your Directors place on record the valuable services rendered by Tmt. E Sundaravalli, IAS and Sri Deepak Srivatsava, IFS, during their tenure as Directors of the Company.

All the Independent Directors have given the declaration that they meet the criteria on independence, as laid down under Section 149(6) of the Companies Act, 2013. The performance evaluation of Independent Directors has been done by the entire Board of Directors, excluding the Director being evaluated at the Board Meeting held on March 26, 2020. The Board, on the basis of such performance evaluation determined to continue the term of appointment of all Independent Directors.

## AUDITORS

M/s Maharaj N R Suresh & Co LLP (renamed during the year from M/s Maharaj N R Suresh & Co. to M/s Maharaj N R Suresh & Co LLP,

on conversion of the partnership firm into LLP) and M/s R Subramanian and Company LLP Chartered Accountants continue to be the Statutory Auditors of the Company.

Particulars of Statutory Auditors, Cost Auditors, Internal Auditors and the Secretarial Auditors have been given in the Corporate Governance Report that forms an integral part of this report. Secretarial Audit Report, as required by Section 204(1) of the Companies Act, 2013, is attached in Annexure - IX.

## ACKNOWLEDGEMENT

The Directors place on record their great appreciation of the tireless efforts of all the Executives and Employees of the Company for their commendable performance in achieving excellent financial results, in a year of great challenges. The Directors also express their sincere thanks to the Government of India, Government of Tamilnadu and Commercial Banks, for their understanding, guidance and assistance and Indentors, Customers, Farmers, Suppliers and Shareholders, for their excellent support, at all times.

On behalf of the Board

N GOPALARATNAM
Chairman

Erode
May 08, 2021

Annexure - I

## REPORT ON MANAGEMENT'S DISCUSSIONS AND ANALYSIS

### (i) Industry Structure and Developments

**Global**

Paper Industry, occupies a prestigious position, among the various manufacturing enterprises, in view of its significant contribution to the Society. Role of paper in promotion of literacy and education, propagation of information and knowledge and in packaging of commodities of commercial value, makes it an indispensable product. Its hygiene products offer appropriate solutions to society's needs.

Despite predictions that the on-going digital revolution would make paper obsolete, paper remains central to our lives. Paper is interwoven with human life in innumerable ways. Think of the hundreds of times, we touch paper, everyday. Paper is a bio-degradable product with a benign foot print at the end of its life cycle and this adds further strength to this product, promoting its growing usage.

Paper Industry is a significant player in the World Economy. Its annual revenue exceeds US $ 500 billions. World consumption of paper and paper boards grew from 169 million tonnes in 1981 to 253 million tonnes in 1993 and to 352 million tonnes in 2005. Current consumption is in excess of 400 million tonnes. Paper usage has been declining in North America and Europe since 2006 while steeply rising in China and other Asian Economies. About half of the paper produced each year is recycled. (200 million tonnes).

As per Fisher International, share of major players in global production capacity in 2019 was:

| | | | |
|---|---|---|---|
| China | 26% | India | 4% |
| USA | 15% | Germany | 4% |
| Brazil | 6% | Canada | 4% |
| Japan | 5% | Others | 36% |

The four key Paper and Board categories are: Newsprint, Printing and Writing Papers, Paper Boards for packaging applications, Tissue Papers & other Speciality Papers. Packaging grades account for over 55% of consumption, printing and writing grades over 32%, tissue papers 8-10% and others about 3%.

Tissue and packaging grades are expected to witness higher growth rates, in future while newsprint and printing and writing grades may witness declining trend.

Global demand for paper and paper board is forecast to grow to 482 million tonnes in 2030, or 1.1 per cent per year, according to a global paper market insight study by Poyry Management Consulting. The study forecasts the graphic paper market facing huge challenges, in particular, due to shrinking of demand for newsprint as well as uncoated and coated wood containing and wood free papers. Demand for tissue paper, container boards and carton board, is expected to grow upto 2030, driven by increasing packaging needs in emerging markets, booming e-commerce and the growing demand for convenience food and consumer goods. The annual consumption of packaging material and tissue / hygiene products is estimated to rise by upto 2.9 per cent.

As per "Paper-360" - a publication of TAPPI, healthy gains in packaging and tissue outweighed the slide in graphic paper demand in 2016, allowing global paper and paperboard demand to grow by 1 percent, or 3.9 million metric tonnes.

This growth comes despite global graphic paper demand shrinking by 2.6 percent in 2016, its second-worst performance ever outside of a recession. The worst non-recession performance by global graphic paper demand occurred in 2015, when global paper and paperboard demand's anemic growth of just 0.3 per cent also represented its worst non-recession year ever.

Paper Industry, is often at the receiving end from environmental activists who are wary of the

environmental footprint of this resources-intensive industry. As per European Environmental Paper Network (EEPN), Paper Industry should enable a clean, healthy, just and sustainable future for all life on Earth. EEPN's vision encompasses 7 principles; namely: Reduce global paper consumption and promote fair access to paper, maximize recycled paper content, ensure social responsibility, source fibre responsibly, reduce green house gas emissions, ensure clean production and ensure transparency and integrity.

China is the largest producer and consumer of paper and boards more than 100 million tonnes annually. China is also the biggest importer of recovered paper and producer of recycled paper. The Chinese Environment Paper Network (CEPN) has flagged its major concerns like, Pollution of water from untreated mill effluent, unsustainable sourcing of fibre for Mills, imports of pulp from countries causing deforestation, insufficient levels of wastepaper recovery and wasteful use of paper.

According to RISI, in China, graphic markets have transformed because of use of electronic media and economic restructuring in recent years. China's economic growth has slowed from 9 - 10% per annum in 2009-10 to close to 7% in 2014-15 and to less than 7% last year as the Govt. seeks to re-orient the economy from investment driven growth to consumption driven growth. This, combined with a major shift toward digital media usage has slowed Chinese graphic paper demand growth. RISI estimates that demand declined 1% - 2% from 2014-15, a strong contrast to the 6% - 7% demand growth that the market experienced from 2009-10, onwards.

"Post COVID-19, the pandemic has caused widespread concern and economic hardship for consumers, businesses and communities across the globe. Manufacturers are facing unique challenges caused by the crisis and forest paper and packaging producers are no exception" as per a Report from PWC.

The report adds that the Companies in the sector must navigate the challenge of simultaneously safeguarding employee wellbeing, managing potentially disrupted supply chains and evaluating tumultuous economic and capital market conditions.

"Paper 360" (a TAPPI publication) has provided the following sectoral assessment of impact of COVID-19 in the year 2020.

**Printing & Writing Paper**

Printing & writing suffered its worst decline in 2020, with operating rates tumbling to as low as 50% during the worst of the crisis, in the U.S. However, the sector began to recover from Aug 20 onwards.

Global demand is estimated at 102 million tonnes and an increase of 1.8 million tonnes is expected in 2021.

In North America, demand was expected to drop by 22.6% in 2020. For the total graphic paper sector, since 2015, nine million tonnes of capacity have closed of which half was converted into other grades.

**Packaging Grades**

In the last couple of years, a global downturn in manufacturing followed by Covid-19, has hurt paper & packaging demand. China and Europe have suffered big drops in 2020.

In 2019, global demand for packaging was 265 million tonnes with Asia accounting for about 40% of demand. In North America, two thirds of demand is for container board which is closely tied to the manufacture of consumer goods. Carton Board is about 25% of the market, balance was met by wrapping and industrial grades.

There has been a 36% drop in away from home activities in North America. Cup-stock demand fell sharply due to sudden loss of demand from entertainment sector.

In Europe demand growth is slowing and over-supply is developing with one million tonnes of new capacity added in 2020.

In Asia, Chinese recovered paper policies are changing the way Companies are operating around the globe. Chinese container board production fell by 4 million tonnes in 2020. In rest of Asia, demand has declined but should rebound in 2021. Shifts in retail trade are giving a boost to corrugated demand.

Overall, an annual increase of 1.5% is expected through 2022.

**Tissue**

Everything, seems to have changed for Tissue market in 2020.

Consumer Tissue sales boomed while AfH (Away from Home) sales suffered. North America, Europe and Australia were hit hard, because extra capacity was not available to fill demand. In China, excess capacity in the industry helped to increase production even though some mills closed down for about 8 weeks.

In the short term, in the USA, impact will definitely be positive for the at-home sector. While AfH, suffered most in 2020, the outlook for AfH is still positive. In 2019, global tissue consumption was 40.6 million tonnes, Asia accounted for 39% share of this market. Continued growth is expected in this sector through 2022.

In western Europe, a growth of 1.8% is estimated in 2020, which may go down to 0.5% in 2021.

In China, the growth rate is estimated at 6% - 7% in 2020.

**Market Pulp**

Pulp consumption growth has softened as frenzied pace in Tissue consumption eases and graphic papers hit a low point in the cycle. In all, in 2020, there is likely to be a 5% collapse in the world paper demand i.e. about 20 million tonnes. Consequently a decline in market pulp demand by around 2.5 million tonnes is estimated in 2020. However, demand is expected to rebound in 2021 and 2022.

According to CRISIL, during 2020, operating rates of printing & writing segment would drop to 50-55% in 2020 from 72% in 2019 before gradually improving to 65-70% by 2024.

**Domestic**

India's paper production is estimated at about 20 million tonnes. IPMA estimates the domestic market size of paper to be around 18.6 million tonnes per annum. By 2025, consumption is projected to rise to 23 million tonnes. As per FAO, India's paper production is around 17.28 million tonnes in 2018. FAO also estimates India's imports at 1.5 million tonnes and imports at 2.86 million tonnes. Thus 18.64 million tonnes will be India's domestic market size.

The Indian Pulp and Paper Industry provides direct employment to 5.0 lakhs persons and indirectly 15.0 lakhs persons. Annual turnover of the industry is over INR 70,000 crores.

About 1 million tonnes of paper production capacity is to be created in India on annual basis, over the current capacity, to meet growing demand. The Indian Pulp and Paper Industry has made significant capital investment to ramp up capacities, but the gestation period is long and economic viability of operations has been impacted significantly by raw material scarcity and high prices as well as rising import.

India ranks as the 5$^{th}$ largest producer of paper in the world. However, the Indian Paper Industry accounts for a meagre 4% of global paper demand. The per-capita consumption of 14-15 kgs is significantly lower than the world average of around 57 kgs. India's per capita consumption is considerably lower than China's 65 kg, Indonesia's 22 kg, Malaysia's 25 kg, and of course USA's 312 kg consumption levels. This indicates the ample scope available for expansion of the Indian Paper Industry.

While the market size and per capita consumption are relatively low, they have exhibited a rising trend over past several years, from 9.3 million tonnes in 2008 to 17.37 million tonnes in 2016. As per CARE Ratings, the total

paper consumption has grown at a CAGR of around 6.4% over last decade with none of the last ten years showing a decline in consumption demand. The long-term demand outlook for the Indian paper industry remains favorable, driven by increasing literacy levels, growth in print media (particularly in the vernacular languages), higher government spending on education sector, changing urban lifestyles as well as economic growth. Given that these factors are likely to be sustained, the paper industry is likely to continue growing at a rate of 6-8% per annum in the medium to long term although there may be aberrant years given the cyclical nature of the industry.

A CRISIL study indicates that demand for P&W paper would fall by a sharp 25-30% in fiscal 2021 because of 1) most of the schools and colleges are shut and shifted to digital based education, 2) fall in demand from office space as majority of them are working from home and also fall in advertising spaces and bill boards, 3) Govt ban on printing & distribution of all kinds of diaries, calendars and festival greeting cards by all ministries, depts & public sector undertaking from 2021 to cut costs and promote digitalisation.

However, demand is expected to pick up and grow by 11-15% year on year in fiscal 2022 with schools, colleges and office spaces are likely to open and drive the demand.

Going ahead, CRISIL expects demand for P&W paper to grow at a muted 1-3% CAGR and reach 5.5 million tonnes by fiscal 2025. Enrolment of students is expected to increase at a relatively faster pace of 0.5 - 1% CAGR over the next 3 years, compared with de-growth of 0.4% CAGR during the past 3 years. Also with new education policy, coming into effect and a gradual rise in education spend by the Govt (~20% higher spend) and increased thrust on education are likely to support demand for creamwove and maplitho (60-65% P&W segment).

Demand for copier paper (~20% of P&W segment) is expected to increase at 3 - 4% CAGR through fiscal 2025, primarily on account of moderation of spends on stationary by corporates due to focus on digital based commercial.

Demand growth for coated paper is expected to remain moderate at 1-2% CAGR led by slow down in the circulation of magazines and newspapers.

According to the CRISIL study,

- ◊ Paperboard demand is expected to de-grow 4-7% on year in fiscal 2021, on account of muted demand across major end-user industries along with lower export demand (paperboard used for packaging of goods). In fiscal 2020, paperboard demand registered a moderate growth 3.9% on-year due to moderation in demand from FMCG and consumer durables sectors. However, we expect growth to recover to 5-6% CAGR in the next five fiscals to -12.5 million tonne by fiscal 2025. This revival will largely emanate from growth in sectors such as consumer durables, readymade garments, FMCG, pharmaceuticals: and rising penetration of e-commerce during this period.
- ◊ In the current fiscal, demand for consumer durables is expected to de-grow 20-25% in volume terms but recover and increase at 3-4% CAGR between fiscals 2020 and 2025. This will be marked by better affordability, shorter replacement cycles, multiple ownership (in case of CTVS) and low penetration levels (in case of other appliances such as room ACs).
- ◊ FMCG volumes are expected to remain flat this fiscal, which is the major demand driver for paperboard. But over the long term, rise in population and gradual increase in private spends would keep demand from the FMCG segment afloat.
- ◊ Demand from the readymade garment industry, too, is expected to de-grow 25-30% on-year in volume terms this fiscal. However, long-term demand is expected to remain steady at 4-6% CAGR.

◊ E-retailing growth is expected to register a healthy 15-20% growth this fiscal but rapidly rising shipments in the e-retail industry (estimated at 1.2-1.5 million shipments per day) and rise in penetration levels in overall retail will provide a fillip to the volumes within the segment over the medium term.

◊ Similarly, Pharma is also expected to grow by a healthy 9-11% on-year, supporting the paperboard demand.

Within paperboard, the consumer packaging segment (40-50% of volumes), is expected to clock 5.5-6.5% CAGR up to fiscal 2025, driven by rise in demand for FMCG, pharmaceuticals, cosmetics and apparels. Higher disposable income and higher demand for ready-to-eat foods will support overall volumes. Demand from pharmaceuticals will also be aided by increased exports and new drug launches. Further the ban on single-use plastics is expected to augur well for the paper industry.

CRISIL Research expects demand for specialty paper to increase 8-11% on-year in fiscal 2021, driven by strong demand for Tissue paper. "Over the next five fiscals, we expect this segment to grow at robust 10-12% CAGR to -1.8 million tonne by fiscal 2025 from-1.1 million tonne in fiscal 2020. The main varieties of specialty paper are: tissue, decor. thermal fine printing. cigarette, and business card paper.

Rise in urbanisation, emphasis on hygiene through increased government thrust (via initiatives such as Swatch Bharat), and steady rise in healthcare and hospitality demand will lead to rise in demand for tissue paper consumption. Moreover, rise in the number of cashless transaction (ATM. debit/credit card purchase, etc.) and increased billing (owing to rise in share of organised retailing) will boost demand for thermal paper. Increased usage of tissues, napkins, toilet and towel grade paper coupled with increasing penetration of international brands such as Paseo, Tempo, etc. will lead to healthy demand for the segment."

In fiscal 2021, demand for newsprint is expected to de-grow sharply by 30-35% on account of severe contraction of newspaper circulation and reduction in no of pages. Demand for newsprint is expected to de-grow at 4-5% CAGR between fiscals 2020 and 2025 on account of decrease in circulation of both vernacular as well as English newspapers due to increased smartphone and internet penetration and shift in preference towards e-newspaper.

While fortunes of the Paper Industry appears muted in 2021-22, according to Poyry, Indian Paper Industry will witness highest annual growth of about 6.5% per annum while China's growth is projected to be in the order of 5.25%, in the near term. North America and Japan may witness marginal or negative growth. Amongst the various grades, Container Boards, Tissue Paper, followed by Carton Boards will witness higher rates of growth, while growth rate of Coated / Uncoated wood-free Paper is expected to be under 2%.

**(ii) Opportunities and Threats**

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

◊ its large and growing domestic paper market and potential for export.

◊ Government's thrust for improving education and literacy levels in the Country.

◊ growing urbanisation and e-commerce activities.

◊ fast growing contemporary printing sector.

◊ availability of qualified technical manpower with capability to design, build and manage world scale pulp and paper mills.

◊ well established Research and Development (R & D) facilities / activities encouraging innovation.

◊ potential for creation of sustainable raw material base through farm plantations for wood and agro residues.

The following competitive weaknesses and threats confront the Industry:

◊ high cost of raw materials, including wood, non-wood and waste paper.

◊ poor collection of used paper resulting in low recovery rate and undue dependence on imports to meet domestic needs.

◊ absence of policy measures for creation of sustainable raw material base through industrial plantations and used paper recovery.

◊ likely closures, owing to increasingly stringent environmental regulations.

◊ lack of global competitiveness in cost and consistency in quality of products.

◊ increasing imports consequent on numerous Regional Trade Agreements (RTAs) / Free Trade Agreements (FTAs) entered into by the Govt without adequate safeguards.

◊ increasing competition from electronic media and digital communication alternatives.

Paper Industry is capital intensive and yields poor returns on investments. To enhance the competitiveness of the Industry, Govt must address the issues of creation of robust raw material base as well as extending fiscal incentives for assimilation of eco-friendly technologies, etc.

International Competitiveness is the key issue that is confronting the Indian Paper Industry, today especially in the context of Government's resolve to bring down import tariff every year and RTAs/ FTAs entered into with ASEAN / SAARC countries.

The major players, alive to the emerging international threats, have been aggressively pursuing quality improvement programmes, coupled with cost rationalisation and capacity additions. Increasingly, more up-to-date technologies are sought to be implemented, with added focus on environmental compliance.

**(iii) Segment-wise or Product-wise performance**

The Company is a single product Company and hence segment-wise or product-wise performance is not provided.

**(iv) Risks and Concerns**

◊ Unprecedented and rapid spread of Covid-19 and its impact on economic recovery affecting the industry's futures.

◊ Disruptions in supply-chain affecting availability and prices of key input materials as well as in shipping costs.

◊ Post COVID-19, a huge downturn in the fortunes of Paper Industry is predicted, given the hit on demand from education, corporate and print media sectors due to the prolonged nation-wide lockdown.

◊ Printing and writing paper segment which is the prime grade among Company's products, is expected to be impacted more severely in the near term.

◊ The Company is taking necessary steps to weather this storm by expanding its product-mix to include Carton Boards, Virgin Kraft and Absorbent Kraft and by strengthening its marketing network, as well as the supply chain in addition to maintaining its liquidity to overcome extended periods of low-sales and poor revenue collections.

◊ Failure of Monsoon and absence of water flow in the River Cauvery, from where the Company draws its water requirements, had created anxious moments to the Company

in the past. Such contingency has recurred in the last season forcing the Company to curtail production of certain grades and alter the product mix. Further, inter-state sharing of River Cauvery water has become a political / legal issue in recent times. The Company is taking various initiatives to curtail quantum of water used in the process and has taken steps to identify ground water resources (which are meagre) within the Mill's premises.

◊ Continuous failure of monsoons resulting in scanty rainfall in the State of Tamil Nadu, had also affected substantially planting of sugarcane. This had brought down, significantly the availability of cane for 'crushing' by sugar mills in the State, including by our Group Company, Ponni Sugars. Bagasse availability, consequently, has been significantly affected in the past. This trend continues.

◊ While there has been some improvement in the availability of wood from within the State, unprecedented shortage of wood felt in the neighbouring State of Andhra Pradesh in 2013-14, which has been the primary sourcing point for the Andhra based mills and few upcountry Mills had forced these mills to turn to Tamil Nadu for meeting, at least a part, of their shortfall. This has seriously affected the availability and cost of wood for the Tamil Nadu based mills.

◊ With this mismatch of supply and demand, price of casuarina wood had skyrocketed by over 50% during 2013-14 & 2014-15, causing serious erosion in the profitability of operations. If this trend is to resurface again in future, the Company may have to resort to import of wood logs / chips at higher prices, to sustain production. The supply side constraints have since eased, and availability of wood improved.

◊ The Company has taken steps to step-up production of clonal seedlings and bare-rooted seedlings by the Company's nursery as well as by the Company sponsored nurseries, to support planting of nearly 16 crores of Casuarina and Eucalyptus seedlings in about 20,000 acres by small and marginal farmers in Tamil Nadu.

◊ The Company depends entirely on imported coal for operating its Captive Power Plant. The price of imported coal witnessed an unprecedented increase of more than 100% during 2007-08. Prices which softened from second half of 2008-09, have shown a rising trend currently. Presently, Coal prices have shot up by 70-80% over the previous year. Profitability of the Company will be impacted by price increases as well as by weakening of Indian Rupee.

◊ Undue haste in reducing tariffs, for imports from countries covered by Government of India's RTAs / FTAs, will likewise expose the Industry to inexpensive imports from low cost producers of paper.

◊ Undue fluctuation in the exchange rate between Indian Rupee and US Dollar will impact the margins of the Company.

**(v) Outlook for 2021-22**

Paper Industry which was one of the worst hit in the wake of the COVID-19 pandemic, has been witnessing signs of revival from Q4 of 2020-21 onwards.

However, the escalating second wave of COVID-19 infection poses serious down-side risks to the economy and heightens the possibility of business disruptions - according to a S&P Global Ratings report.

Indian Rating Agency ICRA has observed that the rise in infections was dampening the economic recovery with several indicators losing momentum in April 2021.

Indian Paper Industry went through one of its toughest phases in its history with Covid-19 affecting demand and disrupting the supply chain. Paper manufacturers encountered serious challenges in operating their units due to lack of orders, suffered huge reduction in capacity utilisation, eroding, substantially the profitability of their units.

This was more pronounced in the case of manufacturers of printing and writing grades whose oftake fell sharply due to closure of schools, colleges and courts as well as from work-from home practices. In addition, galloping oil prices, disruption in availability of containers for export besides huge rise in shipping costs had crippled the industry.

The severity and longevity of the surge in second wave of Covid-19 is unknown at this point of time and hence it is hard to guess the recovery time. Paper Industry's growth, generally, mirrors the growth in the economy and hence an early economic recovery is a pre-requisite for paper industry's revival of fortunes.

The Company, on its part has been taking steps to expand its product portfolio to reduce its dependence on manufacture of printing and writing grades.

As a part of the ongoing MDP III, Paper Machine 2 has been modified to include manufacture of multi-layer boards. This will facilitate 'çup-stock' and 'carton board' manufacture.

The Company has also developed in-house pulp based virgin kraft packaging papers for the food industry. These papers will be able to secure FSSAI (*Food Safety and Standards Authority of India*) certification.

Hopefully, the Covid-19 impact may not last beyond Q2 which will help the industry to put together a quick recovery act.

**(vi) Internal control systems and their adequacy**

- ◊ The Company maintains all its records in ERP system developed in-house and the work flow and majority of approvals are routed through this system.
- ◊ The Company has laid down adequate systems and well drawn procedures for ensuring internal financial controls. It has appointed an external audit firm as Internal Auditors for periodically checking and monitoring the internal control measures.
- ◊ Internal Auditors are present at the Audit Committee Meetings where Internal Audit Reports are discussed alongside of management comments and the final observation of the Internal Auditor.
- ◊ The Board of Directors have adopted various policies, like Related Party Transactions Policy and Whistle Blower Policy and put in place budgetary control and monitoring measures for ensuring the orderly and efficient conduct of the business of the Company, 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.
- ◊ The Company has enlisted the services of an external firm of Chartered Accountants to evaluate the adequacy of the internal financial control systems adopted by the Company. They have expressed satisfaction with the existing internal financial control system prevalent in the Company.
- ◊ The Statutory Auditors have also expressed satisfaction with the existing system in their Audit Report to the Shareholders.

**(vii) Discussion on financial performance with respect to operational performance**

| | 2020-21 (in tonnes) | 2019-20 (in tonnes) |
|---|---|---|
| Production | 1 70 138 | 1 97 547 |
| Sales | 1 39 005 | 1 87 271 |
| | (₹ crores) | (₹ crores) |
| Profit before interest, depreciation, exceptional item and tax | 126.87 | 289.57 |
| Finance Cost | 2.91 | 6.89 |
| Depreciation | 37.60 | 35.00 |
| Exceptional Item | -- | -- |
| **Profit before tax** | 86.36 | 247.68 |

The Management reviewed the significant changes in the financial ratios and the same are presented in this section. The unfavourable movements in the ratios during the FY 2020-21 as compared to FY 2019-20 are mostly attributed to adverse market conditions.

| | | Financial Year | | % Change - Inc / (Dec) | Remarks |
|---|---|---|---|---|---|
| | | 2020-21 | 2019-20 | | |
| 1 | Revenue from Operations (RFO) - ₹ crores | 781.79 | 1183.98 | (-)34.0% | ◊ Drop in Volumes by 25.8% and balance due to drop in Net Realisations. |
| | **Ratios - % on RFO** | | | | |
| 2 | Other Income | 2.5% | 1.9% | 29% | ◊ The drop in the margins, are mainly attributed to lower volumes and drop on realisations. |
| 3 | EBIDTA Margin | 16.2% | 24.5% | (-) 34% | |
| 4 | PBIT Margin (Operating Margin) | 11.4% | 21.5% | (-) 47% | |
| 5 | PAT Margin | 12.8% | 14.7% | (-) 12% | |
| | **Other P&L Ratios** | | | | |
| 6 | Return on Net Worth (PAT / Equity) | 9.1% | 17.6% | (-) 48 % | ◊ Drop in % terms is due to drop in absolute value of PAT. |
| 7 | Interest Coverage Ratio (PBIT / Interest) in times | 30.68 | 36.95 | (-) 17 % | ◊ NIL interest on Bank Borrowings during FY 2020-21. |

| | | Financial Year | | % Change - Inc / (Dec) | Remarks |
|---|---|---|---|---|---|
| | | 2020-21 | 2019-20 | | |
| | **Balance Sheet Ratios** | | | | |
| 8 | Gross Debt (^^) to Equity Ratio | **1 : 142** | **1 : 97** | | ◊ Debt represented in the ratio in current year pertains only to "Interest Free Sales Tax Loan".<br>◊ Bank Borrowings during the Year - NIL. |
| 9 | Net Debt to Capital Ratio | (-) 21.8% | (-) 46.8% | | ◊ Net Debt to Capital Ratio is Negative due to the Cash and Bank Balances being significantly higher than the Gross Debt. |
| 10 | Networth per Share (Face Value of ₹ 2 each) | 174.67 | 156.33 | 12 % | ◊ Networth expanded during the year on account of Current year profits. |
| 11 | Current Ratio ## | 2.64 | 2.61 | | ◊ No major change in the FY 2020-21. |
| 12 | Debtors Turnover Ratio (as a % on RFO) | 10.4% | 6.8% | | ◊ Higher receivables mainly on account of high sales in the month of March 2021 (represented in receivables) disproportionately higher compared to other months in FY 2020-21.<br>◊ The sales were more even in FY 2019-20. |
| 13 | Inventory Turnover Ratio (as a % on RFO) | 29.1% | 14.3% | | ◊ Mainly due to higher Finished Goods Inventory at the end of Current Year, as compared to the previous year. |

^^ Debt Includes Current Maturities of Long Term Loans (grouped under "Current Liabilities" as per Balance Sheet).

## For Current Ratio, Current Liability excludes "Current Maturities on Long Term Loans".

The Company registered lower profits in FY 2020-21 mainly on account of the Covid-19 related market disruptions and consequent lower volumes of production / sales, lower net sales realisations and higher finished goods inventory of Paper at the close of March 31, 2021.

The negative impact, arising out of significant drop in sales volumes and substantial reduction in Net Sales Realisations in the current year, as compared to previous year, was partially offset by the following factors :

- ◊ Improved Operational efficiencies.
- ◊ Optimisation in Raw Material Mix and Chemicals.
- ◊ Lower Interest and Financing Charges, due to repayment of Term Loans and non-utilization of working capital limits.

**(viii) Material developments in Human Resources / Industrial Relations front, including number of people employed**

Relations between the Management and the labour were cordial throughout the year under review. The five year wage / salary agreement with labour unions / Staff Association expired on March 31, 2019. Negotiation are underway for entering into a new agreement.

Currently, the Company employs 1 278 persons of all ranks in its two Units.

Annexure - II

## REPORT ON CORPORATE GOVERNANCE

The principles of Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are complied with in all respects by the Company. The policies, procedures and processes of the Company are at all times directed in furtherance of following the best practices and institutionalising the code of Corporate Governance.

This Report is furnished in terms of Regulation 34(3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Auditors' Certificate on Corporate Governance, as prescribed, is also attached. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to Shareholders.

**Company's philosophy on code of governance**

Corporate Governance has several claimants, viz., Shareholders, and other stakeholders which include suppliers, customers, creditors, bankers, employees of the Company, the Government and the Society at large. The three key aspects of Corporate Governance are accountability, transparency and equality of treatment for all stakeholders. The fundamental objective of Corporate Governance is the "enhancement of Shareholder value, keeping in view the interest of other stakeholders". In the above context, the Company's Philosophy on Corporate Governance is:

- ◊ To have systems in place which will allow sufficient freedom to the Board of Directors and Management to take decision towards the progress of the Company and to innovate while remaining within a framework of effective accountability.
- ◊ To provide transparent corporate disclosures and adopt high quality accounting practices.
- ◊ Timely and proper dissemination of material price sensitive information and ensure insiders do not transact in securities of the Company till such information is made public.
- ◊ To adopt good Corporate Governance policies that will contribute to the efficiency of the enterprise, creation of wealth for the Shareholders and country's economy.

**A Board of Directors**

(i) Board Composition

(a) The composition of the Board is devised in a manner to have optimal blend of expertise drawn from Industry, Management, Finance and Legal.

(b) All except the Chairman, Managing Director and Deputy Managing Director and Secretary are Non-executive Directors and thus constitute more than one-half of the total number of Directors. The Company has a woman Director. The Deputy Managing Director is additionally responsible to continue to discharge the functions of Secretary within the meaning of Section 203 of the Act.

(c) The Managing Director is not liable to retire by rotation. All the other Non-Independent Directors, other than the Nominee Director appointed by TIIC with terms "not liable to retire by rotation", retire by rotation and in the normal course seek re-appointment at the Annual General Meeting. Brief resume of Directors seeking appointment / re-appointment is given in the Notice of the Annual General Meeting (AGM).

(d) No Director holds membership of more than 10 Committees of Board nor is Chairman of more than 5 such Committees, as stipulated in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No Director is a relative of any other Director. The age of every Director, including Independent Director, is above 21.

(e) Shareholder approval, by Special Resolution, is obtained for appointing or continuing the Directorship of an Independent Director beyond 75 years of age and of any Executive Director beyond 70 years of age.

(f) Presently the Company has 5 Independent Directors, 2 nominee directors and 3 executive directors.

The details of the Board of Directors are furnished hereunder:

| Sl No. | Name of the Directors | DIN No. | No. of shares held | Executive / Non Executive Director | Promoter / Independent / Nominee Director |
|---|---|---|---|---|---|
| 1 | Sri N Gopalaratnam | 00001945 | 46155 | Chairman - Executive Director | Promoter Director |
| 2 | Sri V Sridar | 02241339 | Nil | Non Executive Director | Independent Director |
| 3 | Dr S Narayan, IAS (Retd.) | 00094081 | 3190 | Non Executive Director | Independent Director |
| 4 | Sri A L Somayaji | 00049772 | Nil | Non Executive Director | Independent Director |
| 5 | Dr Nanditha Krishna | 00906944 | Nil | Non Executive Director | Independent Director |
| 6 | Sri Mohan Verghese Chunkath, IAS (Retd.) | 01142014 | Nil | Non Executive Director | Independent Director |
| 7 | Tmt. Sigy Thomas Vaidhyan, IAS+ | 08922290 | Nil | Non Executive Director | Nominee of Tamilnadu Industrial Investment Corporation Limited - Non Independent Director, not liable to retire by rotation |
| 8 | Dr Shekhar Kumar Niraj, IFS@ | 08235891 | Nil | Non Executive Director | Nominee of Tamilnadu Government, Non Independent Director |
| 9 | Tmt. E Sundaravalli, IAS$# | 08769721 | Nil | Non Executive Director | Nominee of Tamilnadu Industrial Investment Corporation Limited - Non Independent Director |
| 10 | Sri Deepak Srivastava, IFS# | 08516076 | Nil | Non Executive Director | Nominee of Tamilnadu Government, Non Independent Director |
| 11 | Sri K S Kasi Viswanathan | 00003584 | 2910 | Managing Director - Executive Director | Whole time Director - Non Independent Director |
| 12 | Sri V Pichai | 00263934 | 42695 | Deputy Managing Director & Secretary - Executive Director | Whole time Director - Non Independent Director |

\+ Appointed as Additional Director by the Board on 07 11 2020; Later appointed by the shareholders, vide Postal Ballot, as Nominee Director not liable to retire by rotation, on 22 12 2020.

@ Appointed as Additional Director by the Board on 07 11 2020; Later appointed by the shareholders, vide Postal Ballot, as Nominee Director liable to retire by rotation, on 22 12 2020.

$ Appointed as Additional Director by the Board on 13 07 2020; Later appointed by the shareholders, vide Annual General Meeting, as Nominee Director not liable to retire by rotation, on 08 08 2020.

\# Ceased to be a Directors with effect from 07 11 2020.

(ii) Independent Directors

(a) The Chairman is an Executive and falls under Promoter category. The number of Independent Directors is one-half of the total strength. Any reduction in the strength of Independent Directors is filled within 3 months or the next Board meeting, whichever is later, for ensuring minimum stipulated strength of Independent Directors in the Board.

(b) Independent Directors have been issued Letter of Re-appointment and the terms thereof have been posted on the Company's website www.spbltd.com.

(c) The Company has formulated a familiarisation programme for Independent Directors with the objective of making them familiar with their role, rights and responsibilities, nature of the industry, business model and compliance management. The details of the programme have been uploaded on the Company's website www.spbltd.com.

(d) All the Independent Directors have given the declarations pursuant to Section 149(7) of the Act, affirming that they meet the criteria of independence as provided in Sub Section (6).

(e) In the opinion of the Board all the Independent Directors fulfill the conditions for being appointed as Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(f) No Independent Director has resigned from the Directorship of the Company before the expiry of the term of appointment during the financial year ended March 31, 2021.

(g) All Independent Directors have renewed their registration in the "Independent Director's Databank" as maintained by Indian Institute of Corporate Affairs (IICA) and the details are furnished hereunder :

| Name of the Independent Director | Registration No. in Independent Director's Databank | Valid From | Valid To |
|---|---|---|---|
| Sri V Sridar | IDDB-DI-202001-006974 | 31 01 2020 | 30 01 2026 |
| Dr S Narayan, IAS (Retd.) | IDDB-DI-202001-004586 | 08 01 2020 | 07 01 2022 |
| Sri A L Somayaji | IDDB-DI-202002-007850 | 05 02 2020 | 04 02 2022 |
| Dr Nanditha Krishna | IDDB-DI-202001-006255 | 25 01 2020 | 24 01 2026 |
| Sri Mohan Verghese Chunkath, IAS (Retd.) | IDDB-DI-202002-011036 | 17 02 2020 | 16 02 2025 |

(h) In terms of the amended provision of Rule 6(a)(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors have been granted exemption from the online Proficiency test conducted by the IICA.

(iii) Attendance of each Director, at the Board Meetings held during the financial year 2020-21 and at the last Annual General Meeting, is furnished hereunder:

| Sl No. | Name of the Directors | Board Meetings | | Last Annual General Meeting | |
|---|---|---|---|---|---|
| | | Held | Attended | Attended | Not attended |
| 1 | Sri N Gopalaratnam | 6 | 6 | Yes | -- |
| 2 | Sri V Sridar | 6 | 6 | Yes | -- |
| 3 | Dr S Narayan, IAS (Retd.) | 6 | 6 | Yes | -- |
| 4 | Sri A L Somayaji | 6 | 6 | Yes | -- |
| 5 | Dr Nanditha Krishna | 6 | 6 | Yes | -- |
| 6 | Sri Mohan Verghese Chunkath, IAS (Retd.) | 6 | 6 | Yes | -- |
| 7 | Tmt. Sigy Thomas Vaidhyan, IAS + | 6 | 2 | -- | Yes |
| 8 | Dr Shekhar Kumar Niraj, IFS @ | 6 | 3 | -- | Yes |
| 9 | Tmt. E Sundaravalli, IAS $# | 6 | 2 | Yes | -- |
| 10 | Sri Deepak Srivastava, IFS # | 6 | 1 | -- | Yes |
| 11 | Sri K S Kasi Viswanathan | 6 | 6 | Yes | -- |
| 12 | Sri V Pichai | 6 | 6 | Yes | -- |

\+ Appointed as Additional Director by the Board on 07 11 2020; Later appointed by the shareholders, vide Postal Ballot, as Nominee Director not liable to retire by rotation, on 22 12 2020.

@ Appointed as Additional Director by the Board on 07 11 2020; Later appointed by the shareholders, vide Postal Ballot, as Nominee Director liable to retire by rotation, on 22 12 2020.

$ Appointed as Additional Director by the Board on 13 07 2020; Later appointed by the shareholders, vide Annual General Meeting, as Nominee Director not liable to retire by rotation, on 08 08 2020.

\# Ceased to be a Directors with effect from 07 11 2020.

(iv) Number of other Company Boards or Board Committees in which each of the Directors of the Company is a Member or Chairperson, as on March 31, 2021:

| Sl No. | Name of the Directors | Other Boards | | Other Board Committees | |
|---|---|---|---|---|---|
| | | Number | Member / Chairperson | Number | Member / Chairperson |
| 1 | Sri N Gopalaratnam | 4[@] | 4 - Chairman | 2 | 2 - Chairman |
| 2 | Sri V Sridar | 3 | 3 - Member | 2 | 1 - Chairman<br>1 - Member |
| 3 | Dr S Narayan, IAS (Retd.) | 7[$] | 7 - Member | 5 | 4 - Chairman<br>1 - Member |
| 4 | Sri A L Somayaji | 3* | 3 - Member | 1 | 1 - Chairman |
| 5 | Dr Nanditha Krishna | 4[#] | 4 - Member | -- | -- |
| 6 | Sri Mohan Verghese Chunkath, IAS (Retd.) | -- | -- | -- | -- |
| 7 | Tmt. Sigy Thomas Vaidhyan, IAS | 5[%] | 5 - Member | -- | -- |
| 8 | Dr Shekhar Kumar Niraj, IFS | -- | -- | -- | -- |
| 9 | Sri K S Kasi Viswanathan | -- | -- | -- | -- |
| 10 | Sri V Pichai | 3[+] | 3 - Member | -- | -- |

@ Includes 1 Private Limited Company.
$ Includes 2 Private Limited Company.
* Includes 1 Private Limited Company.
# Includes 3 Private Limited Companies.
% Includes 1 Private Limited Company.
+ Includes 3 Private Limited Companies.

(v) Directorship in other listed entities as on 31 03 2021:

| Sl No. | Name of the Directors | Name of the other listed entity | Category |
|---|---|---|---|
| 1 | Sri N Gopalaratnam | a) Ponni Sugars (Erode) Ltd<br>b) High Energy Batteries (India) Ltd | Promoter Director |
| 2 | Sri V Sridar | a) Ponni Sugars (Erode) Ltd | Independent Director |
| 3 | Dr S Narayan | a) Dabur India Limited<br>b) Artemis Global Life Sciences Ltd<br>c) Artemis Medicare Services Limited<br>d) IIFL Wealth Management Limited | Independent Director |
| 4 | Sri A L Somayaji | a) High Energy Batteries (India) Ltd | Independent Director |
| 5 | Dr Nanditha Krishna | a) Ponni Sugars (Erode) Ltd | Independent Director |

(vi) Core skills / expertise / competence of Directors :

The Company operates two Paper Plants, one at Erode and another at Tirunelveli. The core skills/ expertise / competencies identified by the Board, as required in the context of its business and its operations are:

- ◊ Hands on experience in operating and managing manufacturing business.
- ◊ Expertise in finance, including treasury and foreign exchange.
- ◊ Expertise in overall management and administration.
- ◊ Exposure to global trade and practices.
- ◊ Commitment to comply with legal and regulatory norms.
- ◊ Social and environment consciousness.

The Board is satisfied that its Directors possess requisite skills for the effective functioning of the Company.

| Sl No. | Name of the Directors | Core skills / Expertise / Competence |
|---|---|---|
| 1 | Sri N Gopalaratnam | ◊ Mechanical Engineer with nearly 5 decades of Specialisation in project and operational management of process industries.<br>◊ Has over two decades of experience in leading SPB-ESVIN Group of Companies and steering them to higher growth trajectories. |
| 2 | Sri V Sridar | ◊ He is a Science Graduate and a Chartered Accountant with a brilliant academic record.<br>◊ He has to his credit more than three decades (1975 to 2007) of service in large public sector nationalised Banks, with rich experience in Banking, Finance and General Management.<br>◊ He has held several high positions in Commercial Banks and National Housing Bank.<br>◊ He served as Chairman and Managing Director of UCO Bank from 2004 until 2007. |
| 3 | Dr S Narayan, IAS (Retd.) | ◊ He has to his credit nearly four decades (1965 to 2004) of public service in the State and Central Governments, in Development administration.<br>◊ Lastly (2003-04), he was Economic Adviser to the Prime Minister and was responsible for implementation of economic policies of several Ministries.<br>◊ His special interests include public finance, investment policy, energy policy, commodities and mining, governance issues and international trade. He travels widely and lectures at several international fora. |
| 4 | Sri A L Somayaji | ◊ Eminent Senior Advocate.<br>◊ He has served as Advocate General, Government of Tamilnadu.<br>◊ He is in the Editorial Board of 'Supreme Today', 'Current Tamilnadu Cases', 'Labour Law Journal' and 'Sales Tax Cases'. He is legal advisor to various Corporates. |

| Sl No. | Name of the Directors | Core skills / Expertise / Competence |
|---|---|---|
| 5 | Dr Nanditha Krishna | ◊ She is an authority on Indology and an Environmental educationist. She is a writer on Indian Arts and Culture, Environmental History and Ecological Heritage of India and Cambodian Art.<br>◊ She has undertaken numerous Research Projects. She is a regular publisher of books and Editor of Eco News and Indian Journal of Environment Education. She has won several awards and recognitions for her outstanding works. |
| 6 | Sri Mohan Verghese Chunkath, IAS (Retd.) | ◊ He holds a post-graduate degree in Zoology. He belongs to the 1978 batch of IAS Officers.<br>◊ In 2014, as Chief Secretary, he was heading the Tamil Nadu State Department of Environment and Forests.<br>◊ Mr Chunkath has held various positions, including that of Collector of Dharmapuri District, Secretary in charge of Higher Education Department, Chairman-cum-Managing Director of the Tamil Nadu Energy Development Agency.<br>◊ He was in charge of Auroville, Puduchery as its Administrator. |
| 7 | Tmt. Sigy Thomas Vaidhyan, IAS | ◊ She is currently the Managing Director of The Tamilnadu Industrial Investment Corporation Limited (TIIC) (Government of Tamilnadu Undertaking).<br>◊ She is nominated to the Board by TIIC, the largest shareholder of the Company. |
| 8 | Dr Shekhar Kumar Niraj, IFS | ◊ He currently serves as Special Secretary (Forests) in Government of Tamilnadu.<br>◊ He is nominated to the Board by the Tamilnadu Government. |
| 9 | Sri K S Kasi Viswanathan | ◊ He is a Chemical Engineer (B Tech. from the Regional Engineering College, Trichy and MMS from University of Madras).<br>◊ He has to his credit nearly 42 years of Industrial experience, majority of which has been with the SPB-Esvin Group Companies. He has gained excellent exposure in management of integrated paper mills, besides Project Implementation. |
| 10 | Sri V Pichai | ◊ He is a Chartered Accountant and a Company Secretary.<br>◊ His qualifications are B.Com., ACA, ACS and CAIIB. He has to his credit nearly 46 years of experience.<br>◊ He has managed admirably various functional areas of the Company viz., Accounts, Finance, Legal, Taxation, Secretarial, etc. |

(vii) Directors' and Officers' Liability Insurance

The Company has proactively taken Directors and Officers Liability insurance covering both Independent and Non-Independent Directors for such sum and risks as determined by the Board as necessary and expedient.

**B Board Process**

(i) Board Meetings

The Board meeting dates for the entire financial year are tentatively fixed before start of the year. An annual calendar of Board / Committee meetings is circulated to facilitate Directors plan their schedules for attending the meetings. Audit Committee and Board meetings are convened on two consecutive days to obviate avoidable travel and recognizing time constraints of Independent Directors.

Notice for Board meeting is issued normally three weeks in advance. Detailed Agenda papers are circulated one week in advance. During the financial year 2020-21, Six Board Meetings were held on May 30, 2020, July 13, 2020, August 07, 2020, November 07, 2020, February 06, 2021 and March 27, 2021. The Annual General Meeting was held on August 08, 2020. Interval between any two meetings was not more than 120 days.

All the six Board Meetings were conducted through Video Conferencing (VC), the recoding of which are preserved by the Company, as required under the Companies Act, 2013 and the relevant Rules and Regulations made thereunder.

(ii) Board Proceedings

Board Meetings are governed by structured Agenda containing comprehensive information and extensive details that are circulated at least one week in advance. Urgent issues and procedural matters are at times tabled at the meeting with prior approval of Chairman and consent of all present. Power point presentation is made to facilitate pointed attention and purposive deliberations at the meetings.

The Board periodically reviews compliance reports of all laws applicable to the Company and takes proactive steps to guard against slippages and take remedial measures as appropriate. The Board is apprised of risk assessment and minimization procedures that are periodically reviewed. The Board is committed to discharge all key functions and responsibilities as spelt out in the Companies Act, 2013, extant SEBI Regulations and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The governance process includes an effective post-meeting follow-up, review of ATR (Action Taken Report) and reporting process for decisions taken pending approval of Board.

During the Financial Year 2020-21, the Board has accepted the recommendation of respective Committees of the Board which are mandatorily required, for approval of the Board.

(iii) Board Minutes

Draft Board minutes prepared by the Company Secretary are placed at the meeting and updated for changes based on discussions thereat. After approval by Chairman, these are placed at the succeeding meeting for confirmation and record.

**C Board Committees**

(i) Audit Committee

The Board has constituted an Audit Committee comprising four Non Executive Independent Directors and the Chairman of the Board, with more than two-third being Independent Directors. The Chairman of Audit Committee is an Independent Director and is present at the Annual General Meetings of the Company. It meets at regular intervals

not exceeding 120 days between any two meetings and subject to a minimum of 4 meetings in a year. The Managing Director (CEO) and Deputy Managing Director & Secretary who is also the CFO are present as invitees while Statutory Auditors, Cost Auditor and the Internal Auditor are also present in most meetings. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee conforms to Section 177 of the Act and extant SEBI guidelines in all respects concerning its constitution, meetings, functioning, role and powers, mandatory review of required information, approved related party transactions and accounting treatment for major items. Appointments of Statutory Auditors, Cost Auditor, Secretarial Auditor and Internal Auditor are done on the recommendations of the Audit Committee.

During the year the Audit Committee met five times on May 29, 2020, August 07, 2020, November 06, 2020, February 05, 2021 and March 26, 2021.

All the five Audit Committee Meetings were conducted through Video Conferencing (VC), the recoding of which are preserved by the Company, as required under the Companies Act, 2013 and the relevant Rules and Regulations made thereunder.

Its composition and attendance during FY 2020-21 are given hereunder :

| Name of the Directors | Audit Committee Meetings | |
|---|---|---|
| | Held | Attended |
| Sri V Sridar # | 5 | 5 |
| Sri N Gopalaratnam @ | 5 | 5 |
| Dr S Narayan, IAS (Retd.) & | 5 | 5 |
| Sri A L Somayaji & | 5 | 5 |
| Sri Mohan Verghese Chunkath, IAS (Retd.) & | 5 | 5 |

\# Chairman of the Committee - Independent Director.

& Member of the Committee - Independent Director.

@ Member of the Committee - Non-Independent Director.

Members of the Audit Committee have requisite financial and management expertise. They have held senior positions in Government / reputed organisations.

Sri V Sridar is the Chairman of the Audit Committee who is an Independent Director and is present at the Annual General Meeting of the Company. Sri V Pichai, Deputy Managing Director & Secretary, acts as the Secretary to the Committee.

(ii) Nomination cum Remuneration Committee

The Company has a Nomination cum Remuneration Committee (NRC) of the Board which currently consists of three Independent Directors:

Its composition and attendance during FY 2020-21 are given hereunder :

| Name of the Directors | No. of Meetings | |
|---|---|---|
| | Held | Attended |
| Sri V Sridar # | 3 | 3 |
| Dr S Narayan, IAS (Retd.) & | 3 | 3 |
| Sri A L Somayaji & | 3 | 3 |

\# Chairman of the Committee - Independent Director.

& Member of the Committee - Independent Director.

The Chairman of the Committee is an Independent Director and is present at the Annual General Meetings of the Company.

The powers, role and terms of reference of the Committee cover the areas as contemplated under Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, besides other terms as may be referred by the Board of Directors. The role includes :

- ◊ Formulation of criteria for determining qualifications, positive attributes and Independence of a Director.
- ◊ Recommending to the Board (a) a remuneration policy for Directors, Key Managerial Personnel and senior management (b) all remuneration, in whatever form, payable to senior management.
- ◊ Formulation of criteria for evaluation of Independent Directors and the Board.
- ◊ Devising a policy on Board diversity.
- ◊ Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The Committee in March 2015 determined the performance evaluation for Independent Director. It revisited the issue in March 2019 pursuant to the SEBI Guidance Note on Board Evaluation issued in January 2017 and broad based the evaluation criteria covering Independent Directors, Non Independent Directors and Board as a whole.

During the year the Committee met three times on May 30, 2020, July 06, 2020 and March 27, 2021.

All the three NRC Meetings were conducted through Video Conferencing (VC), the recoding of which are preserved by the Company, as required under the Companies Act, 2013 and the relevant Rules and Regulations made thereunder.

(iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee pursuant to Regulation 20 of Listing Regulations. Its role and responsibility is to expeditiously process and approve transactions in securities, complying with SEBI regulations and listing requirements and redressal of investor grievances.

The Committee oversees and monitors the performance of the Registrar and Transfer Agents and devises measures for overall improvement in the quality of investor services.

The Committee currently comprises of 3 Directors, out of which one is a non-executive Independent Director who also heads the Committee. The Committee met four times during the year on May 29, 2020, November 06, 2020, February 05, 2021 and March 26, 2021.

All the four Stakeholder Relationship Committee Meetings were conducted through Video Conferencing (VC), the recoding of which are preserved by the Company, as required under the Companies Act, 2013 and the relevant Rules and Regulations made thereunder.

Its composition and attendance during FY 2020-21 are given hereunder:

| Name of the Directors | Committee Meetings | |
|---|---|---|
| | Held | Attended |
| Sri V Sridar # | 4 | 4 |
| Sri N Gopalaratnam @ | 4 | 4 |
| Sri V Pichai @ | 4 | 4 |

\# Chairman of the Committee - Independent Director.

@ Member of the Committee - Non-Independent Director.

Status of investor complaints is shown in the Shareholder Information Section of this Report. Pursuant to Regulation 13(3) of the SEBI Listing Regulations, quarterly reports on the compliance of investor grievances are filed with the Stock Exchanges. Half-yearly compliance certificates signed by both the Company and Share Transfer Agent are filed within one month in deference to Regulation 7(3) of the SEBI Listing Regulations. The Secretary is the Compliance Officer.

(iv) Corporate Social Responsibility (CSR) Committee

The Company has constituted a Corporate Social Responsibility Committee, as mandated by Section 135 of the Act. It is in operation from March 2014.

Its composition and attendance during FY 2020-21 are given hereunder:

| Name of the Directors | No. of Meetings | |
|---|---|---|
| | Held | Attended |
| Sri N Gopalaratnam, Chairman @ | 3 | 3 |
| Sri V Sridar & | 3 | 3 |
| Sri K S Kasi Viswanathan # | 3 | 3 |
| Sri V Pichai # | 3 | 3 |

@ Chairman of the Committee - Non-Independent Director.

& Member of the Committee - Independent Director.

# Member of the Committee - Non-Independent Director.

The Committee met three times during the year on May 29, 2020, February 05, 2021 and March 26, 2021.

All the three Committee Meetings were conducted through Video Conferencing (VC), the recoding of which are preserved by the Company, as required under the Companies Act, 2013 and the relevant Rules and Regulations made thereunder.

(v) Other Committees

The Board has constituted a Project Committee to facilitate quick response to clearance of proposals for expenditure on Mill Development Plan for Unit : Erode. It meets as and when need arises to consider any matter assigned to it. Six meetings were held during the year.

(vi) Committee Minutes

Minutes of all the Committees of the Board are prepared by the Secretary of the Company and approved by the Chairman of the Meeting. These are placed at the succeeding Committee Meetings for confirmation and then circulated to the Board in the Agenda for being recorded thereat.

(vii) Circular Resolution

Recourse to Circular Resolution is made in exceptional and emergent cases that are recorded at the succeeding Board / Committee Meetings. During the year, 1 Circular Resolution was passed by the members of the Project Committee of the Company. No other Circular Resolution was passed by the members of the Board / any other Committee.

(viii) Independent Directors' Meeting

The Company, as required under Para VII(1) of Schedule IV to the Companies Act, 2013, normally holds one meeting of the Independent Directors in a financial year and the meeting is normally scheduled in the last week of the month of March, to enable the Independent Directors to reflect on the full year performance and evaluate.

The Independent Directors, in their exclusive meeting held through Video Conference, on March 27, 2021 did the evaluation on the performance of Chairperson, Non-Independent Directors and the Board as a whole. They have expressed overall satisfaction on such evaluation. All the Independent Directors were present at this meeting.

**D Governance Process and Policies**

(i) Policy on Directors' Appointment and Remuneration

The Board on the recommendations of the Nomination-cum-Remuneration Committee meeting held on 25th March 2015 has

approved a Nomination and Remuneration Policy. The said policy was reviewed again and approved by the Nomination and Remuneration Committee and the Board in their respective meetings held on May 30, 2020. The latest policy, as approved by the Board, is placed on the website of the Company. It, inter alia, deals with the manner of selection of Board of Directors and Managing Director and their remuneration. This policy is accordingly derived from the said chapter.

1 Criteria for selection of Non Executive Directors :

(a) The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director.

(b) Directors would be chosen from diverse fields of expertise drawn from industry, management, finance and other disciplines.

(c) In case of appointment of Independent Directors, the Committee will satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company, conforming in entirety to the conditions specified under Section 149 of the Companies Act, 2013, read with Schedule IV thereto and the Rules made thereunder and the Listing Agreement.

(d) The Committee will ensure that the candidate identified for appointment as a Director is not disqualified in any manner under Section 164 of the Companies Act, 2013.

(e) In the case of re-appointment of Non Independent Directors, the Board will take into consideration the performance evaluation of the Director and his engagement level.

2 Remuneration Policy

The Remuneration Policy aims at attracting and retaining suitable talent and devising a remuneration package commensurate with competition, size of the Company, its nature of business and considered appropriate to the respective role and responsibilities of the employee concerned.

The Remuneration Policy seeks to ensure that performance is recognised and achievements rewarded. Remuneration package is transparent, fair and simple to administer, besides being legal and tax compliant.

The Policy recognises the inherent constraint in relating remuneration to individual performance and fixing meaningful benchmark for variable pay due to the cyclical nature of the industry. Employee compensation is not allowed to get significantly impacted by such external adversities that are admittedly beyond their realm of control.

The Nomination-cum-Remuneration policy of the Company, duly approved by NRC and the Board of Directors, has been uploaded in Company's website (Refer:www.spbltd.com/investor-info/policy).

3 Remuneration of Directors and Key Managerial Persons (KMP)

The Nomination-cum-Remuneration Committee recommends the remuneration of Directors and KMPs which is approved by the Board of Directors and where necessary, further approved by the Shareholders through Ordinary or Special Resolution, as applicable. Remuneration comprises of both fixed and variable pay. However, the share of variable pay is so devised as to factor in the volatile changes in profit levels inherent to the nature of industry in which the Company operates. Bearing this in mind, the remuneration package involves a balance between fixed and incentive pay, reflecting short and long term performance objective appropriate to the working of the Company and its goals.

The Chairman, Managing Director and Deputy Managing Director and Secretary are the only Executive Directors entitled for managerial

remuneration. Sri N Gopalaratnam, Sri K S Kasi Viswanathan and Sri V Pichai have been re-appointed by the Board of Directors as Chairman, Managing Director and Deputy Managing Director and Secretary, respectively, for a further tenure of three years from 01 04 2020. Their remuneration for the Financial Year 2020-21 is disclosed under Note No. 40 of the Financial Statements. There is no service contract containing provisions of notice period or severance package.

No Director or his relative holds an office or place of profit in the Company. Other than direct or indirect equity holding, sitting fee and commission on net profits, there is no pecuniary relationship or transaction between the Company and its Non-Executive Directors. No stock option has been issued by the Company to Executive Directors.

Remuneration to Non Whole-time Directors is paid, with the approval of the Board of Directors and Members of the Company in General Meeting.

Currently, the Non Whole-time Directors are paid the following remuneration:

- ◊ Commission, restricted to a maximum of 1% of the net profits of the Company, computed in the manner laid down in Section 198 of the Companies Act, 2013, for all of them together.
- ◊ The above shall be shared amongst the Non Whole-time Directors equally.
- ◊ The above shall be subject to a further ceiling of ₹ 10.0 lakhs per financial year, for each Director.
- ◊ In case any Director has held the office of Director only for a part of the financial year, then the remuneration shall be paid only proportionately, in proportion to the period for which he was a Director during that financial year.

Besides the above, the Non Whole-time Directors are paid Sitting Fee for attending the Board / Committee Meetings of the Board of Directors, in accordance with the provisions of Articles of Association of the Company.

4 (i) Remuneration of Non-Executive Directors for 2020-21

| Sl No. | Name of the Non Whole time Directors | Sitting Fee paid | | Commission payable for 2020-21 |
|---|---|---|---|---|
| | | Board Meetings | Committee Meetings | |
| | | ₹ lakhs | ₹ lakhs | ₹ lakhs |
| 1 | Sri V Sridar | 1.50 | 5.25 | 7.50 |
| 2 | Dr S Narayan, IAS (Retd.) | 1.50 | 2.00 | 7.50 |
| 3 | Sri A L Somayaji | 1.50 | 2.00 | 7.50 |
| 4 | Dr Nanditha Krishna | 1.50 | -- | 7.50 |
| 5 | Sri Mohan Verghese Chunkath IAS (Retd.) | 1.50 | 1.25 | 7.50 |
| 6 | Tmt. Sigy Thomas Vaidhyan, IAS # | #1.00 | -- | #7.50 |
| 7 | Dr Shekhar Kumar Niraj, IFS @ | @1.00 | -- | @7.50 |
| | **Total** | **9.50** | **10.50** | ****52.50** |

\# Payable to The Tamilnadu Industrial Investment Corporation Limited.

@ Payable to Government of Tamilnadu.

** The above table doesn't include commission arrears of ₹ 17.12 lakhs paid to the non-executive directors in FY 2020-21, for FY 2019-20 (₹ 2.12 lakhs arrears paid to TIIC on pro-rata basis;

₹ 2.5 lakhs each as arrears paid to other non-executive directors). The above table also doesn't include ₹ 1.36 lakhs of the Premium paid by the Company for FY 2020-21, for the Mediclaim Insurance Policy taken by the Company for the benefit of the non-executive Directors.

(ii) Performance Evaluation

The Board of Directors, at their meeting held in March 2015 on the recommendations of the Nomination-cum-Remuneration Committee, approved the Board Evaluation Framework. It has laid down specific criteria for performance evaluation covering :

- ◊ Evaluation of Board Process
- ◊ Evaluation of Committees
- ◊ Individual evaluation of Board Members and the Chairperson
- ◊ Individual evaluation of Independent Directors.

Pursuant to the Guidance Note on Board Evaluation issued by SEBI in January 2017 to improve the evaluation process by listed entities, the Board of Directors at their meetings held on May 30, 2020, based on the recommendation of the Nomination cum Remuneration Committee approved the criteria for performance evaluation for Independent Directors, Non Independent Directors and Board of Directors.

The Board evaluation is internally done on annual basis using templates that incorporate specific attributes. There is oral one-on-one discussion of the template contents relevant to each director and the format is filled on the basis of collective views voiced. The feedback is orally given to all the directors. The Chairman's role is overall mediation to facilitate objective evaluation and collective decision making. The Board evaluation process is reviewed responding to regulatory changes or once in three years.

The Nomination-cum-Remuneration Committee during the year evaluated the performance of every Independent and Non-Independent Directors at its meeting held on 27th March 2021 through Video Conference. The Director whose performance is being evaluated did not participate during the part of the meeting. The Committee has expressed overall satisfaction on such evaluation.

Independent Directors in their exclusive meeting held through video conference on 27th March 2021 did evaluation on the performance of Chairperson, Non-Independent Director and the Board as a whole. They have expressed overall satisfaction on such evaluation. All the Independent Directors were present at this meeting.

The Board, at its meeting held on 27th March 2021, evaluated the performance of each of the four Committees and also the functioning of each of the Independent Directors (excluding the Independent Director being evaluated). The Board has recorded its overall satisfaction and decided in terms of Para VIII(2) of Schedule IV to the Companies Act, 2013 that Independent Directors be continued in their respective offices.

The Board, at its meeting held on 27th March 2021, further evaluated the functioning of each of the four committee and evaluated its own performance on the basis of the criteria approved by the Nomination and Remuneration Committee.

There was no specific observation made during Board evaluation last year and current year that is material requires further action.

(iii) Insider Trading

SEBI (Prohibition of Insider Trading) Regulations, 2015 that has been extensively amended that has come into effect from April 01, 2019. To incorporate these

amendments, the Board in March 2019 revised the Codes earlier formed in March 2015 and formulated the:

(i) Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information; and

(ii) Minimum Standards for Code of Conduct to regulate, monitor and report Trading by Insiders.

These have been uploaded in the Company's website and Stock Exchanges advised of same.

This code is applicable to all Directors and designated persons. It is hereby affirmed that all Directors and designated employees have complied with this code during the financial year 2020-21 and a confirmation to this effect has been obtained from them.

The Company seeks to ensure that material information / event is disseminated as soon as it becomes credible and concrete for maintaining information symmetry in the market except when non-disclosure is considered in the interest of its stakeholders.

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed from the end of every quarter till 48 hours after declaration of financial results.

The Company Secretary is designated as the Compliance Officer for this purpose. The Audit Committee monitors the adherence to various requirements as set out in the Code.

(iv) Code of Conduct

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for the Financial Year 2020-21.

Further, the Senior Management Personnel have declared to the Board that no material financial on commercial transactions were entered into by them during the Financial Year 2020-21 where they have personal interest that may have a potential conflict with the interest of the Company at large.

Declaration signed by CEO affirming the above is attached (Annexure-A).

(v) Related Party Transactions

The Board has formulated in a Policy on Related Party Transactions (RPTs). It has also fixed the materiality threshold under this policy at 10% of its turnover as per the last audited financial statements. Transactions with a related party individually or taken together in a financial year crossing this 10% threshold would be considered material. This policy has been uploaded in the Company's website.

All RPTs during the Financial Year 2020-21 were on an arms-length basis and were in the ordinary course of business. They have been disclosed in deference to Indian Accounting Standard 24 in Note 40 of the financial statements. None of these transactions are likely to have a conflict with the Company's interest.

All RPTs have the approval of Audit Committee. Prior omnibus approval of the Audit Committee is obtained for the transactions that are non material and repetitive in nature.

There was no material RPT during the Financial Year 2020-21.

None of the Directors has any pecuniary relationships or transactions other than the remuneration duly disclosed vis-à-vis the Company.

(vi) Risk Management

The Company has a risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimize adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The policies and the exposures of the Company on various financial risks, including the Foreign Exchange Risk and Hedging activities, are disclosed under Note 38 (c) to the Standalone Financial Statements.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimisation procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

Key areas of risks identified and mitigation plans are covered in the Management Discussion and Analysis Report. The Company is not currently required to constitute a Risk Management Committee.

(vii) Whistle Blower Policy

In deference to Section 177 (9) of the Act, read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a vigil mechanism overseen by the Audit Committee. This has been uploaded in the Company's website.

No complaint under this facility was received in the Financial Year 2020-21 and no personnel had requested access to the Audit Committee under this policy during 2020-21.

(viii) Anti-Sexual Harassment Policy

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

No complaint on sexual harassment was received during the Financial Year 2020-21.

(viii) Document Preservation

Pursuant to Regulation 9 of the SEBI (LODR) Regulations, 2015, the Company has formed a policy for preservation of records. This Policy covers all corporate records of the Company whether in paper or digital form and applies to all departments and business functions of the Company. This Policy has been uploaded on the Company website.

**E Other Compliances**

(i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Regulation 34(2)(e) of SEBI (LODR) Regulations, 2015 and is attached to the Board's Report forming part of the Annual Report of the Company.

(ii) Quarterly Financial Results

Pursuant to Regulation 33 of the SEBI (LODR) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These are communicated to Stock Exchanges by email after the conclusion of the Board Meeting and published in leading dailies, as required, within the stipulated time. These are also immediately posted on the Company's website. The financial results are also circulated to all the shareholders by e-mail or by post.

(iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during 2020-21 the Compliance Report on Corporate Governance to Stock Exchanges in the prescribed format within 15 days from the close of each quarter.

(iv) Online filing

NEAPS / Listing Centre

Quarterly reports to National Stock Exchange are filed through NSE Electronic Application Processing System (NEAPS) and to Bombay Stock Exchange through BSE Listing Centre.

SCORES

SEBI requires all listed companies to process investor complaints in a centralised web based complaint system called 'SEBI Complaints Redress System (SCORES). All complaints received from Shareholders of listed companies are posted in this system. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there were no complaints on our Company posted at SCORES site.

However, the Company received an e-mail communication on March 12, 2021 from Investor Services Cell (National Stock Exchange of India Limited) that ISC Complaint NSEHO/0067500/20-21 / I/CO has been filed against the Company by Mr. ANIL KUMAR PODDAR. The complaint is only in provisional stage and complaint details will be forwarded to us by NSE on acceptance of the same by the Exchange. The Company has voluntarily submitted its reply to NSE, on this Complaint in Provisional Stage, on March 17, 2021.

(v) Reconciliation of Share Capital Audit

Quarterly Reconciliation of Share Capital Audit Reports, on reconciliation of the total admitted capital with NSDL / CDSL and the total issued and listed capital, were furnished to the Stock Exchanges on the following dates:

| For the Quarter ended | Furnished on |
|---|---|
| 30 06 2020 | 29 07 2020 |
| 30 09 2020 | 22 10 2020 |
| 31 12 2020 | 22 01 2021 |
| 31 03 2021 | 24 04 2021 |

(vi) Accounting treatment

In the preparation of financial statements, no accounting treatment different from that prescribed in any Accounting Standard has been followed.

(vii) Cost Audit

Cost Audit was applicable to our Company for the financial year 2020-21.

The Company has maintained detailed Cost records, as required under Section 148(1) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 and all other relevant rules and regulations and amendments thereof.

(viii) Secretarial Audit

Pursuant to Section 204(1) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s B K Sundaram & Associates, Practicing Company Secretaries (C P No. 2209), to undertake the Secretarial Audit of the Company for Financial Year 2020-21. The Secretarial Audit Report was placed before the Board on May 08, 2021 and the same is annexed.

There are no qualifications in the Secretarial Audit Report.

Secretarial Compliance Certificate:

SEBI Vide Circular dated February 08, 2019 mandated all listed companies for filing of Annual Compliance Certificate issued by a Practicing Company Secretary with Stock

Exchanges within 60 days of the end of the Financial Year. The Company obtained the certificate from M/s B K Sundaram & Associates, Practicing Company Secretaries and the same is filed with Stock Exchanges on April 28, 2021.

Certificate on No disqualification:

Certificate from Practicing Company Secretary confirming 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 SEBI / MCA or any such statutory authority is provided in Annexure-B.

(ix) Internal Auditor

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed M/s Suri & Co., Chartered Accountants (Firm Regn. No. 004283S), Chennai, to conduct Internal Audit of the functions and activities of the Company for Financial Year 2020-21. The Internal Auditor reports directly to the Audit Committee Meetings to provide clarifications, if any, that may be required by Directors.

(x) CEO / CFO Certification

CEO certification by Sri K S Kasi Viswanathan, Managing Director and CFO certification by Sri V Pichai, Deputy Managing Director and Secretary who is also the Chief Financial Officer, as required under SEBI (LODR) Regulations, 2015 were placed before the Board at its meeting on May 08, 2021.

(xi) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended March 31, 2021 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xii) Auditor's Certificate on Corporate Governance

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance, in deference to Para E of Schedule V of the SEBI (LODR) Regulations, 2015 is provided in Annexure-C.

(xiii) Subsidiary Companies

M/s Esvi International (Engineers & Exporters) Limited (Esvin) is a wholly owned subsidiary of the Company.

(xiv) Deposits

The Company has not accepted deposits from the public and there are no outstanding dues in respect thereof.

(xv) Peer Review of Auditors

As per the Listing Agreement, the Limited Review / Audit Reports shall be given only by an Auditor who has subjected himself to the Peer Review process and holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Statutory Auditors of the Company, M/s Maharaj N R Suresh and Co LLP, and M/s R Subramanian & Company LLP have undergone the Peer Review process and have been issued requisite Certificate that were placed before the Audit Committee.

(xvi) Statutory Auditor's fees for the FY 2020-21

| | ₹ crores |
|---|---|
| Statutory Audit fees | 0.33 |
| Taxation Matters | 0.19 |
| Certification work | 0.17 |
| Reimbursement of expenses | 0.01 |
| | 0.70 |

**F Compliance with non-mandatory requirements**

(i) Shareholders' Rights

Quarterly Un-audited Financial Results on the Company's financial performance are sent by to all shareholders to their registered address or their registered e-mail IDs. These are also posted on the Company's Website and advertised in newspapers and soft copy of same emailed to shareholders whose

email IDs are available with the Company. Shareholders who have not furnished their email IDs are advised to furnish the same to investor@spbltd.com.

(ii) Abridged Accounts

Section 136(1) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits circulation of abridged Accounts in lieu of full-fledged Annual Report. The Company has, however, not exercised this option and continues to send Annual Report in full form to all Shareholders.

(iii) Communication in E-mode

The Company has sought Shareholders' cooperation, to fall in line with the Initiatives of the Central Government, by way of sending communications in e-mode.

(iv) Audit Qualifications

The Company since inception has ensured to remain in the regime of unqualified financial statements. In deference to SEBI's Circular dated May 25, 2016, Annual Financial Result for the Financial Year 2020 - 21 are being filed with the Stock Exchanges along with the declaration by the Managing Director confirming that the Auditor's Report on Annual Financial Results containing unmodified opinion.

**G Disclosures**

(i) No strictures / penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.

(ii) No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the Company's operations in future.

(iii) No loan or advance in the nature of loan was made during or outstanding at the close of the year to Associates or Firms / Companies in which a Director of the Company is interested. Accordingly, no disclosure in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on this score is applicable.

**H Means of Communication**

Board Meeting / Financial Results

The Company publishes Notice of Board Meeting to consider financial results in 'Business Standard' in English and 'Maalaimalar' in Tamil and the financial results in 'Business Standard' in English and 'Dinamalar' in Tamil.

The results published also show as footnote relevant additional information and / or disclosures to the investors. Financial results are :

(a) Filed online in XBRL / PDF format with Stock Exchanges immediately after the conclusion of the Board Meeting.

(b) Posted on the Company's website www.spbltd.com and

(c) Sent to all Shareholders by post or by e-mail.

(d) No presentation was made during the year to Institutional Investors or Analysts. The Company has no agreement with any media Company for public dissemination of its corporate information.

Chairman's Communique

The Chairman's Speech is placed on the website of the Company and sent to Stock Exchanges, as part of the proceedings of the Annual General Meeting.

Website

The Company maintains a functional website www.spbltd.com that contains relevant information updated in time and complies with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the directions of SEBI, the Company has created an exclusive e-mail ID, viz., investor@spbltd.com for redressal of investor grievances.

Business Responsibility Report (BRR):

Regulation 34(2) of the SEBI (LODR) Regulations requires the listed entities, to include a Business Responsibility Report (BRR) in their Annual Report, describing the initiatives taken by the Company from Environmental, Social and Governance perspective, in the format as specified by the Board from time to time. Originally, this regulation / reporting requirement was applicable only for the Top 500 listed Companies, based on Market Capitalisation (calculated as on March 31 of every financial year).

However, SEBI, vide their amendment to LODR, dated December 26, 2019, has extended this to Top 1000 Companies. Our Company was in 740th position (Market Capitalisation in BSE) as on March 31, 2021. Hence, this Regulation on BRR is applicable to the Company.

The Company has drafted the Business Responsibility Report, in line with the format prescribed by SEBI, which is given in Annexure - III to the Directors' Report.

Dividend Distribution Policy

As on March 31, 2021, SEBI had mandated formulation of Dividend Distribution Policy only for top 500 listed entities and disclosure of the same in the Annual Reports and website of the Company. Our Company is not covered by this requirement, for FY 2020-21.

**General Shareholder Information**

(i) Details for 61st Annual General Meeting

| | | |
|---|---|---|
| Date and time | : | Saturday, the 24th July 2021 at 11.00 AM |
| Venue | : | The Company is conducting meeting through Video Conferencing pursuant to the MCA Circular dated Jan 15, 2021 and as such there is no requirement to have a venue for the AGM. For details please refer to the notice of this AGM. |
| Financial Year | : | 2020-21 |
| Book closure dates | : | Thursday, the 15th July 2021 to Saturday, the 24th July 2021 (both days inclusive) |
| Dividend | : | ₹ 2.50 (₹ Two and fifty paise) per Equity Share of face value of ₹ 2 each. |
| Dividend payment date | : | 26th July 2021 |

(ii) Particulars of past three Annual General Meetings

| AGM / Year | Venue | Date & Time | Special Resolutions passed |
|---|---|---|---|
| 58th 2017-18 | "Community Centre" SPB Colony ERODE 638 010 Tamilnadu | 21 07 2018 11.00 AM | Nil |
| 59th 2018-19 | "Community Centre" SPB Colony ERODE 638 010 Tamilnadu | 27 07 2019 11.00 AM | 1. Sub-division of existing Equity Shares of face value of ₹ 10/- (Ten) each fully paid up into five Equity Shares of face value of ₹ 2/-(Two) each fully paid up.<br>2. Alteration of Capital Clause V of the Memorandum of Association.<br>3. Alteration of Capital Clause 6 of the Articles of Association. |
| 60th 2019-20 | Video Conference | 08 08 2020 11:00 AM | 1. Re-appointment of Sri N Gopalaratnam as Chairman<br>2. Re-appointment of Sri K S Kasi Viswanathan as Managing Director<br>3. Re-appointment of Sri V Pichai as Deputy Managing Director & Secretary. |

No Extraordinary General Meeting was convened during the year.

(iii) Poll

Shareholders may refer the AGM Notice for procedures involved in e-Voting during AGM.

(iv) Postal Ballot

For appointment of Tmt. Sigy Thomas Vaidhyan, IAS as a Nominee Director not liable to retire by rotation and for appointment of Dr Shekhar Kumar Niraj as a Nominee Director liable to retire by rotation, two Ordinary Resolutions were passed by Postal Ballot during the financial year 2020-21. Shareholders were also offered the facility of e-Voting in addition to Postal Ballot.

Sri B. Kalyanasundaram, Practising Company Secretary (Membership No.672) was the Scrutinizer for Postal Ballot. All Resolutions were passed with requisite majority based on combined voting through E-voting and on Postal Ballot.

At present, there is no proposal to pass Special Resolution through Postal Ballot. The Company diligently followed the procedures prescribed under the Act and Listing Regulations.

(v) Financial Calender for 2020-21 (tentative)

May 2021 :

Audited results for 2020-21

July 2021 :

Annual General Meeting and
First Quarter Results for 2021-22

October 2021:

Second Quarter Results for 2021-22

January 2022 :

Third Quarter Results for 2021-22

March 2022

Review of performance

May 2022 :

Audited Results for 2021-22

July 2022 :

Annual General Meeting and
First Quarter Results for 2022-23.

(vi) Listing on Stock Exchanges

**(a) BSE Limited**
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Ph: (91)(22)2272 1233 - 1234 (General)
Web Site: www.bseindia.com
E-mail: corp.relations@bseindia.com
Fax: (91)(22)2272 2041 / 2272 3121

**(b) National Stock Exchange of India Limited**
"Exchange Plaza"
Bandra - Kurla Complex
Bandra (East)
Mumbai 400 051
Ph: (91)(22)2659 8235 - 8236
Web Site: www.nseindia.com
E-mail: cmlist@nse.co.in
Fax: (91)(22)2659 8237 / 2659 8238

(vii) Payment of Annual Listing Fees to the Stock Exchanges:

Listing Fee has been paid to the above two Stock Exchanges, in which the Company's Equity Shares are listed, upto March 31, 2022.

(viii) Stock Codes:

Under Demat System, the ISIN allotted to the Company's Equity Shares is **INE630A01024.**

The Company's Stock Codes are **SESHAPAPER** in the National Stock Exchange and **502450** in the BSE Limited.

(ix) Dematerialisation of shares and liquidity :

As on March 31, 2021, 12 938 Shareholders are holding Shares in Demat form and 4 99 52 295 shares have been dematerialised, representing 79.20% of the total Equity Share Capital.

Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system and transfer of shares in physical mode is not feasible from April 01, 2019.

(x) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

NIL

(xi) Permanent Account Number (PAN) / Bank details Requirement

SEBI, vide its Circular dated April 27, 2007, made PAN as the sole identification number for all participants transacting in the securities market irrespective of the amount of such transaction.

SEBI, vide its Circular dated January 27, 2010 has made it mandatory to furnish a copy of PAN for transmission and transposition of shares.

SEBI, vide its Circular dated April 20, 2018 advised the listed Companies through RTA to seek PAN / Bank details of shareholders holding shares in Physical form. Necessary communication in this regard has already been sent to shareholders on June 23, 2018 by Registered Parcel and reminders during October 2018 and February 2019. Shareholders are advised to provide such details without delay.

Investors are advised to take note of same.

(xii) Registrar and Transfer Agents both for shares held in physical form and in electronic mode

**Integrated Registry Management Services Pvt. Ltd**

'Kences Towers', II Floor No.1,
Ramakrishna Street North Usman Road,
T Nagar Chennai 600 017
Ph: (91)(44)2814 0801 - 803
Fax: (91)(44)2814 2479
Email: corpserv@integratedindia.in

(xiii) Credit Rating

During the Financial Year 2020-21, there was no revision in the Credit Ratings assigned to the Company, for both Long Term and Short Term Bank facilities.

CARE Ratings Limited, Mumbai (CARE), in April 2021, has reaffirmed the Credit Rating assigned to the Long Term Bank facilities at [CARE A+] with Stable Outlook, and Short Term Bank facilities at [CARE A1+] of the Company.

(xiv) Share Transfer System

Share transfers are registered and returned within the statutory time limit, if the documents are clear in all respects.

The Stakeholders Relationship Committee of the Board of Directors meets once in three months. To quicken the process of transfer of shares, the Deputy Managing Director & Secretary has been delegated with the powers to approve transfers, if the documents are in order.

The Company obtains from a Company Secretary in Practice half-yearly Certificate of Compliance with the Share Transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the said certificate with the Stock Exchanges.

There is no pending share transfer as on 31 03 2021.

Compulsory Demat:

SEBI in June 2018 amended Regulation 40 of the Listing Regulations prohibiting transfer of shares held in physical mode with effect from April 01, 2019. Transposition and Transmission are exempted from this amendment. Accordingly, transfer of shares is not be feasible from April 01, 2019.

(xv) Transfer of Unclaimed Dividend to IEPF

Pursuant to Section 124(5) of the Companies Act 2013, dividend remaining unpaid or unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Reminders for unpaid dividend are sent to the Shareholders who have not claimed the dividend as per records every year.

Pursuant to above, the Unpaid / Unclaimed Dividend for the Financial Year 2012-13, pertaining to 3290 investors and aggregating ₹ 9.52 lakhs, was transferred on 05 09 2020.

The Unpaid / Unclaimed amount for the Financial Year 2013-14 will be transferred during August 2021 along with the shares. Shareholders are, therefore, advised to contact the Company / RTA immediately in case of non-receipt or non-encashment of Dividend.

(xvi) Investor Education and Protection Fund (IEPF) :

Upon Section 124(5) and (6) of the Companies Act, 2013 coming into force companies while transferring the dividend remaining unclaimed for a period of more than seven years will also have to transfer the underlying equity shares. Accordingly, the unclaimed dividend for the years 2008-09 to 2012-13, as well as the underlying shares have already been transferred to IEPF. The list of Shareholders whose unclaimed dividend / underlying shares have been transferred to IEPF is put on the website of the Company. Shareholders may take specific note of the same and claim the said unclaimed dividend and the underlying shares from IEPF Authority.

Particulars of unclaimed dividend as on 31 03 2021:

| Year | Dividend (₹ per share) | Date | Unclaimed | | Due date for transfer to IEPF |
|---|---|---|---|---|---|
| | | | No. of warrants | ₹ crores | |
| 2013-14 | 4 | 26 07 2014 | 3398 | 0.10 | 22 08 2021 |
| 2014-15 | 4 | 03 08 2015 | 3520 | 0.11 | 29 08 2022 |
| 2015-16 | 5 | 25 07 2016 | 3564 | 0.13 | 21 08 2023 |
| 2016-17 | 10 | 31 07 2017 | 3672 | 0.28 | 26 08 2024 |
| 2017-18 | 15 | 23 07 2018 | 1675 | 0.20 | 20 08 2025 |
| 2018-19 | 20 | 29 07 2019 | 1477 | 0.22 | 24 08 2026 |
| 2019-20 | 4 | 10 08 2020 | 1527 | 0.21 | 06 09 2027 |

(xvii) Market Price Data

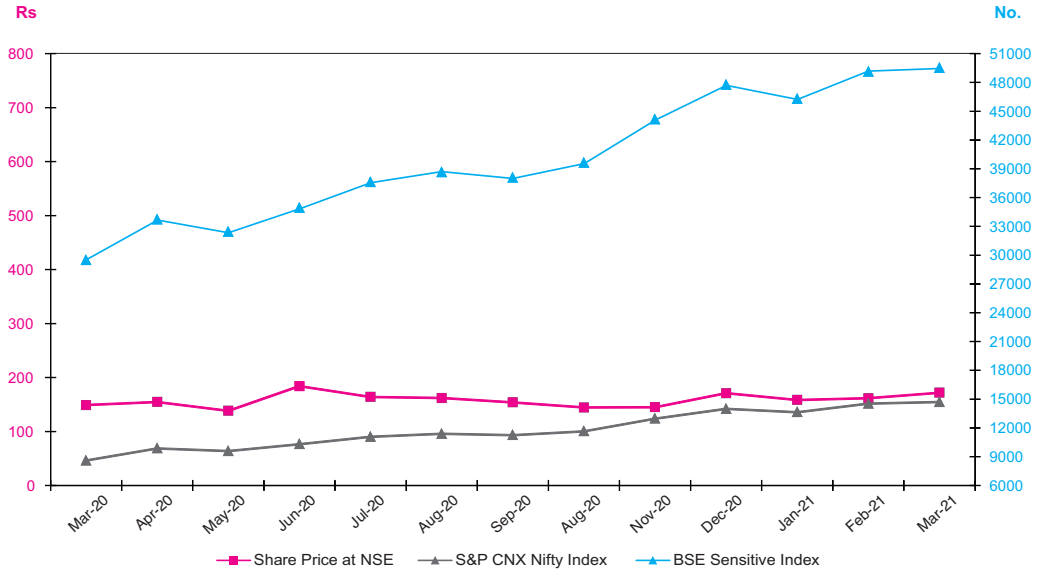
High, low and volume during each month in the financial year 2020-21 (reported at the National Stock Exchange of India Limited and BSE Limited).

| Month | BSE | | | | National Stock Exchange | | | |
|---|---|---|---|---|---|---|---|---|
| | Share Price | | Volume | | Share Price | | Volume | |
| | High (₹) | Low (₹) | No. of Shares | Value (₹ crores) | High (₹) | Low (₹) | No. of Shares | Value (₹ crores) |
| 2020 | | | | | | | | |
| April | 156.95 | 102.85 | 84811 | 1.14 | 154.75 | 102.20 | 1403244 | 19.13 |
| May | 137.75 | 118.00 | 17927 | 0.23 | 138.35 | 116.70 | 282359 | 3.62 |
| June | 183.70 | 127.35 | 257016 | 4.11 | 184.05 | 127.55 | 4139601 | 66.66 |
| July | 163.00 | 144.05 | 107556 | 1.64 | 164.00 | 143.50 | 1478107 | 22.62 |
| August | 161.15 | 144.90 | 86191 | 1.32 | 162.00 | 145.00 | 1416477 | 21.82 |
| September | 153.00 | 132.35 | 43851 | 0.63 | 153.90 | 132.00 | 390576 | 5.60 |
| October | 138.95 | 126.00 | 35447 | 0.47 | 144.45 | 125.40 | 533540 | 7.09 |
| November | 144.50 | 126.00 | 73879 | 0.99 | 145.00 | 125.35 | 955368 | 12.83 |
| December | 170.00 | 140.00 | 317637 | 4.94 | 171.00 | 140.00 | 3828333 | 60.07 |

| Month | BSE | | | | National Stock Exchange | | | |
|---|---|---|---|---|---|---|---|---|
| | Share Price | | Volume | | Share Price | | Volume | |
| | High (₹) | Low (₹) | No. of Shares | Value (₹ crores) | High (₹) | Low (₹) | No. of Shares | Value (₹ crores) |
| 2021 | | | | | | | | |
| January | 161.55 | 142.25 | 116068 | 1.78 | 158.45 | 145.70 | 869197 | 13.42 |
| February | 164.90 | 137.00 | 99800 | 1.49 | 161.70 | 136.70 | 1567117 | 23.32 |
| March | 172.60 | 150.60 | 108794 | 1.77 | 171.80 | 152.00 | 1660154 | 27.30 |

**(xviii) Performance, in comparison to broad-based indices, such as, BSE Sensex, CRISIL Index, Nifty, etc.**

Please see the enclosed Chart for comparison of the Price movement of the Company's Shares with BSE Sensex and Nifty Index movement.



(xix) Distribution of shareholding as on March 31, 2021 :

| Distribution | No. of Share holders | % of Share holders | No. of Shares | % of Share holding |
|---|---|---|---|---|
| 1 - 100 | 6 908 | 43.77 | 2 75 333 | 0.44 |
| 101 - 200 | 2 117 | 13.41 | 3 18 498 | 0.51 |
| 201 - 500 | 3 894 | 24.68 | 14 44 056 | 2.29 |
| 501 - 1000 | 1 511 | 9.58 | 11 44 583 | 1.81 |
| 1001 - 5000 | 1 105 | 7.00 | 23 39 065 | 3.71 |
| 5001 - 10000 | 102 | 0.65 | 7 71 828 | 1.22 |
| 10001 and above | 144 | 0.91 | 5 67 74 777 | 90.02 |
| **Total** | **15 781** | **100.00** | **6 30 68 140** | **100.00** |

(xx) Pattern of Shareholding as on March 31, 2021 :

| Category | No. of Share holders | Voting strength (%) | No. of Shares held |
|---|---|---|---|
| Individuals | 15 162 | 20.30 | 1 28 00 248 |
| Companies | 218 | 41.76 | 2 63 42 030 |
| FIIs, NRIs, OCBs | 387 | 23.64 | 1 49 09 792 |
| Mutual Funds, Insurance Companies and Banks | 10 | 0.02 | 10 070 |
| FIs | 4 | 14.28 | 90 06 000 |
| **Total** | **15 781** | **100.00** | **6 30 68 140** |

(xxi) Top 10 Shareholders of the Company as on March 31, 2021:

| Sl No. | Names | No. of Shares | % |
|---|---|---|---|
| 1 | The Tamil Nadu Industrial Investment Corporation Ltd | 9000000 | 14.27 |
| 2 | Ponni Sugars (Erode) Limited | 8840905 | 14.02 |
| 3 | Synergy Investments Pte Limited | 7738475 | 12.27 |
| 4 | Time Square Investments Private Limited | 6288105 | 9.97 |
| 5 | Atyant Capital India Fund I | 3383140 | 5.36 |
| 6 | Dhanashree Investments Private Limited | 2951290 | 4.68 |
| 7 | Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust | 2840905 | 4.51 |
| 8 | Coromandel Sugars Limited | 2372315 | 3.76 |
| 9 | Gothic Corporation | 1143879 | 1.81 |
| 10 | Vanderbilt University - Atyant Capital Management Limited | 1133634 | 1.80 |
| | **Total** | **45692648** | **72.45** |

(xxii) Plant Locations

**Unit : Erode**
Pallipalayam
Namakkal District
Cauvery RS PO
ERODE
638 007
Tamil Nadu

**Unit : Tirunelveli**
Elanthaikulam
Singamparai Post
Mukkudal (via)
Tirunelveli District
627 601
Tamil Nadu

(xxiii) Address for correspondence

Seshasayee Paper and Boards Limited
Pallipalayam, Namakkal District
Cauvery RS PO, Erode 638 007
Tamilnadu

CIN : L21012TZ1960PLC000364
Ph : (91)(4288)240 221-228
Fax : (91)(4288)240 229
E-mail : edoff@spbltd.com / investor@spbltd.com
Web Site : www.spbltd.com

**Annexure - A**

**DECLARATION**

[Pursuant to Para D of Schedule V of the
SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015]

I, K S Kasi Viswanathan, Managing Director of Seshasayee Paper and Boards Limited, hereby declare and confirm that all the members of the Board of Directors and the senior management personnel of the Company have affirmed compliance with the code of conduct of Board of Directors and senior management for the financial year 2020-21.

**K S KASI VISWANATHAN**
**Managing Director**

Erode
08th May 2021

**Annexure - B**

**B K SUNDARAM & ASSOCIATES**
COMPANY SECRETARIES.
B.KALYANASUNDARAM,
B.Com., ACMA., ACS.,

OFFICE :
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE : 0431-2761590.
Email:bkksoffice@gmail.com

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/S SESHASAYEE PAPER AND BOARDS LIMITED having CIN:L21012TZ1960PLC000364 and having registered office at PALLIPALAYAM, ERODE-638007 (hereinafter referred to as 'the Company'), produced to us by the Company electronically for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on the date of Financial Year ended on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India and / or the Registrar of Companies or such other authorities under the Ministry of Corporate Affairs, New Delhi.

| Sl. No. | Name of the Director as per DIN | DIN | Date of Appointment as Director in the Company | Designation and remarks if any |
|---|---|---|---|---|
| 1 | Gopalaratnam Natarajan | 00001945 | 26/12/1987 | Chairman - Whole-time Director |
| 2 | Kasi Viswanathan Subramanian Kallidaikurichi | 00003584 | 29/01/2005 | Managing Director |
| 3 | Lakshminarasimha Ayyalu Somayaji | 00049772 | 29/09/2014 | Independent Director |
| 4 | Subbaraman Narayan | 00094081 | 18/01/2007 | Independent Director |
| 5 | Pichai Venkataraman | 00263934 | 29/01/2005 | Deputy Managing Director- Whole-time Director |
| 6 | Chinny Krishna Nanditha | 00906944 | 29 09 2014 | Independent Woman Director |
| 7 | Venkatesan Sridar | 02241339 | 04/06/2009 | Independent Director |
| 8 | Mohan Verghese Chunkath | 01142014 | 01 04 2019 | Independent Director |
| 9 | Niraj Kumar Shekhar | 08235891 | 07/11/2020 | Nominee Director |
| 10 | Sigy Thomas Vaidhyan | 08922290 | 07/11/2020 | Nominee Director |

It is the responsibility of the management of the Company to ensure the eligibility for the appointments of Directors and their continuance as Directors on the Board. Our responsibility is to express an opinion on the matter and this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B K SUNDARAM & ASSOCIATES
Company Secretaries

Sd/-
(B KALYANASUNDARAM)
Company Secretary
ACS NO. A672, CP No. 2209
UDIN:A000672C000181721

Place : Trichy
Date : 26 04 2021

**Annexure - C**

**M/S MAHARAJ N R SURESH AND CO LLP**
Chartered Accountants

**M/S R SUBRAMANIAN AND COMPANY LLP**
Chartered Accountants

## CERTIFICATE OF THE AUDITORS TO THE SHAREHOLDERS OF M/s SESHASAYEE PAPER AND BOARDS LIMITED ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s Seshasayee Paper and Boards Limited, for the year ended on March 31, 2021, as stipulated in Regulations 34(3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations hereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for period exceeding one month against the Company, as per the records maintained by the Shareholders / Investors Grievance Committee.

We further 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.

**Maharaj N R Suresh and Co LLP**
Chartered Accountants
Firm Regn. No. 001931S / S000020

**N R Jayadevan**
Membership No. 023838
Partner
UDIN : 21023838AAAAAE4927

**R Subramanian and Company LLP**
Chartered Accountants
Firm Regn. No. 004137 S /S 200041

**N Krishnamurthy**
Membership No. 019339
Partner
UDIN : 21019339AAAAFX9644

Chennai
May 08, 2021

**Annexure - III**

## BUSINESS RESPONSIBILITY REPORT

Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations], as amended on December 26, 2019, prescribe that top 1000 Companies based on Market Capitalisation as per NSE / BSE as on March 31 of the every Financial Year, are required to have "Business Responsibility Report" (BRR) as part of their Directors' Report.

Following is the BRR of the Company as the Company is among the top 1000 listed entities as per Market Capitalisation of NSE / BSE as on March 31, 2021. The report has been prepared as prescribed and in accordance with Regulation 34 of the SEBI (LODR) Regulations.

### SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

| | |
|---|---|
| 1. Corporate identification number | L21012TZ1960PLC000364 |
| 2. Name of the Company | SESHASAYEE PAPER AND BOARDS LIMITED |
| 3. Registered Address | Pallipalayam,<br>Namakkal District,<br>Cauvery RS PO,<br>Erode 638 007, Tamil Nadu |
| 4. Website | www.spbltd.com |
| 5. E-Mail address | edoff@spbltd.com;<br>investor@spbltd.com |
| 6. Financial Year reported | FY 2020-21 |
| 7. Sector(s) that the Company is engaged in | Paper is the only reportable segment of operation of the Company. |
| 8. Three key products / services manufactured / provided by the Company | Different grades of Printing and Writing Paper. |
| 9. Total number of locations where the business activity is undertaken by the Company | 2 locations (Unit : Erode and Unit : Tirunelveli) in the State of Tamil Nadu, India |
| 10. Markets served by the Company | India, USA, Europe, UAE, Middle East, African Countries (Uganda, Nigeria, Kenya, Ghana, Ethiopia, etc.), other Asian Countries (Sri Lanka, Afghanistan, etc.) |

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

| | |
|---|---|
| 1. Paid-up Capital | ₹ 12.04 crores |
| 2. Total Income | ₹ 801.11 crores |
| 3. Total Profit After Tax (PAT) | ₹ 100.27 crores |
| 4. Total spending on CSR | ₹ 4.77 crores |
| 5. Total spending on CSR as % on PAT | 4.76 % |
| 6. List of activities in which the CSR expenditure has been incurred | The Company's focussed programmes are in the field of community development, water, sanitation, education, health, rural infrastructure and technical training.<br>For further details, please refer the Corporate Social Responsibility Report. (Annexure - VII of Directors' Report). |

**SECTION C: OTHER INFORMATION**

| | |
|---|---|
| 1. Does the Company have any Subsidiary Company / Companies | The Company has one wholly owned Subsidiary :<br>- M/s Esvi International (Engineers & Exporters) Limited |
| 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) | No |
| 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 |

**SECTION D: BR INFORMATION**

1. Details of the Director/s responsible for BR

   - Details of the Director responsible for implementation of BR policies

| | |
|---|---|
| a) DIN Number | 00003584 |
| b) Name | K S KASI VISWANATHAN |
| c) Designation | Managing Director |

- Details of the BR Head

| | |
|---|---|
| a) DIN Number | 00003584 |
| b) Name | K S KASI VISWANATHAN |
| c) Designation | Managing Director |
| d) Contact Number | (91) (4288) 240 221-228 |
| e) E-mail | kasi@spbltd.com |

2. Principle wise BR Policy / Policies

| Principle | Description | Company's Policy |
|---|---|---|
| Principle 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability | ◊ Codes of Conduct<br>◊ Whistle Blower |
| Principle 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle | ◊ QEEGHS (Quality, Environment, Energy, Green Resources, Occupational Health and Safety Management Systems) Policy<br>◊ WCM Policy |
| Principle 3 | Businesses should promote the well-being of all employees | ◊ QEEGHS Policy<br>◊ 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<br>◊ SHAW - Prevention of sexual harassment at workplace |
| Principle 5 | Businesses should respect and promote human rights | ◊ CSR Policy<br>◊ WCM Policy |
| Principle 6 | Business should respect, protect and make efforts to restore the environment | ◊ Water Conservation Policy<br>◊ Material Conservation Recycling and Recyclability Policy<br>◊ Green Procurement Policy<br>◊ Waste Management Policy<br>◊ FSC Controlled Wood Procurement Policy<br>◊ ISO 14001 Certification |
| Principle 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner | ◊ Codes of conduct |
| Principle 8 | Businesses should support inclusive growth and equitable development | ◊ CSR Policy<br>◊ FSC - Controlled Wood Procurement Policy |
| Principle 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner | ◊ QEEGHS Policy |

Details of compliance :

| Sl No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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?<br>If yes, specify? | Most of the policies are aligned to various Standards like : ISO 18001 (Quality Management System), ISO 14001 (Environment Management System), OHSAS 18001 (Occupational Health & Safety Management System), FSC Controlled Wood Procurement Policy | | | | | | | | |
| 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 | 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? | The Auditors of the Company (ISO Auditors/ Internal Auditors / In-house ISO and WCM co-ordinators / In-house Certified Energy Auditors) review the implementation of the policies from time to time. The Company's 2 units have been subject to audit by external certification agencies. No dedicated Business Responsibility Audit has been conducted. | | | | | | | | |

^^ All the policies are signed by an Executive Director in the Board.

* All the policies are available in Company's website : www.spbltd.com.

3. Governance related to BR

| | |
|---|---|
| a) 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.<br>◊ However, aspects of Business Responsibility are reviewed by various other committees of the Executives / Board. |
| b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | ◊ The Company publishes BRR annually as part of its Directors Report. The same report is available in the website of the Company (www.spbltd.com). |

**SECTION E: PRINCIPLE WISE GOVERNANCE**

**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?**

◊ Commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, Senior Management and all other employees of the Company. It is embedded in the Company's Vision, Mission and Values Statement. The Values of the Company, as in this statement, start with "Ethical Practices". The Company's Vision is "To excel as a trusted, socially responsible and customer driven organisation providing maximum value to all stakeholders."

◊ The Company has adopted the 'Code of Conduct', to ensure ethics, transparency and accountability in all aspects of the business and create value for its stakeholders in a sustainable manner. All Directors and Senior Management personnel shall affirm compliance with Code on an annual basis.

◊ The Company has well established policies, in accordance with the statutory guidelines and relevant SEBI regulations.

- Whistle Blower policy.
- Code of Conduct.
- Code of practices for fair disclosure of unpublished price sensitive information.
- Remuneration policy.
- Policy on preservation and archival of documents.
- Policy for determination of Materiality for Disclosure of Information / Events to Stock Exchanges.
- Policy on Related Party transactions.
- Policy for determining Material subsidiaries.
- Prevention of Sexual Harassment at Workplace.

◊ The Company has a policy to do business with suppliers / contractors and other who are aligned with its value systems.

**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.**

◊ No Complaint was received by the Company, from any shareholder during the financial year. All the queries, from other stakeholders, were promptly responded to the stakeholder concerned.

◊ The Company had received an e-mail communication on March 12, 2021 from Investor Services Cell (National Stock Exchange of India Limited) that ISC Complaint NSEHO/0067500/20-21 / I/CO has been filed against the Company by shareholder Mr. ANIL KUMAR PODDAR. The complaint is only in provisional stage and complaint details will be forwarded to us by NSE on acceptance of the same by the Exchange. However, the Company has voluntarily submitted its reply to NSE, on this Complaint in Provisional Stage, on March 17, 2021.

**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.**

◊ Paper is a noble Product. The printing and writing grades of paper that our Company manufactures go to educate Children and inculcate good reading habits. Paper is biodegradable, recyclable and an environmentally friendly product.

◊ Our Company manufactures different grades of printing and writing paper using

- Farm forestry based wood
- Sugar cane bagasse [a by-product of a Sugar Mill] and
- Recycled waste paper.

◊ Our Company helps farmers to grow trees. As part of our tree farming activity, our Company provides quality Clonal seedlings of Eucalyptus and Casuarina breed at subsidized rates to farmers and also assist them with technical help through Agricultural University to achieve higher yields and revenues.

Our Company is constantly focused on identifying new wood species. Recently we have identified Melia-Dubia, a high yielding fast growing species, suitable for pulp production.

◊ Technical support to the farmers for this initiative is being provided in association with the Department of Tree Breeding of Forest College and Research Institute, attached to Tamil Nadu Agricultural University, Coimbatore, through a Collaborative Research Project.

◊ In accordance with the Company's vision to achieve wood positive status, over 16.4 crore seedlings were made available during the year (FY 2020-21), at subsidized rates, for planting in 19 015 acres (FY 2020-21) of land.

◊ Our Company has a structured, innovative Lift Irrigation Scheme by which our treated waste water is used to irrigate nearly 1500 acres of land in which local farmers grow sugar cane. The sugar cane produced is procured by our associate Company viz. Ponni Sugars(Erode) Limited which in turn gives bagasse, a residue left after extraction of sugar from sugar cane. Bagasse is used by our Company to produce paper, and in turn, our Company gives treated waste water to the farmers to grow sugar cane. This tripartite arrangement between our Company, Ponni Sugars (Erode) Limited and the nearby Farmers has been in operation for over 35 years. This innovative Lift Irrigation Scheme is a unique and innovative irrigation

scheme and has caught the attention of Overseas Experts and UNDP as a Role Model.

◊ Our Unit : Tirunelveli has a modern De-inking Plant in which recycled waste paper is de-inked (removal of ink) and reused for manufacture of high quality printing and writing paper grades.

◊ As can be seen from the above, the three primary fibrous raw materials viz. Wood, Sugar cane Bagasse and Waste Paper are obtained through a sustainable process model helping the local community.

◊ The paper manufacturing process adaptable by our Company is also environmentally friendly and green. Our process is higher energy efficient and completely "Elemental Chlorine Free". Our process uses environmentally friendly chemicals viz. Oxygen, Hydrozen Peroxide, Chlorine Di-oxide, etc. which make our process green. The process adapted by our Company generates a liquor called "Black Liquor" which is a biomass rich in lignin is burnt in a boiler to produce green power.

◊ Nearly 50% of the energy consumed by our Mill is green power generated from 'Black Liquor' in the Chemical Recovery Complex. Nearly 96% of the Chemicals used in pulping process are recovered back in the Chemical Recovery Complex and recycled.

◊ The Lime Sludge which is a waste product from our Recausticizing Plant is reburnt in a Rotary Lime Kiln which again uses about 20% biogas from the Anaerobic Digestion System.

◊ The solid waste viz. effluent sludge from waste water treatment plant is the primary raw material for hundreds of small board manufacturers and the board produced is used for Egg tray, Hosiery packing, Footwear packing, etc.

◊ Our Company has a unique waste water treatment facility. The waste water from the Mill is classified into three categories viz. (i) High COD, (ii) Medium COD & (iii) Low COD.

◊ The high COD stream is taken to Anaerobic Lagoon which generates Methane gas which is used in Rotary Lime Kiln to replace fossil fuel viz. Furnace Oil.

◊ The low COD stream is taken to Clarifier and is recycled back in the process.

◊ The medium COD stream is treated in the waste water treatment facility meeting the standards prescribed by the Pollution Control Board and the treated waste water is used for irrigating the waste land around the Mill through Lift Irrigation Scheme.

◊ Our Company has bagged several awards for excellent Environment performance, safety, energy efficiency, etc. Notable recent Awards are:

- CII GreenCo Gold Rating Award during GreenCo Summit held at Pune in the year 2017.
- Green Award 2017 by Tamil Nadu Pollution Control Board for Environment Protection.
- CII Excellent Energy Efficient Unit Award in the year 2018.

**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, vide its QEEGHS Policy, TPM Policy, Energy Policy, etc. believes that optimising production efficiency delivers value to customers and minimises environmental impact, thereby driving the Company towards the goal of long term sustainability.

◊ Raw material: The Company, in its Unit : Erode which has an integrated pulp mill, consumes about 2.2 tonnes (BD tonnes) of wood per ton of Paper produced.

◊ In this context, it is important to note that the Company has won the "Tamil Nadu Pollution Control Board Green Award" for the year 2017 for the excellent contribution to the Environmental protection.

◊ The Company has been awarded "GOLD" Rating under CII Greenco Award recognizing the excellent performance in conservation of all input resources such as Steam, Power and Water.

◊ The Company also educates and motivates their suppliers / vendors to become Green.

◊ The Company has also won the "CII Excellent Energy Efficient Unit Award" for the year 2018.

(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)?**

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

◊ The Company has been certified under four Standards of FSC (Forest Stewardship Council), viz. FSC-STD-40-004, FSC-STD-40-005, FSC-STD-40-003 and FSC-STD-50-001. By this, the Company assures its stakeholders that the wood and wood fibre (pulp) purchased by it are traceable to responsibly managed plantations and that adequate documents controls are in place to ensure identification and traceability throughout the Chain of Custody. This also means that the Company is capable of manufacturing and selling FSC 100% and FSC Mix products in Domestic and International Markets.

◊ The Company policy on Green Procurement guidelines underlines the following :

- Sourcing of raw materials from Environmentally and socially responsible sources.
- Maximising the usage of Eco friendly chemicals and energy efficient equipments.
- Maximising the use of recovered paper in paper furnish.
- Following the 3R principles of Reduce, Reuse and Recycle.
- Conducting awareness programs on Environmental impacts for vendors / suppliers.
- Creating awareness about GSC (Green Supply Chain) to critical vendors and to help them for ISO 14000 certification and to prioritise buying from ISO vendors.
- Improving the efficiency of the suppliers by audit, training and improvement suggestions.

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?**

   ◊ The Company is investing in efforts in carrying out research and development to ensure long term sustainability of raw materials for operations via responsible sourcing and promote local procurement.

   ◊ The Company also encourages farmers to directly sell their wood produce to the Company. The Company is working towards developing clones for the improvement of plantation yields, which results in increased returns to farmers.

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 <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   ◊ 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 either directly by the Company or disposed to the manufacturers, who use these as input materials in their processes.

   ◊ Company has a specific policy towards "Material Conservation Recycling and Recyclability". Through this policy, the Company is committed to improve material conservation, recycling and recyclability by reducing cellulosic fibre content in paper, reducing process input per ton of product and reducing packing material consumption per ton of finished paper.

   ◊ The focus is also on increasing the wood availability within close proximity through plantation initiatives, increasing the pulp yield, increasing bagasse furnish in paper to maximise our "Waste to Wealth potential", increasing recycled paper content, increasing the use of eco-friendly packing materials, etc.

**PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES.**

1. **Please indicate the total number of employees.**

   ◊ No. of employees on the rolls of the Company, as on March 31, 2021 : 1278.

2. **Please indicate the total number of employees hired on temporary / contractual / casual basis.**

   ◊ No. of employees hired on temporary / contractual / casual basis as on March 31, 2021 : 1256.

3. **Please indicate the number of permanent women employees.**

   ◊ No. of permanent women employees on the rolls of the Company, as on March 31, 2021 : 10.

4. **Please indicate the number of permanent employees with disabilities.**

   ◊ No. of permanent employees with disabilities on the rolls of the Company, as on March 31, 2021 : 8.

5. **Do you have an employee association that is recognised by management?**

   ◊ Yes. There are recognised trade unions/ Staff Association affiliated to various trade union bodies.

6. **What percentage of your permanent employees is members of this recognised employee association?**

◊ % of permanent employees as members of a recognised employee association : 71%.

**7. Please indicate the 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 such complaints pertaining to child labour, forced labour, involuntary labour, sexual harassment were reported in the current financial year / were pending as at the end of the financial year.

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

| Sl. No | Category of Employees | Safety Training | Skill upgradation |
|---|---|---|---|
| 1 | Permanent Employees | 80 % | 75 % |
| 2 | Permanent Women Employees | 80 % | 100 % |
| 3 | Casual / Temporary/ Contractual Employees | 90 % | 60 % |
| 4 | Employees with disabilities | 90 % | 80 % |

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.**

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

◊ Yes, the Company has identified its internal and external stakeholders.

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

◊ The Company's CSR policy drives the initiatives undertaken by the Company towards the benefit of the disadvantaged, vulnerable and marginalised stakeholders. The systems and process are in place to systematically identify stakeholders and for understanding their concerns and for engaging with them, is reviewed from time to time.

**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.**

◊ The Company on a periodical basis undertakes dedicated activities as a part of its CSR initiatives for the disadvantages, vulnerable and marginalized stakeholders in and around the Company's plants.

◊ Education, Sports and health aids are provided to schools in rural / under-developed areas and to schools supporting differently abled children. The Company also does Lift-Irrigation programs on a large scale to support the local farming community.

**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's policy on human rights is imbibed in its values and beliefs. The alignment with this value system is expected out of any person dealing with the Company.

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

◊ NIL under this principle.

**PRINCIPLE 6: BUSINESS 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, 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.? Y/N. If yes, please give hyperlink for webpage etc.**

   ◊ Yes. The details on the initiatives have been explained in detail under Principle No. 2.

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

   ◊ Yes. The details on the initiatives have been explained in detail under Principle No. 2.

   ◊ Also, the Company uses environmental impact assessments, recognised environmental management standards, ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), and OHSAS 18001 (Occupational Health & Safety Management System) to sharpen its focus towards achieving sustainability goals.

   ◊ For more details on the energy conservation initiatives, please refer Annexure - VI of the Directors' report for the Financial Year 2020-21.

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?**

   ◊ Energy reduction, Environment protection and water conservation are always on our focus.

   ◊ The Company utilises its resources in an optimal and responsible manner ensuring sustainability through reduction/ re-use / re-cycling / managing waste. The Company seeks to improve its environmental performance by adopting cleaner production methods, promotion of energy efficient and environmental friendly technologies.

   ◊ For details on the energy conservation initiatives, please refer Annexure - V of the Directors' Report for the Financial Year 2020-21.

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.**

   ◊ For details on the energy conservation initiatives and initiatives on Newer Technologies, please refer Annexure - VI of the Directors' report for the FY 2020-21.

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 being in manufacturing business, at all times ensures compliance with the applicable

environmental laws. The Environmental policy of the Company and the ISO-1001 certification of its plants reiterates its commitment to be an environment friendly organisation setting standards in Environment management.

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.**

   ◊ NIL

**PRINCIPLE 7: BUSINESS, 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:

   - Indian Paper Manufacturers Association (IPMA).
   - Indian Pulp and Paper Technical Association (IPPTA).
   - Confederation of Indian Industry (CII).
   - Hindustan Chamber of Commerce and Industry.
   - Bombay Chamber of Commerce and Industry.
   - Indo-American Chamber of Commerce and Industry.
   - Indo-German Chamber of Commerce and Industry.

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 is not actively involved in lobbying. However, as a responsible Corporate Citizen, the Company as part of Industry associations / chambers makes recommendations / representations before regulators and associations for advancement and improvement of the Industrial Climate in India.

   ◊ The Company also represents its views / opinions on Energy Security and Management, water security and sustainable business principles through various forums.

**PRINCIPLE 8: BUSINESS 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 is a pioneer, in the State of Tamil Nadu, in ensuring overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, rural development and livelihood interventions etc.

   ◊ The Company's CSR programmes are in the field of community development, water, sanitation, education, health, rural infrastructure and technical training.

   ◊ The Company has a Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act 2013 and Rules made

there under. The contents of the CSR Policy are 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?**

   ◊ The Company's in-house cross-functional teams comprising of Human Resources function / Environment Management function / Operations, in each of the plants of the Company, tailor their own approach and CSR initiatives. Frequent meetings, interaction programs, field visits are conducted with focus groups to make an assessment of the needs, aspirations and requirements of the people.

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

   ◊ The Company adopts Participatory Rural Appraisal to involve people in prioritising their needs and defining type of development initiatives suited to local needs.

   ◊ For most contributions by the Company, the beneficiary sends a detailed report to the Company on how the contributions have been deployed, along with photos, wherever possible, on the results of such programs / projects.

   ◊ The Company's contribution to programs like Rural School Infrastructure Development, Lift Irrigation Schemes for farmers are resultant of the impact assessment undertaken by the Company in the relevant areas.

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

   ◊ 100% of the CSR Spend by the Company is thro' Direct Contribution to Community Development Projects.

   ◊ Please refer CSR Report in Annexure VII of the Directors' Report for Financial Year 2020-21 for complete details on the spend made by the Company during the financial year ended March 31, 2021.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   ◊ The Human Resource function / Environment Management function / Operations 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.

   ◊ The Company has a well-defined, transparent monitoring and review mechanism to ensure that each CSR project / program has :

   - Clear sustainable objectives developed out of societal needs that may be determined through discussions with the local communities and need assessment studies.
   - Clear targets, timelines and measurable indicators, wherever possible.
   - A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

**PRINCIPLE 9 : BUSINESS 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.**

   ◊ The key strengths of the Company are: Development of new products, actively participating in product trials along with the customers and prompt resolution of customer complaints, if any.

   ◊ The total number of Customer complaints which were pending at the end of the year constitutes less than 5%. Company has a well-established process whereby a cross-functional team, involving Marketing and Technical personnel, analyse each Customer Compliant in detail. The action points are identified and implemented immediately with a quick turnaround time.

   ◊ The entire process is reviewed by the Top Management on a monthly basis.

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)**

   ◊ Yes. Wherever relevant, the Company encourages that its packaging / labelling contain detailed information regarding safe handling, storage and use, which are over and above what is mandated as per local laws.

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? If so, provide details thereof, in about 50 words or so.**

   ◊ There have been no cases filed against the Company, by any stakeholder, during the year, on issues relating to unfair trade practices, irresponsible advertising and / or anti-competitive behaviour.

   ◊ Allegation, leveled against large paper manufacturers in India (including our Company) of simultaneous price increases during the period January 2012 - December 2013, is currently under evaluation by the Competition Commission of India.

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 an annual basis. Through this annual customer surveys, feedback is obtained from our Channel Partners (Indentors) and Customers on Sales Process, Marketing Policies, Sales Accounting and Settlements, Delivery / Order fulfillment, Product Quality, Service & Support, Compliant handling process and overall Customer Satisfaction.

   ◊ In addition, the Company also has a systematic quarterly interactions with all the Channel Partners on Market feedback, Product Development, Price indications, etc.

**Annexure - IV**

FORM No. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 03 2021

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS :

| | | | |
|---|---|---|---|
| (i) | CIN | : | L21012TZ1960PLC000364 |
| (ii) | Registration Date | : | 22 06 1960 |
| (iii) | Name of the Company | : | Seshasayee Paper and Boards Limited |
| (iv) | Category / Sub-Category of the Company | : | Non Government Company Limited by Shares |
| (v) | Address of the Registered office and contact details | : | Sri V Pichai<br>Deputy Managing Director & Secretary<br>Seshasayee Paper and Boards Limited<br>Pallipalayam, Cauvery RS PO<br>Erode 638 007, Namakkal District |
| (vi) | Whether listed Company | : | Yes |
| (vii) | Name, address and Contact details of Registrar and Transfer Agent, if any | : | Sri K Suresh Babu<br>Director<br>M/s Integrated Registry Management Services Pvt. Ltd<br>Kences Towers, II Floor<br>No.1 Ramakrishna Street<br>North Usman Road, T Nagar<br>Chennai 600 017 |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

| Sl.No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Writing & Printing Paper | 1701 | 100 |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

| Sl. No. | Name and Address of the Company | CIN / GLN | Holding Subsidiary / Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | M/s Esvi International (Engineers & Exporters) Limited<br>Esvin House<br>Old Mahabalipuram Road<br>Perungudi<br>Chennai 600 096 | U51909TN1978PTC007495 | Subsidiary | 100 | 2(87) of Companies Act, 2013 |
| 2 | M/s Ponni Sugars (Erode) Limited<br>Esvin House<br>Old Mahabalipuram Road<br>Perungudi<br>Chennai 600 096 | L15422TN1996PLC037200 | Associate | 27.45 | 2(6) of Companies Act, 2013 |

**IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) :**

**(i) Category-wise shareholding**

| Category of shareholders | No. of shares held at the beginning of the year (01 04 2020) | | | | No. of shares held at the end of the year (31 03 2021) | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| **A. Shareholding of Promoter and Promoter Group** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| (a) Individual / HUF | 91760 | 0 | 91760 | 0.15 | 91760 | 0 | 91760 | 0.15 | 0.00 |
| (b) Central / State Government | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (c) Bodies Corporate | 19069785 | 0 | 19069785 | 30.23 | 19069785 | 0 | 19069785 | 30.23 | 0.00 |
| (d) Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (e) Any other (specify) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Sub-Total (A) (1)** | **19161545** | **0** | **19161545** | **30.38** | **19161545** | **0** | **19161545** | **30.38** | 0.00 |
| **(2) Foreign** | | | | | | | | | |
| (a) NRIs-Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (b) Bodies Corporate | 7738475 | 0 | 7738475 | 12.27 | 7738475 | 0 | 7738475 | 12.27 | 0.00 |
| (c) Institutions | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (d) Qualified Foreign Investor | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (e) Any other (specify) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Sub-Total (A) (2)** | **7738475** | **0** | **7738475** | **12.27** | **7738475** | **0** | **7738475** | **12.27** | 0.00 |
| **Total Shareholding of Promoter & Promoter Group(A)=(A)(1)+(A)(2)** | **26900020** | **0** | **26900020** | **42.65** | **26900020** | **0** | **26900020** | **42.65** | **0.00** |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| (a) Mutual Funds / UTI | 0 | 1000 | 1000 | 0.00 | 0 | 1000 | 1000 | 0.00 | 0.00 |
| (b) Banks / FI | 23886 | 14820 | 38706 | 0.06 | 2250 | 12820 | 15070 | 0.03 | -0.03 |
| (c) Central / State Government | 0 | 9000000 | 9000000 | 14.27 | 0 | 9000000 | 9000000 | 14.27 | 0.00 |
| (d) Venture Capital Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (e) Insurance Companies | 1570953 | 0 | 1570953 | 2.49 | -- | -- | -- | -- | -2.49 |
| (f) Foreign Institutional Investors | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (g) Foreign Venture Capital Investors | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (h) Qualified Foreign Investor | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (i) Any other (specify) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Sub-Total (B) (1)** | **1594839** | **9015820** | **10610659** | **16.82** | **2250** | **9013820** | **9016070** | **14.30** | **-2.52** |

(i) Category-wise shareholding (Contd.)

| Category of shareholders | No. of shares held at the beginning of the year (01 04 2020) | | | | No. of shares held at the end of the year (31 03 2021) | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| **2. Non Institutions** | | | | | | | | | |
| (a) Bodies Corporate (Indian) | 3280014 | 12760 | 3292774 | 5.22 | 3346053 | 8680 | 3354733 | 5.32 | 0.10 |
| (b) Individuals (Resident / NRI / Foreign National) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (i) Individual shareholders holding nominal share capital upto ₹1 lakh | 6869673 | 1230070 | 8099743 | 12.84 | 6597284 | 1154910 | 7752194 | 12.29 | -0.55 |
| (ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 5254621 | 97530 | 5352151 | 8.49 | 5203028 | 97530 | 5300558 | 8.41 | -0.08 |
| (c) Qualified Foreign Investor | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (d) Any other (specify) | | | | | | | | | |
| Foreign Portfolio Corporate - 1 & 2 | 5038678 | -- | 5038678 | 7.99 | 6827053 | -- | 6827053 | 10.82 | 2.83 |
| Investor Education Protection Fund | 864665 | -- | 864665 | 1.37 | 897300 | -- | 897300 | 1.42 | 0.05 |
| Trusts | 40695 | 2840905 | 2881600 | 4.57 | 41265 | 2840905 | 2882170 | 4.57 | 0.00 |
| Alternate Investment Fund | -- | -- | -- | -- | 96000 | -- | 96000 | 0.15 | 0.15 |
| Limited Liability Partnership | 5070 | -- | 5070 | 0.01 | 24074 | -- | 24074 | 0.04 | 0.03 |
| Clearing Member | 22780 | -- | 22780 | 0.04 | 17968 | -- | 17968 | 0.03 | -0.01 |
| **Sub-Total (B) (2)** | **21376196** | **4181265** | **25557461** | **40.53** | **23050025** | **4102025** | **27152050** | **43.05** | **2.52** |
| **Total Public Shareholding (B) = (B)(1) + (B)(2)** | **22971035** | **13197085** | **36168120** | **57.35** | **23052275** | **13115845** | **36168120** | **57.35** | **0.00** |
| **(c) Share held by Custodian for GDRs & ADRs** | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Grand Total (A+B+C)** | **49871055** | **13197085** | **63068140** | **100.00** | **49952295** | **13115845** | **63068140** | **100.00** | **0.00** |

**(ii) Shareholding of Promoters :**

| Sl No. | Shareholder's Name | No. of shares held at the beginning of the year (01 04 2020) | | | No. of shares held at the end of the year (31 03 2021) | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of Total shares of the Company | % of shares pledged / encumbered to total shares | No. of Shares | % of Total shares of the Company | % of shares pledged / encumbered to total shares | |
| 1 | Ponni Sugars (Erode) Limited | 8840905 | 14.02 | 0 | 8840905 | 14.02 | 0 | 0.00 |
| 2 | Synergy Investments Pte Limited | 7738475 | 12.27 | 0 | 7738475 | 12.27 | 0 | 0.00 |
| 3 | Time Square Investments Private Limited | 6288105 | 9.97 | 0 | 6288105 | 9.97 | 0 | 0.00 |
| 4 | Dhanashree Investments Private Limited | 2951290 | 4.68 | 0 | 2951290 | 4.68 | 0 | 0.00 |
| 5 | Ultra Investments and Leasing Co.Pvt Ltd | 926480 | 1.47 | 0 | 926480 | 1.47 | 0 | 0.00 |
| 6 | High Energy Batteries (India) Limited | 51645 | 0.08 | 0 | 51645 | 0.08 | 0 | 0.00 |
| 7 | SPB Projects and Consultancy Limited | 11360 | 0.02 | 0 | 11360 | 0.02 | 0 | 0.00 |
| 8 | N Gopalaratnam | 46155 | 0.07 | 0 | 46155 | 0.07 | 0 | 0.00 |
| 9 | K S Kasi Viswanathan | 2910 | 0.00 | 0 | 2910 | 0.00 | 0 | 0.00 |
| 10 | V Pichai | 42695 | 0.07 | 0 | 42695 | 0.07 | 0 | 0.00 |
| | **Total** | **26900020** | **42.65** | **0** | **26900020** | **42.65** | **0** | **0.00** |

**(iii) Change in Promoter's Shareholding (please specify, if there is no change)**

| Sl No. | | No. of shares held at the beginning of the year (01 04 2020) | | No. of shares held at the end of the year (31 03 2021) | |
|---|---|---|---|---|---|
| | | No. of Shares | % of Total shares of the Company | No. of Shares | % of Total shares of the Company |
| | At the Beginning of the year 01 04 2020 | 26900020 | 42.65 | | |
| | Date wise increase / Decrease in Promoters Shareholding during the year | | | -- | -- |
| | At the end of the year 31 03 2021 | | | 26900020 | 42.65 |

**(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sl No. | | No. of shares held at the beginning of the year (01 04 2020) | | No. of shares held at the end of the year (31 03 2021) | |
|---|---|---|---|---|---|
| | | No. of Shares | % of Total shares of the Company | No. of Shares | % of Total shares of the Company |
| 1 | **The Tamilnadu Industrial Investment Corporation Limited** | | | | |
| | At the Beginning of the year 01 04 2020 | 9000000 | 14.27 | | |
| | At the end of the year 31 03 2021 | | | 9000000 | 14.27 |
| 2 | **Atyant Capital India Fund I** | | | | |
| | At the Beginning of the year 01 04 2020 | 3383140 | 5.36 | | |
| | At the end of the year 31 03 2021 | | | 3383140 | 5.36 |
| 3 | **Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust** | | | | |
| | At the Beginning of the year 01 04 2020 | 2840905 | 4.50 | | |
| | At the end of the year 31 03 2021 | | | 2840905 | 4.50 |
| 4 | **Coromandel Sugars Limited** | | | | |
| | At the Beginning of the year 01 04 2020 | 2372315 | 3.76 | | |
| | At the end of the year 31 03 2021 | | | 2372315 | 3.76 |
| 5 | **Life Insurance Corporation of India** | | | | |
| | At the Beginning of the year 01 04 2020 | 1570953 | 2.49 | | |
| | Sale 22 05 2020 | (-) 5683 | 0.01 | 1565270 | 2.48 |
| | Sale 05 06 2020 | (-) 53034 | 0.08 | 1512236 | 2.40 |
| | Sale 12 06 2020 | (-) 74267 | 0.12 | 1437969 | 2.28 |

| Sl No. | | No. of shares held at the beginning of the year (01 04 2020) | | No. of shares held at the end of the year (31 03 2021) | |
|---|---|---|---|---|---|
| | | No. of Shares | % of Total shares of the Company | No. of Shares | % of Total shares of the Company |
| | **Life Insurance Corporation of India (Contd.)** | | | | |
| | Sale 19 06 2020 | (-) 163933 | 0.26 | 1274036 | 2.02 |
| | Sale 26 06 2020 | (-) 145616 | 0.23 | 1128420 | 1.79 |
| | Sale 30 06 2020 | (-) 65000 | 0.10 | 1063420 | 1.69 |
| | Sale 03 07 2020 | (-) 33434 | 0.05 | 1029986 | 1.64 |
| | Sale 10 07 2020 | (-) 66256 | 0.11 | 963730 | 1.53 |
| | Sale 17 07 2020 | (-) 56937 | 0.09 | 906793 | 1.44 |
| | Sale 24 07 2020 | (-) 108215 | 0.17 | 798578 | 1.27 |
| | Sale 29 07 2020 | (-) 60000 | 0.10 | 738578 | 1.17 |
| | Sale 31 07 2020 | (-) 24778 | 0.04 | 713800 | 1.13 |
| | Sale 07 08 2020 | (-) 30083 | 0.05 | 683717 | 1.08 |
| | Sale 14 08 2020 | (-) 84770 | 0.13 | 598947 | 0.95 |
| | Sale 21 08 2020 | (-) 75064 | 0.12 | 523883 | 0.83 |
| | Sale 28 08 2020 | (-) 40166 | 0.06 | 483717 | 0.77 |
| | Sale 11 09 2020 | (-) 34477 | 0.05 | 449240 | 0.72 |
| | Sale 18 09 2020 | (-) 32772 | 0.05 | 416468 | 0.67 |
| | Sale 25 09 2020 | (-) 9871 | 0.02 | 406597 | 0.65 |
| | Sale 09 10 2020 | (-) 46778 | 0.07 | 359819 | 0.58 |
| | Sale 16 10 2020 | (-) 95000 | 0.15 | 264819 | 0.43 |
| | Sale 23 10 2020 | (-) 44080 | 0.07 | 220739 | 0.36 |
| | Sale 30 10 2020 | (-) 9007 | 0.01 | 211732 | 0.35 |
| | Sale 13 11 2020 | (-) 76019 | 0.12 | 135713 | 0.22 |
| | Sale 20 11 2020 | (-) 73362 | 0.12 | 62351 | 0.10 |
| | Sale 27 11 2020 | (-) 62351 | 0.10 | 0 | 0.00 |
| | At the end of the year 31 03 2021 | | | 0 | 0.00 |
| 6 | **Pushpa Devi Saraogi** | | | | |
| | At the Beginning of the year 01 04 2020 | 1124995 | 1.78 | | |
| | At the end of the year 31 03 2021 | | | 1124995 | 1.78 |

| Sl No. | | No. of shares held at the beginning of the year (01 04 2020) | | No. of shares held at the end of the year (31 03 2021) | |
|---|---|---|---|---|---|
| | | No. of Shares | % of Total shares of the Company | No. of Shares | % of Total shares of the Company |
| **7** | **Usha Devi Saraogi** | | | | |
| | At the Beginning of the year 01 04 2020 | 1124950 | 1.78 | | |
| | At the end of the year 31 03 2021 | | | 1124950 | 1.78 |
| **8** | **Investor Education and Protection Fund Authority** | | | | |
| | At the Beginning of the year 01 04 2020 | 864665 | 1.37 | | |
| | Claim 11 09 2020 | (-) 60 | 0.00 | 864605 | 1.37 |
| | Claim 25 09 2020 | (-) 1800 | 0.00 | 862805 | 1.37 |
| | Share Transferred 30 09 2020 | 37250 | 0.06 | 900055 | 1.43 |
| | Claim 22 01 2021 | (-) 1250 | 0.00 | 898805 | 1.43 |
| | Claim 05 02 2021 | (-) 460 | 0.00 | 898345 | 1.42 |
| | Claim 12 02 2021 | (-) 570 | 0.00 | 897775 | 1.42 |
| | Claim 26 02 2021 | (-) 475 | 0.00 | 897300 | 1.42 |
| | At the end of the year 31 03 2021 | | | 897300 | 1.42 |
| **9** | **Gothic Corporation** | | | | |
| | At the Beginning of the year 01 04 2020 | 797360 | 1.26 | | |
| | Purchase 31 07 2020 | 25000 | 0.04 | 822360 | 1.30 |
| | Purchase 07 08 2020 | 50000 | 0.08 | 872360 | 1.38 |
| | Purchase 14 08 2020 | 68547 | 0.11 | 940907 | 1.49 |
| | Purchase 21 08 2020 | 162972 | 0.26 | 1103879 | 1.75 |
| | Purchase 28 08 2020 | 40000 | 0.06 | 1143879 | 1.81 |
| | At the end of the year 31 03 2021 | | | 1143879 | 1.81 |
| **10** | **Sathyamoorthi Devarajulu **** | | | | |
| | At the Beginning of the year 01 04 2020 | 610912 | 0.97 | | |
| | Sale 10 04 2020 | (-) 10912 | 0.02 | 600000 | 0.95 |
| | Sale 19 02 2021 | (-) 100000 | 0.16 | 500000 | 0.79 |
| | At the end of the year 31 03 2021 | | | 500000 | 0.79 |

| Sl No. | | No. of shares held at the beginning of the year (01 04 2020) | | No. of shares held at the end of the year (31 03 2021) | |
|---|---|---|---|---|---|
| | | No. of Shares | % of Total shares of the Company | No. of Shares | % of Total shares of the Company |
| 11 | **Vanderbilt University - Atyant Capital Management Limited **** | | | | |
| | At the Beginning of the year 01 04 2020 | 0 | 0.00 | | |
| | Purchase 05 06 2020 | 100000 | 0.16 | 100000 | 0.16 |
| | Purchase 12 06 2020 | 250971 | 0.39 | 350971 | 0.55 |
| | Purchase 19 06 2020 | 181095 | 0.29 | 532066 | 0.84 |
| | Purchase 30 06 2020 | 57000 | 0.09 | 589066 | 0.93 |
| | Purchase 17 07 2020 | 70000 | 0.11 | 659066 | 1.04 |
| | Purchase 24 07 2020 | 155643 | 0.25 | 814709 | 1.29 |
| | Purchase 29 07 2020 | 50000 | 0.08 | 864709 | 1.37 |
| | Purchase 04 09 2020 | 36000 | 0.06 | 900709 | 1.43 |
| | Purchase 11 09 2020 | 37500 | 0.06 | 938209 | 1.49 |
| | Purchase 18 09 2020 | 24000 | 0.04 | 962209 | 1.53 |
| | Purchase 30 09 2020 | 3252 | 0.00 | 965461 | 1.53 |
| | Purchase 16 10 2020 | 93995 | 0.15 | 1059456 | 1.68 |
| | Purchase 23 10 2020 | 71377 | 0.11 | 1130833 | 1.79 |
| | Purchase 30 10 2020 | 2801 | 0.00 | 1133634 | 1.79 |
| | At the end of the year 31 03 2021 | | | 1133634 | 1.79 |

** Shareholder “Vanderbilt University - Atyant Capital Management Limited” entered in to the list of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) during the FY 2020-21 and the shareholder “Sathyamoorthi Devarajulu” moved out of the list, as on March 31, 2021.

**(v) Shareholding of Directors and Key Managerial Personnel :**

| Sl No. | | No. of shares held at the beginning of the year (01 04 2020) | | No. of shares held at the end of the year (31 03 2021) | |
|---|---|---|---|---|---|
| | | No. of Shares | % of Total shares of the Company | No. of Shares | % of Total shares of the Company |
| 1 | **Sri N Gopalaratnam** | | | | |
| | At the Beginning of the year 01 04 2020 | 46155 | 0.07 | | |
| | At the end of the year 31 03 2021 | | | 46155 | 0.07 |
| 2 | **Sri K S Kasi Viswanathan** | | | | |
| | At the Beginning of the year 01 04 2020 | 2910 | 0.00 | | |
| | At the end of the year 31 03 2021 | | | 2910 | 0.00 |
| 3 | **Sri V Pichai** | | | | |
| | At the Beginning of the year 01 04 2020 | 42695 | 0.07 | | |
| | At the end of the year 31 03 2021 | | | 42695 | 0.07 |

**V INDEBTENDNESS :**

**Indebtedness of the Company including interest outstanding / accrued but not due for payment.**

| | Secured Loans excluding deposits (₹ crores) | Unsecured Loans (₹ crores) | Deposits (₹ crores) | Total Indebtedness (₹ crores) |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| (i) Principal Amount | -- | 11.75 | -- | 11.75 |
| (ii) Interest due but not paid | -- | -- | -- | -- |
| (iii) Interest accrued but not due | -- | -- | -- | -- |
| **Total (i)+(ii)+(iii)** | **--** | **11.75** | **--** | **11.75** |
| **Change in Indebtedness during the financial year** | | | | |
| Addition | -- | -- | -- | -- |
| Reduction | -- | 3.35 | -- | 3.35 |
| **Net Change** | **--** | **-3.35** | **--** | **-3.35** |
| **Indebtedness at the end of the financial year** | | | | |
| (i) Principal Amount | -- | 8.40 | -- | 8.40 |
| (ii) Interest due but not paid | -- | -- | -- | -- |
| (iii) Interest accrued but not due | -- | -- | -- | -- |
| **Total (i)+(ii)+(iii)** | -- | **8.40** | **--** | **8.40** |

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :**

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

| Sl No. | Particulars of Remuneration | Name of MD / WTD/ Manager | | | Total Amount |
|---|---|---|---|---|---|
| | | Sri N Gopalaratnam Chairman | Sri K S Kasi Viswanathan MD | Sri V Pichai Deputy MD & Secretary | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 7980000 | 6780000 | 6780000 | 21540000 |
| | (b) Value of perquisites under section 17(2) of the Income-tax Act,1961 | 22328 | 1272081 | 1275546 | 2569955 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act,1961 | -- | -- | -- | -- |
| 2 | Stock Option | -- | -- | -- | -- |
| 3 | Sweat Equity | -- | -- | -- | -- |
| 4 | Commission | 12768000 | 10848000 | 10848000 | 34464000 |
| | - as % of profit | -- | -- | -- | -- |
| | - others, specify | -- | -- | -- | -- |
| 5 | Others, please specify | | | | |
| | (i) Provident Fund | 917700 | 779700 | 779700 | 2477100 |
| | (ii) Superannuation Fund | 1197000 | 1017000 | 1017000 | 3231000 |
| | (iii) Gratuity Premium | 464468 | 394624 | 394624 | 1253716 |
| | **Total (A)** | **23349496** | **21091405** | **21094870** | **65535771** |
| | Ceiling as per the Act | | | | **93824104** |

**B Remuneration to other Directors :**

| Sl No. | Particulars of Remuneration | Fee for attending Board / Committee Meeting | Commission | Others (Note.A) | Others (Note.B) | Total Amount |
|---|---|---|---|---|---|---|
| 1 | **Independent Directors** | | | | | |
| | Dr S Narayan | 350000 | 750000 | 250000 | 26535 | 1376535 |
| | Sri V Sridar | 675000 | 750000 | 250000 | 22773 | 1697773 |
| | Sri A L Somayaji | 350000 | 750000 | 250000 | 26535 | 1376535 |
| | Sri Mohan Verghese Chunkath | 275000 | 750000 | 250000 | 19305 | 1294305 |
| | Dr Nanditha Krishna | 150000 | 750000 | 250000 | 24650 | 1174650 |
| 2 | **Other Non-Executive Directors** | | | | | |
| | Dr Shekhar Kumar Niraj, IFS | # 100000 | # 750000 | 250000 | 10271 | 1110271 |
| | Tmt. Sigy Thomas Vaidhyan, IAS | * 100000 | * 750000 | & 211749 | 6193 | 1067942 |
| | Total (B) | **2000000** | **5250000** | **1711749** | **136262** | **9098011** |
| | Total managerial Remuneration (A+B) | | | | | **74633782** |
| | Over all ceiling as per Act | | | | | **103206514** |

\# Payable to Government of Tamilnadu.

* Payable to The Tamilnadu Industrial Investment Corporation Limited.

& Paid to The Tamilnadu Industrial Investment Corporation Limited; paid on pro-data basis, since directorship of the nominee director was not held throughout the previous year.

(Note.A) Refers to the Commission amount (related to financial year 2019-20), paid in arrears during the FY 2020-21, post the approval of the revised limits of Commission by the Members of the Company at the Annual General Meeting held on 08 08 2020.

(Note.B) Refers to the Premium paid by the Company for FY 2020-21, for the Mediclaim Insurance Policy taken by the Company for the benefit of the non-executive Directors.

**C Remuneration to Key Managerial Personnel other than MD / Manager/ WTD : NIL**

| Sl No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company Secretary | CFO | Total Amount |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | | | | |
| | (b) Value of perquisites under section 17(2) of the Income-tax Act,1961 | | | | |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act,1961 | | | | |
| 2 | Stock Option | | | | |
| 3 | Sweat Equity | | | | |
| 4 | Commission | | | | |
| | - as % of profit | | | | |
| | - others, specify | | | | |
| 5 | Others, please specify | | | | |
| | **Total (A)** | | | | |
| | Ceiling as per the Act | | | | |

**VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL**

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment Compounding fees imposed | Authority [RD / NCLT / Court] | Appeal made if any (give details) |
|---|---|---|---|---|---|
| **A COMPANY** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B DIRECTORS** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

**Annexure - V**

**FORM NO. AOC - 2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto.**

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

NIL

2 Details of material contracts or arrangement or transactions at arm's length basis.

(a) Name(s) of the Related Party and nature of relationship.

(i) Control :

Esvi International (Engineers & Exporters) Limited

SPB Equity Shares Trust

(ii) Presumption of significant influence :

Ponni Sugars (Erode) Limited

SPB Projects and Consultancy Limited

Time Square Investments Private Limited

Dhanshree Investments Private Limited

Ultra Investments and Leasing Company Private Limited

(iii) Key Managerial Personnel :

Sri N Gopalaratnam, Chairman

Sri K S Kasi Viswanathan, Managing Director

Sri V Pichai, Deputy Managing Director & Secretary

(b) Nature of contracts / arrangements / transactions :

Details of transactions with the above related parties are provided in Note No. 40 to the Accounts for the Financial year 2020-21.

It may be seen therefrom that the total value of transactions with all Related Parties are less than 10% of the total income for the Financial Year 2020-21 and hence, none of them are material in nature.

Hence, the details required in paras (c) to (e) to be furnished in respect of Material Related Party Transactions are not applicable and hence not furnished.

(c) Amount paid as advances, if any.

NIL

**ANNEXURE - VI**

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
## (Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

### A. CONSERVATION OF ENERGY

**(i) Steps taken / Impact on Conservation of Energy:**

**Unit : Erode**

- ◊ Identification of Mill wide high power consuming equipment for close monitoring and control of energy.
- ◊ Installation of Energy Efficient Vacuum Pumps in Paper Machine Complex for Energy conservation.
- ◊ White Liquor supply from Chemical Recovery Complex to Bagasse Pulp Mill is being done by gravity and pumping has been avoided.
- ◊ Variable Frequency Drives have been installed in many pumps, mill-wide to save energy.
- ◊ Refiner power reduced by running the Refiners in Specific energy control mode.
- ◊ Steam and Condensate systems have been upgraded in Paper Machines #2 and Paper Machine #5.
- ◊ Energy Efficient pumps being installed in Primary Effluent Treatment Plant, Intake well, and Mist Cooling Tower areas to save energy.
- ◊ Usage of 10 Ksc steam in 21 TG ejector, instead of 105 ksc steam being studied.
- ◊ BEE has assigned an “Accredited Energy Auditor” to conduct Potential Assessment Study for Fixation of Target for PAT cycle VII.

**Unit : Tirunelveli**

- ◊ Installation of Variable Frequency Drives in blowers and river water pumps to save electrical energy.
- ◊ Installation of energy efficient street light fittings to improve illumination at reduced energy consumption.
- ◊ Variable Frequency Drives are being installed in boiler feed water pump and cooling tower fan to save energy.
- ◊ In the Boiler House EOT crane, conventional slipring motors and associated starters have been replaced with energy efficient 4 quadrant drives for energy saving.
- ◊ Wrapping machine control panel has been replaced with new energy efficient panel to save energy.
- ◊ In Paper Machine maintenance crane, Electrical system has been upgraded with 4 quadrant drive for trouble free operation and energy saving.

**(ii) Steps taken for utilizing alternate Sources of Energy:**

**Unit : Erode & Tirunelveli**

- ◊ Use of Methane bio gas from the Bagasse Pulp Mill Anaerobic System is being stepped up to reduce furnace oil consumption in Rotary Lime Kiln at Unit:Erode
- ◊ Green Energy from chemical recovery complex has increased to 60 % from 55 % in Unit:Erode.

◊ In Unit:Erode few small solar based power plants have been installed both in the Mill and in the Colony to improve alternate source of energy.

◊ In Unit: Tirunelveli - Studies are being done to install solar based power generating units in the Mill as well as at Intake well area.

◊ Continuous efforts are being made to use bio fuels like chipper dust, Juliflora wood chips, etc. in the Power Boilers both at Unit: Erode & Tirunelveli.

## B. TECHNOLOGY ABSORPTION

**(i) Efforts made towards technology absorption**

◊ Specific areas in which R&D was carried out by the Company.

**Unit: Erode**

**i. Pulping and Bleaching**

◊ Pulping and bleaching experiments were carried out for various wood raw materials to assess suitability for paper making.

◊ High yielding Casuarina Hybrid clones were procured from Institute of Forest genetics and tree breeding, Coimbatore and large scale production being carried out in our Nursery. These clones are supplied to various farmers for cultivation to improve the soil fertility and productivity.

◊ Partial replacement of caustic lye by White liquor in Oxygen Delignification Stage to get Higher Kappa Reduction and cost savings.

◊ Introduction of antiscalent chemical in EOP Bleaching to avoid Scale formation in system.

◊ R&D Trials and tests for quality improvement and cost effectiveness.

**ii. Stock Preparation and Paper Making**

**Unit : Erode**

◊ Usage of Ground Calcium carbonate (indigenous) filler in place of Ground Calcium carbonate (imported) at Paper Machine#5.

◊ Introduction of Bentonite in Paper Machine#5, to improve wet end stability, retention of fines and fillers.

◊ Usage of DM water for retention aid preparation system in place of bore well water which gives uniform solution and improves machine runnability.

◊ Introduction of sticky control chemical to avoid stickers in wire part.

◊ Felt conditioning program introduced to improve machine runnability and felt life.

◊ New biocide program introduced at Paper Machine No. 1 to improve the machine runnability.

◊ Recycling of waste water by proper treatment in each stage without affecting the quality for water conservation.

◊ Conducting plant trials for ASA sizing process to replace AKD at MF3 to avoid Sticky material from wire.

◊ Introduction of Cold dextrin for core pipe production to improve core compression strength.

**Unit: Tirunelveli**

- ◊ Improving strength properties of all grades of paper.
- ◊ Three major copier grade products in Indian A4 have been developed and quality certified by BIS.
- ◊ Food grade (OBA free) natural shade product has been introduced in 68 and 70 gsm.
- ◊ Humidity chamber has been installed to condition all the paper and board samples to eliminate testing error.

**(ii) Benefits derived like product, cost reduction, product development or import substitution.**

**Unit : Erode & Tirunelveli**

- ◊ Certain high yield varieties of Casurina clones have been developed.
- ◊ New products for the Pharmaceutical industry, bag manufacture, paper cup manufacture, etc. have been developed.
- ◊ Food grade certification has been obtained for certain varieties of Paper.
- ◊ Fresh water consumption is being reduced.

**Future plan of Action :**

**Unit: Erode & Tirunelveli**

- ◊ Further recycling of waste water.
- ◊ To develop further new products as per market requirement.
- ◊ Trials with various chemical additives to optimize pulp mill operation and paper machine performance will continue.
- ◊ In order to arrest pollution at source, a Pilot Plant study is being planned for treating the wood pulp mill bleach plant effluent before it joins the main effluent stream.
- ◊ Efforts will also be taken to improve the power generation for the same quantity of steam in the TG sets at both the units.

**(iii) Imported Technology**

- ◊ Nil

**(iv) Expenditure incurred on Research & Development**

₹ 0.84 crores (Previous Year - ₹ 1.44 crores)

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange Outgo during the year in terms of actual outflows.

| | **2020-21 (₹ crores)** | 2019-20 (₹ crores) |
|---|---|---|
| Earnings | **149.03** | 215.47 |
| Outgo | **125.43** | 194.03 |

**Annexure - VII**

## REPORT ON CSR ACTIVITIES

1 A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

The Company is engaged in pulp and paper sector which is rural based and is a value creator for thousands of farmers as well as skilled / semi-skilled labour in its neighbourhood. It is deeply committed to promoting rural development and contributing to inclusive growth.

The Company has been pursuing social objectives for long in the interest of rural welfare. It runs two higher education schools and an elementary school for the benefit of poor children in the neighbourhood. The Company promoted and continues to support the establishment of 3 Lift Irrigation Schemes to bring nearly 1 500 acres of dry lands under irrigation and crop cultivation, using Mill's treated trade effluents, thus turning a waste into wealth. It provides drinking water to nearby villages. It runs four Primary Health Centres in nearby villages and provides quality health care. A qualified well experienced Doctor with adequate number of para medical Assistants manage these Health Centres, providing free medicines. Medical camps covering varied fields are conducted with the support of accredited hospitals.

CSR Policy

As a responsible corporate citizen, the Company has evolved a CSR Policy and is pursuing the CSR activities in letter and spirit.

The Company has formed a CSR Committee of the Board. It has formulated a CSR Policy that has been approved by the Board, laying stress on CSR activities to be undertaken in its neighbourhood. The Company's focussed programmes are in the field of community development, water, sanitation, education, health, rural infrastructure and technical training. Its ongoing CSR activities are truly aligned to the CSR Policy.

The CSR Policy has been posted on the website of the Company - www.spbltd.com.

2 The Composition of the CSR Committee.

- Sri N Gopalaratnam, Chairman
- Sri V Sridar, Independent Director
- Sri K S Kasi Viswanathan, Managing Director
- Sri V Pichai, Deputy Managing Director & Secretary

3 Average net profit (Profit Before Tax excluding Dividend Income and Exceptional Income) of the Company for last three financial years.

₹ 229.16 crores

4 Prescribed CSR Expenditure (two percent of the amount as in item 3 above).

₹ 4.58 crores

5 Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year;

₹ 4.77 crores

(b) Amount unspent, if any;

Nil

(c) Manner in which the amount spent during the financial year is detailed below.

| | | | ₹ crores |
|---|---|---|---|
| 1 | Expenditure on running of Schools and contribution to other educational institutions | : | 1.17 |
| 2 | Providing infrastructure facilities in nearby villages including Laying of Bitumen Roads, etc. | : | 1.09 |
| 3 | Supply of Drinking Water to nearby villages | : | 0.76 |
| 4 | Covid-19 relief activities | : | 0.77 |
| 5 | Expenses on running of Rural Primary Health Centres and contributions to charitable institutions, rural development programs, educational assistance to deserving students, medical assistance, medical camps, etc. | : | 0.98 |
| | **Total** | : | **4.77** |

6 In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Not Applicable.

7 A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Responsibility Statement :

Certified that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/

(N Gopalaratnam)

Chairman of CSR Committee

**Annexure VIII**

## Disclosure under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**(A) Statement of particulars of remuneration as per Rule 5(1)**

| Sl No. | Description | | | |
|---|---|---|---|---|
| 1 | The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year | Chairman<br>Managing Director (MD)<br>Deputy Managing Director & Secretary (DMD&S) | 45:1<br>40:1<br>40:1 | Note-1 |
| 2 | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year | Chairman<br>MD<br>DMD&S | 24 %<br>23 %<br>23 % | Note-2 |
| 3 | The percentage increase in the median remuneration of employees in the financial year | | 1% | Note-3 |
| 4 | The number of permanent employees on the rolls of Company | | 1278 | |
| 5 | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Average increase in the salary of employees other than managerial persons<br>Managerial remuneration | 6.85%<br>24 % | |
| 6 | Affirmation that the remuneration is as per the remuneration policy of the Company | Yes. Remuneration is as per the remuneration policy of the Company. | | |

Notes:

1 Chairman, MD and DMD&S are the Whole-time Directors. Other Directors are Non Whole-time Directors, who are paid only sitting fee for attending meetings of the Board and Committees thereof and Commission. Hence, ratio provided only for Whole-time Directors.

2 The remuneration package of three Whole-time Directors is revised once in three years. The remuneration package was last approved by the Shareholders of the Company, in the Annual General Meeting held on August 8, 2020. The current remuneration package is applicable from April 1, 2020. The increase in managerial remuneration in FY 2020-21 is on account of the increase in commission payable to the wholetime directors for the FY 2020-21. The increased commission, as approved by the Board of Directors after taking in to consideration the recommendation of the Nomination-cum-Remuneration Committee, is within the limits approved by the Shareholders of the Company.

3 For the current year, there is no change in the remuneration paid, except for increase in Dearness Allowance and annual increments.

**(B) Statement of particulars of employees as per Rule 5(2) & (3)**

| Sl No. | Description | Particulars | | |
|---|---|---|---|---|
| 1 | Name of the employee | Sri N Gopalaratnam | Sri K S Kasi Viswanathan | Sri V Pichai |
| 2 | Designation | Chairman | Managing Director | Deputy Managing Director & Secretary |
| 3 | Remuneration received | ₹ 2.34 crores | ₹ 2.11 crores | ₹ 2.11 crores |
| 4 | Nature of employment | Contractual | Contractual | Contractual |
| 5 | Qualification & experience | B. Sc., B. E. (Mech.) 48 years | B. Tech., MMA 42 years | B. Com., A.C.A., A.C.S., CAIIB 47 years |
| 6 | Date of commencement of employment | 01 04 1988 | 13 03 1991 | 12 06 1980 |
| 7 | Age of such employee | 74 | 70 | 73 |
| 8 | Last employment | Project Specialist, SPB Projects & Consultancy Limited | Project Coordinator, SPB Projects & Consultancy Limited | Manager, Indian Bank |
| 9 | % of Equity shares held | Negligible (46155) | Negligible (2910) | Negligible (42695) |
| 10 | Relationship with any director | Not a relative of any Director of the Company | Not a relative of any Director of the Company | Not a relative of any Director of the Company |

*Note:* Gross remuneration includes salary, incentive, perquisites and Company's contribution to retirement benefits.

For Board of Directors

(N GOPALARATNAM)
Chairman

Erode
May 08, 2021

Annexure IX

**B K SUNDARAM & ASSOCIATES**
COMPANY SECRETARIES.
B.KALYANASUNDARAM,
B.Com., ACMA., ACS.,

OFFICE :
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE : 0431-2761590.

FORM NO. MR-3

## 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
M/s. Seshasayee Paper and Boards Limited
Pallipalayam, Erode - 638 007

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Seshasayee Paper and Boards Limited, Pallipalayam, Erode - 638 007 (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s. Seshasayee Paper and Boards Limited (the Company) and also the information provided electronically by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "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) 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 (Registrars to an Issue and Share Transfer Agents)

Regulations, 1993 regarding the Companies Act and dealings with client;

(v) Other Laws applicable specifically to the Company:

a. Acts and Rules prescribed under prevention and control of pollution.

b. Acts and Rules relating to Environment protection, energy conservation and Hazardous substances and Chemicals.

c. Acts and Rules relating to boilers, electricity, explosives, fire, etc.

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

(i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

During the year under report, the Company did not attract the provisions of:

(i) 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;

(ii) 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

**We 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice with agenda items supported by detailed notes thereon is given to all Directors to schedule the Board Meetings and Committee meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company had no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

FOR B K SUNDARAM & ASSOCIATES
Company Secretaries

Sd/-
(B KALYANASUNDARAM)
Company Secretary
ACS NO. A672. CP. NO. 2209
UDIN: A000672C000181886

Place: Tirchy
Date : 26 04 2021

Note : This report has to be read along with the Annexure which forms an integral part of this report.

**B K SUNDARAM & ASSOCIATES**
COMPANY SECRETARIES.
B.KALYANASUNDARAM,
B.Com., ACMA., ACS.,

OFFICE :
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE : 0431-2761590.

## ANNEXURE TO SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021 OF M/s. SESHASAYEE PAPER AND BOARDS LIMITED

1. Maintenance of secretarial records with reference to the provisions of the Companies Act,2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.

2. The audit was conducted in accordance with applicable Standards issued by the Institute of Company Secretaries of India. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information electronically and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Audit. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.

3. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and occurrence of events.

FOR B K SUNDARAM & ASSOCIATES
Company Secretaries

Sd/-
(B KALYANASUNDARAM)
Company Secretary
ACS NO. A672. CP. NO. 2209
UDIN: A000672C000181886

Place: Tirchy
Date : 26 04 2021

Annexure - X

**FORM NO. AOC - 1**

**Statement containing salient features of the financial statement of Subsidiary / Associate Company**

**(Pursuant to first proviso to Sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)**

**Part "A": Subsidiary**

| | | | |
|---|---|---|---|
| 1 | Sl No. | : | 1 |
| 2 | Name of the Subsidiary | : | Esvi International (Engineers & Exporters) Limited |
| 3 | Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period | : | 31st March 2021 |
| 4 | Reporting currency and Exchange Rate as on the last date of the relevant Financial Year in the case of foreign Subsidiaries | : | Not Applicable |
| 5 | Share Capital | : | ₹ 1.25 crores |
| 6 | Reserves and Surplus | : | ₹ 1.19 crores |
| 7 | Total Assets | : | ₹ 2.67 crores |
| 8 | Total Liabilities | : | ₹ 0.22 crores |
| 9 | Investments | : | ₹ 0.08 crores |
| 10 | Turnover | : | ₹ 0.27 crores |
| 11 | Profit before taxation | : | ₹ 0.03 crores |
| 12 | Provision for taxation | : | ₹ 0.06 crores |
| 13 | Profit after taxation | : | ₹ (-) 0.03 crores |
| 14 | Proposed Dividend | : | Nil |
| 15 | % of shareholding | : | 100% |

Note : There are no Subsidiaries :

(i) which are yet to commence operations and

(ii) which have been liquidated or sold during the year

**Part "B": Associate**

**Statement, pursuant to Section 129(3) of the Companies Act, 2013, related to Associate Company**

| | | | |
|---|---|---|---|
| 1 | Name of the Associate | : | Ponni Sugars (Erode) Limited |
| 2 | Latest audited Balance Sheet Date | : | 31st March 2021 |
| 3 | Shares of Associate held by the Company on the year end | : | |
| | No. | : | 23 60 260 |
| | Amount of Investment in Associates / Joint Venture | : | ₹ 19.60 crores |
| | Extend of Holding % | : | 27.45% |
| 4 | Description of how there is significant influence | : | The Explanation to Section 2(6) of the Companies Act, 2013 provides that Significant Influence means control of at least 20% of total share capital. The Company holds more than 20% in the Equity Share Capital of its Associate. Hence, the Company is having Significant Influence over it Associate. |
| 5 | Reason why the Associate is not consolidated | : | Not applicable |
| 6 | Net Worth attributable to Shareholding as per latest audited Balance Sheet | : | ₹ 89.60 crores |
| 7 | Profit / Loss for the year | : | ₹ 25.66 crores |
| | Considered in Consolidation | : | ₹ 7.07 crores |
| | Not considered in Consolidation | : | ₹ 18.59 crores |

Note : There are no Associates or Joint Ventures :

(i) which are yet to commence operations and

(ii) which have been liquidated or sold during the year.

Vide our report of date attached

MAHARAJ N R SURESH AND CO LLP
Firm Regn. No. 001931S/S000020

N R Jayadevan
Membership No. 023838
Partner
Chartered Accountants
UDIN: 21023838AAAAAJ9777

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S/S200041

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants
UDIN: 21019339AAAAFZ3038

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing
Director & Secretary

V SRIDAR
S NARAYAN
A L SOMAYAJI
DR NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
TMT SIGY THOMAS VAIDHYAN
DR SHEKHAR KUMAR NIRAJ
Directors.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

# Standalone Financial Statements for the year ended 31st March 2021

**MAHARAJ N R SURESH AND CO LLP**
CHARTERED ACCOUNTANTS

**R SUBRAMANIAN AND COMPANY LLP**
CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M/s SESHASAYEE PAPER AND BOARDS LIMITED

### Report on the audit of Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2021 and 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, hereinafter 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 Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the 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 state of affairs of the Company as at March 31, 2021, the Profit (Including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements 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 Auditors' 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 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.

### Emphasis of Matter

Attention is invited to note no 1 B (1.2) (g) of the financial statements which is extracted below :

"The Company has considered the possible effects that may result from the COVID-19 pandemic on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, expects the carrying amount of these assets will be recovered."

Our opinion on the Financial Statements is not modified in respect of the above matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in

the context of our audit of 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.

| Key Audit Matters | Response to Key Audit Matters & Conclusion |
|---|---|
| 1. As on 31st March 2021, the Finished Goods inventory of Paper (Note no 6 - Carrying value ₹ 148.94 crores) are valued at lower of cost and net realizable value.<br><br>We considered the value of Finished goods as key audit matter considering the relative size of it in the financial statements and significant judgments involved in the consideration of factors such as the physical existence of the stock, cost determination, selling prices and determination of net realizable value. | ◊ We understood and tested the design and operating effectiveness of controls as established by the management in maintenance of stock, records maintained and physical verification procedure instructions and the results of the year end physical verification.<br><br>◊ We applied standard audit procedures during physical verification including recheck of the physical stock.<br><br>◊ We have broadly verified the cost accounting records. Based on the records maintained, we verified the cost calculations including basis for determination of unabsorbed fixed overheads due to lower production than normal levels.<br><br>◊ We have verified the selling prices from the price lists / subsequent invoices and also the estimate of the selling expenses for arriving at the net realizable value.<br><br>◊ Based on the above audit procedures we have concluded that the management's determination of the finished goods is reasonable and in accordance with Ind AS 2 – Inventories. |
| 2. As on 31st March 2021, the Company carries cash and bank balances of ₹ 205.80 crores. We considered the amount of cash and bank balance as a key audit matter given the relative size of the balance in the financial statements. | ◊ We have verified and tested the design and operating effectiveness of controls with regard to maintenance of cash balances and preparation of bank reconciliation statements.<br><br>◊ We have verified the cash balance at the end of the year as well as the bank reconciliation statements.<br><br>◊ We have also received confirmation of balances from banks directly which corroborates with the results of our audit procedures. |

| Key Audit Matters | Response to Key Audit Matters & Conclusion |
|---|---|
| 3. The addition to Property, Plant and Equipment (PPE), during the year, is ₹ 100.99 crores. The additions being significant to the total carrying value of PPE, we have considered this as a key audit matter. | ◊ We have verified the project report as approved by the Board.<br>◊ We have tested the internal control procedures for purchases, receipts, issues of capital items, direct and indirect expenditure, technical certification on "ready for use".<br>◊ Based on the test checks and audit procedures applied by us we are satisfied on the additions to PPE. |

**Information Other Than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information in the Annual Report, comprising of the Director's report and its annexures, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 if 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 Responsibility 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 ("the Act") 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 Accounting Standards specified under Section 133 of the Act. 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

**Auditors' Responsibilities for the Audit of the 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 auditors' 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 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 controls 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone 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 auditors' 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 Standalone 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Companies Act, 2013, we give in "Annexure B" 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 Act, we report, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the Directors as on 31st March, 2021 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 A".

   g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197 (16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

   h) With respect to the other matters to be included in the Auditors' 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 financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company.

**MAHARAJ N R SURESH AND CO LLP**
Firm Regn. No. 001931S/S000020

**N R Jayadevan**
Membership No. 023838
Partner
Chartered Accountants
UDIN : 21023838AAAAAK2617

**R SUBRAMANIAN AND COMPANY LLP**
Firm Regn. No. 004137S/S200041

**N Krishnamurthy**
Membership No. 019339
Partner
Chartered Accountants
UDIN : 21019339AAAAFV7240

Place : Chennai
Date : May 08, 2021

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SESHASAYEE PAPER AND BOARDS LIMITED.

**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 SESHASAYEE PAPER AND BOARDS LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 ICAI. 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 Auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls System over Financial Reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Control over Financial Reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) 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

(iii) 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 March 31, 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 ICAI.

**MAHARAJ N R SURESH AND CO LLP**
Firm Regn. No. 001931S/S000020

**N R Jayadevan**
Membership No. 023838
Partner
Chartered Accountants
UDIN : 21023838AAAAAK2617

**R SUBRAMANIAN AND COMPANY LLP**
Firm Regn. No. 004137S/S200041

**N Krishnamurthy**
Membership No. 019339
Partner
Chartered Accountants
UDIN : 21019339AAAAFV7240

Place : Chennai
Date : May 08, 2021

## ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SESHASAYEE PAPER AND BOARDS LIMITED.

The Annexure referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date :

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) These fixed assets have been physically verified by the Management at the year end and no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the Company.

(ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.

(iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of loans, investments, provided by the Company. The Company has not provided any guarantee or security to any Company covered under Section 185.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained.

(vii) According to the information and explanations given to us in respect of Statutory dues :

(a) The Company is regular in depositing undisputed Statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Cess, Goods and Service Tax and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2021 for a period of more than six months from the date they became payable.

(b) Details of dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, Cess and Goods and Service Tax have not been deposited as on 31st March 2021 on account of disputes are given below :

| Name of the Statute | Nature of dues | Amount ₹ crores | Forum where the dispute is pending | Period to which the dues belong |
|---|---|---|---|---|
| Central Excise Act, 1944 | Excise Duty | 0.02 | Hon'ble High Court of Madras | 07 12 2008 |
| Service Tax (Finance) Act, 1994 | Service Tax | 0.10 | CESTAT | April 2016 - June 2017 |

| Name of the Statute | Nature of dues | Amount ₹ crores | Forum where the dispute is pending | Period to which the dues belong |
|---|---|---|---|---|
| Customs Act, 1962 | Customs Duty | 6.24 | CESTAT | March 2012 - January 2013 |
| - do - | - do - | 0.19 | - do - | 13 12 2002 |
| - do - | - do - | 0.09 | - do - | 18 01 2018 |
| - do - | Cenvat | 3.71 | - do - | April 2012 to January 2016 |

(viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government. The Company has not issued any Debentures.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) The Company has not noticed or reported during the year any fraud by the Company or any fraud on the Company by its Officers or employees.

(xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.

(xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**MAHARAJ N R SURESH AND CO LLP**
Firm Regn. No. 001931S/S000020

**N R Jayadevan**
Membership No. 023838
Partner
Chartered Accountants
UDIN: 21023838AAAAAK2617

**R SUBRAMANIAN AND COMPANY LLP**
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**N Krishnamurthy**
Membership No. 019339
Partner
Chartered Accountants
UDIN: 21019339AAAAFV7240

Place : Chennai
Date : May 08, 2021

## SESHASAYEE PAPER AND BOARDS LIMITED

### STANDALONE BALANCE SHEET AS AT 31st MARCH 2021

| Particulars | Note No. | As At 31-03-2021 ₹ crores | As At 31-03-2020 ₹ crores | As At 01-04-2019 ₹ crores |
|---|---|---|---|---|
| **(A) ASSETS** | | | | |
| **1 Non-current Assets** | | | | |
| (a) Property, Plant and Equipment | **2** | **732.82** | 672.51 | 669.60 |
| (b) Capital Work-in-Progress | **2(A)** | **32.20** | 31.03 | 23.36 |
| (c) Other Intangible Assets | **2(B)** | **1.54** | 2.08 | 2.26 |
| (d) Financial Assets | | | | |
| (i) Investments | **3** | **125.51** | 84.27 | 95.25 |
| (ii) Loans | **4** | **6.45** | 12.20 | 17.12 |
| (e) Other Non-current Assets | **5** | **14.78** | 13.57 | 8.99 |
| **Total Non-current Assets** | | **913.30** | 815.66 | 816.58 |
| **2 Current Assets** | | | | |
| (a) Inventories | **6** | **227.25** | 169.44 | 134.57 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | **7** | **81.54** | 80.83 | 79.25 |
| (ii) Cash and Cash Equivalents | **8** | **113.55** | 204.56 | 64.63 |
| (iii) Bank balances other than (ii) above | **9** | **92.25** | 120.70 | 245.94 |
| (iv) Loans | **10** | **–** | – | 0.62 |
| (v) Others | **11** | **0.18** | 1.15 | 3.56 |
| (c) Current Tax Assets (Net) | **12** | **–** | 0.64 | – |
| (d) Other Current Assets | **13** | **47.70** | 21.57 | 52.85 |
| **Total Current Assets** | | **562.47** | 598.89 | 581.42 |
| **Total Assets** | | **1475.77** | 1414.55 | 1398.00 |
| **(B) EQUITY AND LIABILITIES** | | | | |
| **I EQUITY** | | | | |
| (a) Equity Share Capital | **14** | **12.04** | 12.04 | 12.04 |
| (b) Other Equity | **15** | **1089.56** | 973.92 | 843.22 |
| **Total Equity** | | **1101.60** | 985.96 | 855.26 |

## SESHASAYEE PAPER AND BOARDS LIMITED

### STANDALONE BALANCE SHEET AS AT 31st MARCH 2021 (Contd.)

| Particulars | Note No. | As At 31-03-2021 ₹ crores | As At 31-03-2020 ₹ crores | As At 01-04-2019 ₹ crores |
|---|---|---|---|---|
| **II LIABILITIES** | | | | |
| **1 Non-current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | **16** | **3.49** | 6.63 | 51.48 |
| (ii) Other Financial Liabilities | **17** | **15.78** | 17.21 | 17.00 |
| (b) Provisions | **18** | **16.64** | 20.17 | 17.92 |
| (c) Deferred Tax Liabilities (net) | **19** | **119.88** | 149.23 | 121.60 |
| (d) Other Non-current Liabilities | **20** | **1.10** | 2.19 | 3.29 |
| **Total Non-current Liabilities** | | **156.89** | 195.43 | 211.29 |
| **2 Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade Payables | | | | |
| A) Total outstanding dues of Micro and Small Enterprises | **21** | **10.31** | 3.66 | 21.50 |
| B) Total outstanding dues of creditors other than Micro and Small Enterprises | **21** | **160.59** | 191.33 | 237.02 |
| (ii) Other Financial Liabilities | **22** | **28.76** | 26.83 | 62.99 |
| (b) Other Current Liabilities | **23** | **10.98** | 5.35 | 5.10 |
| (c) Provisions | **24** | **4.57** | 4.59 | 3.69 |
| (d) Current Tax Liabilities | **25** | **2.07** | 1.40 | 1.15 |
| **Total Current Liabilities** | | **217.28** | 233.16 | 331.45 |
| **Total Equity and Liabilities** | | **1475.77** | 1414.55 | 1398.00 |

See accompanying Notes to the Standalone Financial Statements.

Vide our report of date attached

MAHARAJ N R SURESH AND CO LLP
Firm Regn. No. 001931S/S000020

N R Jayadevan
Membership No. 023838
Partner
Chartered Accountants
UDIN: 21023838AAAAAK2617

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S/S200041

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants
UDIN: 21019339AAAAFV7240

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing
Director & Secretary

V SRIDAR
S NARAYAN
A L SOMAYAJI
DR NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
TMT SIGY THOMAS VAIDHYAN
DR SHEKHAR KUMAR NIRAJ
Directors.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

## SESHASAYEE PAPER AND BOARDS LIMITED

### STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021

| | Particulars | Note No. | Year ended 31-03-2021 ₹ crores | ₹ crores | Year ended 31-03-2020 ₹ crores | ₹ crores |
|---|---|---|---|---|---|---|
| I | **Revenue from Operations** | | | | | |
| | Revenue from Sale of Products | 26A | 771.23 | | 1173.41 | |
| | Other Operating Revenues | 26B | 10.56 | | 10.57 | |
| II | **Other Income** | 27 | 19.32 | | 22.73 | |
| III | **Total Income (I+II)** | | | 801.11 | | 1206.71 |
| IV | **Expenses** | | | | | |
| | Cost of Materials Consumed | 28 | 459.48 | | 600.89 | |
| | Purchase of Stock-in-Trade | 29 | 23.97 | | 30.48 | |
| | Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress | 30 | (-)97.40 | | (-)53.05 | |
| | Employee Benefits Expense | 31 | 81.34 | | 82.32 | |
| | Finance Cost | 32 | 2.91 | | 6.89 | |
| | Depreciation and Amortisation Expenses | 33 | 37.60 | | 35.00 | |
| | Other Expenses | 34 | 206.85 | | 256.50 | |
| | **Total Expenses (IV)** | | | 714.75 | | 959.03 |
| V | **Profit before Exceptional Items and Tax (III-IV)** | | | 86.36 | | 247.68 |
| VI | **Exceptional Items** | | | – | | – |
| VII | **Profit / (Loss) Before Tax (V+VI)** | | | 86.36 | | 247.68 |
| VIII | **Tax Expenses** | 35 | | | | |
| | (1) Current Tax | | 18.44 | | 45.17 | |
| | (2) Deferred Tax | | (-)32.35 | | 29.05 | |
| | | | | (-)13.91 | | 74.22 |
| IX | **Profit / (Loss) for the period from Continuing Operations (VII-VIII)** | | | 100.27 | | 173.46 |

## SESHASAYEE PAPER AND BOARDS LIMITED

### STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

| | Particulars | Note No. | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|---|---|
| | | | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **IX** | **Profit / (Loss) for the period from Continuing Operations (VII-VIII)** | | | 100.27 | | 173.46 |
| **X** | **Other Comprehensive Income (OCI)** | | | | | |
| | A Items that will not be reclassified to Statement of Profit and Loss | | | | | |
| | (i) Remeasurement benefit of the Defined Benefit Plans | 42 | 1.62 | | (-)1.30 | |
| | (ii) Net Fair Value Gain on investment in Equity Instruments through OCI | | 41.24 | | (-)10.98 | |
| | (iii) Income Tax relating to items that will not be reclassified to Statement of Profit and Loss | | (-)3.00 | | 0.50 | |
| | | | | 39.86 | | (-)11.78 |
| | B (i) Items that will be reclassified to Statement of Profit and Loss | | – | | (-)2.63 | |
| | (ii) Income Tax relating to items that will be reclassified to Statement of Profit and Loss | | – | | 0.92 | |
| | | | | – | | (-)1.71 |
| | **Total Other Comprehensive Income (A + B)** | | | 39.86 | | (-)13.49 |
| **XI** | **Total Comprehensive Income for the period (Comprising Profit / (Loss) and Other Comprehensive Income for the Period) (IX+X)** | | | 140.13 | | 159.97 |
| **XII** | **Earnings per Equity Shares** (face value of ₹ 2 each) | 41 | | | | |
| | (1) Basic | | | 16.65 | | 28.80 |
| | (2) Diluted | | | 16.65 | | 28.80 |

See accompanying notes to the Standalone Financial Statements.

Vide our report of date attached

MAHARAJ N R SURESH AND CO LLP
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N R Jayadevan
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TMT SIGY THOMAS VAIDHYAN
DR SHEKHAR KUMAR NIRAJ
Directors.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

# STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2021

## A) EQUITY SHARE CAPITAL

| Particulars | Number of shares | | | ₹ crores | | |
|---|---|---|---|---|---|---|
| | As at 31-03-2021 | As at 31-03-2020 | As at 01-04-2019 | As at 31-03-2021 | As at 31-03-2020 | As at 01-04-2019 |
| Balance at the beginning of the reporting year | 63068140 | 12613628 | 12613628 | 12.61 | 12.61 | 12.61 |
| Changes in Equity Share Capital during the year(Refer note no. 14) | – | 50454512 | – | – | – | – |
| Balance at the end of the reporting year | 63068140 | 63068140 | 12613628 | 12.61 | 12.61 | 12.61 |
| Less : Adjustment for shares held by SPB Equity Shares Trust (Refer Note No.1.19) | 2840905 | 2840905 | 568181 | 0.57 | 0.57 | 0.57 |
| **Balance at the end of the reporting period after adjustment** | 60227235 | 60227235 | 12045447 | 12.04 | 12.04 | 12.04 |

## B) OTHER EQUITY

₹ crores

| Particulars | Reserves and Surplus | | | | Equity Instruments through OCI | Cash flow hedge Reserve | SPB Equity Shares Trust (Refer Note No.1.19) | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | | | | |
| **Balance as at April 01, 2019 (A)** | **37.16** | **3.60** | **600.00** | **156.38** | **56.30** | **1.71** | **(-)11.93** | **843.22** |
| **Additions during the year:** | | | | | | | | |
| Profit for the year | – | – | – | 173.46 | – | – | – | **173.46** |
| Income from SPB Equity Shares Trust - Investment in Company Shares (Refer Note No.1.19) | – | – | – | 1.14 | – | – | – | **1.14** |
| **Items of OCI for the year (net of taxes):** | | | | | | | | |
| Remeasurement of Defined Benefit Plans (Refer Note No. 42) | – | – | – | (-)0.80 | – | – | – | **(-)0.80** |
| Net Fair Value Gain on Investment in Equity Instruments through OCI | – | – | – | – | (-)10.98 | – | – | **(-)10.98** |
| Items that will be reclassified to Statement of Profit and loss | – | – | – | – | – | (-)1.71 | – | **(-)1.71** |
| **Total Comprehensive Income for the Year 2019-20 (B)** | – | – | – | **173.80** | **(-)10.98** | (-)1.71 | – | **161.11** |
| **Reductions during the year:** | | | | | | | | |
| Dividends | – | – | – | 25.23 | – | – | – | **25.23** |
| Income Tax on dividend | – | – | – | 5.18 | – | – | – | **5.18** |
| Transfer to General reserve | – | – | (-)100.00 | 100.00 | – | – | – | – |
| **Total ( C)** | – | – | **(-)100.00** | **130.41** | – | – | – | **30.41** |
| **Balance as at March 31, 2020 (D) = (A+B-C)** | **37.16** | **3.60** | **700.00** | **199.77** | **45.32** | – | **(-)11.93** | **973.92** |

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

₹ crores

| Particulars | Reserves and Surplus | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | Equity Instruments through OCI | Cash flow hedge Reserve | SPB Equity Shares Trust (Refer Note No.1.19) | |
| **Balance as at March 31, 2020 (D) = (A+B-C)** | 37.16 | 3.60 | 700.00 | 199.77 | 45.32 | – | (-)11.93 | 973.92 |
| **Additions during the year:** | | | | | | | | |
| Profit for the year | – | – | – | 100.27 | – | – | – | 100.27 |
| Income from SPB Equity Shares Trust - Investment in Company Shares (Refer Note No.1.19) | – | – | – | 0.74 | – | – | – | 0.74 |
| **Items of OCI for the year (net of taxes):** | | | | | | | | |
| Remeasurement of Defined Benefit Plans (Refer Note No. 42) | – | – | – | 1.34 | – | – | – | 1.34 |
| Net Fair Value Gain on Investment in Equity Instruments through OCI | – | – | – | – | 38.52 | – | – | 38.52 |
| Items that will be reclassified to Statement of Profit and loss | – | – | – | – | – | – | – | – |
| **Total Comprehensive Income for the Year 2020-21 (E)** | – | – | – | 102.35 | 38.52 | – | – | 140.87 |
| **Reductions during the year:** | | | | | | | | |
| Dividends | – | – | – | 25.23 | – | – | – | 25.23 |
| Transfer to General reserve | – | – | (-)100.00 | 100.00 | – | – | – | – |
| **Total (F)** | – | – | (-)100.00 | 125.23 | – | – | – | 25.23 |
| **Balance as at March 31, 2021 (G) = (D+E-F)** | 37.16 | 3.60 | 800.00 | 176.89 | 83.84 | – | (-)11.93 | 1089.56 |

Vide our report of date attached

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DIRECTORS.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

## SESHASAYEE PAPER AND BOARDS LIMITED

### STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

| | Refer Note | Year ended 31-03-2021 ₹ crores | ₹ crores | Year ended 31-03-2020 ₹ crores | ₹ crores |
|---|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| Net Profit before tax | | | 86.36 | | 247.68 |
| Adjustments for: | | | | | |
| *Add:* | | | | | |
| Assets discarded | | 1.84 | | 0.09 | |
| Depreciation | e ^ | 38.03 | | 35.83 | |
| Allowance for Doubtful debts | 34 | – | | 0.96 | |
| Imputed Finance Charge on Interest Free Sales Tax Defferal Loan (IFSTD) | 32 | 0.89 | | 1.10 | |
| Finance charge on lease liability | 32 | 0.04 | | 0.05 | |
| Interest and financing charges | 32 | 1.98 | | 5.74 | |
| | | | 42.78 | | 43.77 |
| | | | 129.14 | | 291.45 |
| *Less:* | | | | | |
| Interest income from Term Deposits | | 9.79 | | 17.05 | |
| Dividend Income from Investments | 27 | 1.56 | | 1.02 | |
| Remeasurement of Defined benefit plan | 42 | (-)1.62 | | 1.30 | |
| Deferred income arising from IFSTD | 27 | 1.10 | | 1.10 | |
| Interest income from Lease Deposit | | 0.01 | | 0.01 | |
| Profit / (Loss) on sale of assets | | 0.22 | | (-)0.03 | |
| | | | 11.06 | | 20.45 |
| Operating profit before working capital changes | | | 118.08 | | 271.00 |
| Changes in working capital: | | | | | |
| (Increase) / Decrease in Inventories | 6 | (-)57.81 | | (-)34.87 | |
| (Increase) / Decrease in Trade Receivables | f ^ | (-)0.71 | | (-)2.54 | |
| (Increase) / Decrease in Other Assets | g ^ | (-)27.60 | | 33.95 | |
| Increase / (Decrease) in Liabilities and Provisions | i ^ | (-)21.96 | | (-)57.03 | |
| | | | (-)108.08 | | (-)60.49 |
| Income tax paid | | | (-)17.11 | | (-)45.56 |
| **Net cash from operating activities** | | | (-)7.11 | | 164.95 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | | |
| Purchase of Property, Plant and Equipment | h^ | | (-)102.17 | | (-)45.67 |
| Outflow towards "Right to Use" Assets | 39 | | (-)0.27 | | (-)0.25 |
| Sale of Property, Plant and Equipment | | | 1.58 | | 0.05 |
| Dividend Income from Investments | 27 | | 1.56 | | 1.02 |
| Income From SPB Equity Shares Trust | 15 | | 0.74 | | 1.14 |
| Interest income from Term Deposits | | | 9.79 | | 17.05 |
| **Balance Carried Over** | | | (-)88.77 | | (-)26.66 |

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

| | Refer Note | Year ended 31-03-2021 ₹ crores | ₹ crores | Year ended 31-03-2020 ₹ crores | ₹ crores |
|---|---|---|---|---|---|
| **B. CASH FLOW FROM INVESTING ACTIVITIES (Contd.)** | | | | | |
| **Balance Brought Forward** | | | (-)88.77 | | (-)26.66 |
| Income from Inter Corporate Deposit | g^ | | 2.58 | | 0.10 |
| Inter Corporate Deposit repayment received | g^ | | 4.40 | | 0.60 |
| **Net cash used in investing activities** | | | (-)81.79 | | (-)25.96 |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Increase / (Decrease) in Unsecured Loans | j^ | | (-)3.35 | | (-)3.10 |
| Increase / (Decrease) of Non-current borrowings | j^ | | – | | (-)85.20 |
| Dividend and Dividend tax paid | 15 | | (-)25.23 | | (-)30.41 |
| Interest and financing charges paid | 32 | | (-)1.98 | | (-)5.59 |
| **Net cash used in financing activities** | | | (-)30.56 | | (-)124.30 |
| **Net increase in cash and cash equivalents (I)** | | | (-)119.46 | | 14.69 |
| Cash and cash equivalents as at the beginning of the Year (II) | | | 325.26 | | 310.57 |
| Cash and cash equivalents as at the end of the Year (I + II) ** | | | 205.80 | | 325.26 |
| ** Includes following balance held in EEFC Accounts | | | | | |
| -- Amount in US $ (Mn) | | | 5.88 | | – |
| -- Equivalent amount in ₹ crores | | | 42.54 | | – |
| -- Amount in Euro (Mn) | | | 0.09 | | – |
| -- Equivalent amount in ₹ crores | | | 0.80 | | – |

^ - Refers to the Notes to Cash Flow Statement

***Notes:***

a Cash and cash equivalents represent cash in hand and cash with Scheduled Banks including Term Deposit.

b Cash from operating activities has been prepared following the indirect method.

c Figures for the previous year have been re-grouped wherever necessary.

d During the current year (and previous year), the Company did not have any change in liabilities arising from following financing activities, affecting the cashflows from financing activities :

(i) Changes arising from obtaining or losing control of subsidiaries or other businesses.

(ii) Changes in fair values

(ii) Impact of Changes in foreign exchange rates on Borrowings

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

| | Refer Note | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|---|
| **e Depreciation considered in Cash Flow Statement** | | | |
| Depreciation as per Profit & Loss Account | 33 | **37.60** | 35.00 |
| Depreciation included in Corporate Social Responsibility Expenses | 34 | **0.43** | 0.83 |
| | | **38.03** | 35.83 |
| **f (Increase) / Decrease in Trade Receivables** | | | |
| Changes in Trade Receivables as per Balance Sheet | 7 | **(-)0.71** | (-)1.58 |
| Less: Changes in Impairment Provision | 7 | **–** | 0.96 |
| | | **(-)0.71** | (-)2.54 |
| **g (Increase) / Decrease in Other Assets** | | | |
| Changes as per Balance Sheet in: | | | |
| Non Current Financial Asset - Loan | 4 | **5.75** | 4.92 |
| Other Non-current Assets | 5 | **(-)1.21** | (-)4.58 |
| Current Financial Asset - Loan | 10 | **–** | 0.62 |
| Current Financial Asset - Others | 11 | **0.97** | 2.41 |
| Other Current Assets | 13 | **(-)26.13** | 31.28 |
| | | **(-)20.62** | 34.65 |
| Less : Adjustment for Inter Corporate Loan Repayment | | **4.40** | 0.60 |
| Less : Adjustment for Receipt of Interest on Inter Corporate Loan | | **2.58** | 0.10 |
| | | **(-)27.60** | 33.95 |
| **h Purchase of Property, Plant and Equipment** | | | |
| Additions as per Property, Plant and Equipment | 2 | **100.99** | 38.73 |
| Additions as per Intangible Assets | 2B | **0.01** | 0.01 |
| Changes in Capital Work in Progress | 2A | **1.17** | 7.67 |
| | | **102.17** | 46.41 |
| Less : Lease Asset Addition Considered Seperately | | **–** | 0.74 |
| | | **102.17** | 45.67 |

## SESHASAYEE PAPER AND BOARDS LIMITED

### STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

| | Refer Note | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|---|
| **i Increase / (Decrease) in Liabilities and Provisions** | | | |
| Changes as per Balance Sheet in: | | | |
| Non-Current Other Financial Liabilities | 17 | (-)1.43 | 0.21 |
| Non-Current Provisions | 18 | (-)3.53 | 2.25 |
| Trade Payables | 21 | (-)24.09 | (-)63.53 |
| Other Current Financial Liabilities | 22 | 1.93 | (-)36.16 |
| Other Current Liabilities | 23 | 5.63 | 0.25 |
| Current Provisions | 24 | (-)0.02 | 0.90 |
| | | (-)21.51 | (-)96.08 |
| Less : Current Maturities of Non Current Borrowings | | 0.68 | (-)42.10 |
| Less : Interest Accrued but not due on Borrowings | | – | (-)0.09 |
| Add : Adjustment for Items that will be reclassified to P&L | | – | (-)2.63 |
| Less : Lease Liability considered Seperately | | (-)0.23 | 0.51 |
| | | (-)21.96 | (-)57.03 |
| **j Increase / (Decrease) in Borrowings** | | | |
| Changes as per Balance Sheet in: | | | |
| Non-Current Borrowings | 16 | (-)3.14 | (-)44.85 |
| Current Maturities of Non Current Borrowings | | 0.68 | (-)42.10 |
| EIR Interest Rate Adjustments | | – | (-)0.25 |
| Imputed Interest on IFSTD | | (-)0.89 | (-)1.10 |
| | | (-)3.35 | (-)88.30 |
| Repayment in Unsecured Loans | | (-)3.35 | (-)3.10 |
| Repayment in Secured Loans | | – | (-)85.20 |

Vide our report of date attached

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Erode
May 08, 2021

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MOHAN VERGHESE CHUNKATH
TMT SIGY THOMAS VAIDHYAN
DR SHEKHAR KUMAR NIRAJ
Directors.

K S KASI VISWANATHAN
Managing Director

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Company Background

Seshasayee Paper and Boards Limited is a Company incorporated in India under The Companies Act, 1956 and is domiciled in India. Its Registered Office is located at Pallipalayam, Cauvery R.S. (PO), Erode – 638 007, Namakkal District (Tamil Nadu). The Company's shares are listed in National Stock Exchange of India Ltd and BSE Ltd.

The Company is engaged in the business of manufacture and sale of printing and writing paper and has plants in two locations, one at Erode and another at Tirunelveli with an aggregate capacity to produce 210000 tonnes of paper, per annum.

### 1. Significant Accounting Policies and Key Accounting Estimates and Judgements

### A. Significant Accounting Policies

### 1.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The Company adopted Ind AS from 1st April 2017. 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 adopted.

### 1.2 Basis of preparation and compliance

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair values at the end of each reporting period, as explained in the Accounting Policies set out below. The financial statements are prepared on a 'going concern' basis using accrual concept except for the cash flow information.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that the market participants would take into account when pricing the asset or liability at the measurement date, assuming the market participants act in their economic best interest. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS-2 – Inventories or Value in Use in Ind AS 36 – Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described hereunder:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as '--' in these financial statements.

### 1.3 Current / Non-Current classification

An asset or liability is classified as Current if it satisfies any of the following conditions:

(i) the asset / liability is expected to be realised / settled in the Company's normal operating cycle;

(ii) the asset is intended for sale or consumption;

(iii) the asset / liability is held primarily for the purpose of trading;

(iv) the asset / liability is expected to be realised / settled within twelve months after the reporting period;

(v) the asset is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;

(vi) in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as Non-Current.

For the purpose of Current / Non-Current classification, the Company has reckoned its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

Deferred Tax Assets and Liabilities are classified as Non-Current.

Advances given towards acquisition of fixed assets, outstanding at each Balance Sheet date, are disclosed as Other Non-Current Assets.

### 1.4 Property, Plant and Equipment (PPE)

Property, plant and equipment are tangible items that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used during more than one period.

The cost of an item of Property, Plant and Equipment shall be recognised as an asset if, and

only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

An item of PPE that qualifies for recognition as an Asset is measured on initial recognition at cost. Following initial recognition, PPEs are carried at their cost less accumulated depreciation and accumulated impairment losses, if any.

(i) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPEs recognised as of April 1, 2016 (transition date), measured as per the previous IGAAP, as their deemed cost as on the transition date.

(ii) The cost of an item of PPE comprises purchase price, taxes and duties, net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to Plans, Designs and Drawings of Buildings or Plant and Machinery is capitalised under relevant heads of PPE if the recognition criteria are met.

Borrowing Costs (net of interest earned on temporary investments of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are capitalised as a part of the cost of the assets till the assets are substantially ready for their intended use.

(iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant in relation to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

(iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalised at cost. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

(v) Capital Advances and Capital Work-in-Progress :

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use which is generally on commissioning.

(vi) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, as specified under Schedule II, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate.

(vii) Estimated useful lives of the assets are as follows:

| Asset | Years |
|---|---|
| **Buildings:** | |
| Factory Buildings | 30 |
| Buildings other than factory buildings | 60 |
| **Plant and Equipment (including continuous process plants):** | |
| Plant for Generation, Transmission and Distribution of Power | 40 |
| Water Distribution Plant | 30 |
| Electric Distribution Plant | 35 |
| Other than above | 25 |
| **Furniture and Fixtures** | 10 |
| **Vehicles:** | |
| Motor Cycles, Scooter and Mopeds | 10 |
| Other Vehicles | 8 |
| **Office Equipment** | 5 |
| **IT Hardware:** | |
| Server | 6 |
| Other than Server | 3 |

Assets costing ₹ 5,000/- and below are depreciated in full within the Financial Year.

### 1.5 Intangible Assets

**a. Intangible Assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

**b. Useful lives of Intangible Assets**

Intangible Assets are amortised equally over the estimated useful life not exceeding ten years.

### 1.6 De-recognition of Tangible and Intangible Assets

An item of Tangible and Intangible Asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Tangible and Intangible Assets is determined as the difference between the sales proceeds, if any, and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

### 1.7 Impairment of Tangible and Intangible Assets

The Company annually reviews the carrying amounts of its Tangible and Intangible Assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order

to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

### 1.8 Revenue Recognition

**a. Revenue from Contracts with Customers**

Revenue is recognised at a point in time upon transfer of control of the products to customers i.e when the products are delivered to the common carrier, in an amount that reflects the consideration that the Company expects to receive in exchange for those products.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the actual underlying performance obligation that corresponds to the progress by the customer / indentor towards earning the discount / incentive.

**b. Dividend and interest income**

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and using effective interest rate method.

### 1.9 Inventories

Inventories are valued at lower of cost and net realisable value. Materials and other items intended for use in the production of inventories are not written-down below cost, if the finished goods in which they will be incorporated or expected to be sold at or above cost. Cost includes taxes and duties (other than taxes and duties for which input credit is available), freight and other direct expenses. Stocks of Raw Materials, Stores &Spares and Chemicals are valued at cost on weighted average basis. Finished Goods / Stock-in-Process are valued at cost and cost includes material, direct labour, overheads (other than administrative overheads that do not contribute to bring the inventories to the present location and condition and selling costs) incurred in bringing the inventory to their present location and condition. Net realisable value is the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are periodically identified and provision is made where necessary.

### 1.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

### 1.11 Government grants

Government Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government Grants, relating to income, are recognised in the Statement of Profit and Loss on a systematic basis over the period in which the Company recognises as expense the related costs which the grants are intended to compensate. Government Grants, whose primary condition is that the Company should purchase, construct or otherwise acquire assets, are deducted from the carrying amount of the asset.

Government Grants that are receivable as compensation for expenses or losses incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the Statement of Profit and Loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Income from such benefit is recognised on a straight-line basis over the period of the loan during which the Company recognises interest expense under EIR method on such loans.

Export Benefits are recognized as Income in the year of exports and on grant / receipt of Duty Entitlement certificates. Pending utilization of the Certificates, they are disclosed under Other Financial Assets.

## 1.12 Employee Benefits

**a. Short Term Employee Benefits**

All employee benefits payable wholly within twelve months after the end of the annual reporting period of rendering the service are classified as Short Term Employee Benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of Short Term Employee Benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**b. Post Employment Benefits**

**(i) Defined Contribution Plans**

Payments to Defined Contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions. Contributions to Provident Fund and Superannuation Fund are treated as Defined Contribution Plans, since funded with Provident Fund Commissioner (as per the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952) and Life Insurance Corporation of India, respectively.

**(ii) Defined Benefit Plans**

For Defined Benefit Retirement Plans, the cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each annual reporting date. The Defined Benefit Obligations recognised in the Balance Sheet represent the present value of the Defined Benefit Obligations as reduced by the fair value of plan assets, if applicable. Any Defined Benefit Asset (negative defined benefit obligations resulting from this calculation) is recognised representing the present value of available refunds and reductions in future contributions to the plan. Gratuity and Retirement Benefit Schemes operated by the Company are treated as Defined Benefit Plans.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognised in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets, excluding amounts included in net interest on the net defined benefits liability / (asset), are recognised in Other Comprehensive Income and taken to 'retained earnings'. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability / (asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent Actuary. However, the liability towards gratuity, if any, is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

**c. Other Long-term Employee Benefits**

Entitlement to annual leave and sick leave are recognised when they accrue to employees. Annual leave / sick leave can be availed or encashed either during service or on retirement

subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leave using the Projected Unit Credit Method with actuarial valuation being carried out at each annual reporting date. The liability is not funded.

### 1.13 Lease Accounting

The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application. Consequently, the application of the standard has no transition impact.

The Company, as on March 31, 2021, didn't have any transaction of lease, as a lessor. The Company, as a lessee, recognises, at inception of a contract, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Company recognises a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.

At commencement date, the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.

The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.

Lease liability and ROU asset are separately presented in the Balance Sheet. Lease payments are classified as financing cash flows while short-term lease payments, payment for leases of low value assets are classified within operating activities.

### 1.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 1.15 Financial Instruments

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. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Statement of Profit and Loss (FVTPL) are recognised immediately in Statement Profit and Loss.

### 1.16 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**a. Classification of Financial Assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost. The debt instruments carried at amortised cost include Deposits, Loans and Advances recoverable in cash.

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

**b. Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid

or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of Profit and Loss.

**c. Investments in Equity Instruments at FVTOCI**

**(i) Investments in Equity Instruments in Subsidiary and Associates :**

The Company has elected to carry investment in Equity Instruments in Subsidiary and Associates at cost in accordance with Paragraphs 10 of 'Ind AS27 – Separate Financial Statements'.

**(ii) Investments in Other Equity Instruments:**

The Company has irrevocably designated to carry investment in Other Equity Instruments at Fair Value through Other Comprehensive Income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in Fair Value in Other Comprehensive Income pertaining to Investments in Equity Instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income and accumulated in the 'Reserve for Equity Instruments through Other Comprehensive Income'. On derecognition of such Financial Assets, cumulative gain or loss previously reported in OCI is not reclassified from Equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within Equity.

The Company has Equity Investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (see Note 3). Fair value is determined in the manner described in Note 1.2.

**d. Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses "Expected Credit Loss" (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

For trade receivables or any contractual rights to receive cash or other financial assets that results from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to life time expected credit losses.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk, full lifetime ECL is used.

**e. Derecognition of Financial Assets:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

Concomitantly, if the asset is one that is measured at:

a) Amortised cost, the gain or loss is recognised in the Statement of Profit and Loss.

b) Fair value through Other Comprehensive Income, the cumulative fair value adjustments previously taken to Reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to Reserves is reclassified within equity.

## 1.17 Financial Liabilities and Equity Instruments

**a. Classification as Debt or Equity**

Debt and Equity instruments issued by the Company are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b. Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

**c. Financial Liabilities**

All financial liabilities are initially recognised at the value of respective contractual obligations. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance Costs' line item.

**d. Derecognition of Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying

amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

### 1.18 Derivative Financial Instruments and Hedge Accounting

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, by means of foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates hedging instruments in respect of foreign currency risk as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**Cash Flow Hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as 'cash flow hedge reserve'. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

The cumulative gain or loss previously recognised in Other Comprehensive Income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in Other Comprehensive Income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in Other Comprehensive Income is transferred to the Statement of Profit and Loss in the same period when the hedged item affects Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Other Comprehensive Income is transferred to the Statement of Profit and Loss.

**Fair Value Hedges**

The Company designates derivative contracts as hedging instruments to mitigate the risk of change in fair value of hedged item in foreign exchange rates.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to Statement of Profit and Loss from that date.

### 1.19 Treatment of shares held by SPB Equity Shares Trust

Pursuant to the Scheme of Amalgamation of SPB Papers Limited with the Company, 568181 Equity Shares with face value of ₹ 10 each (28 40 905 Equity Shares of face value of ₹ 2 each, after stock-split) were allotted to SPB Equity Shares Trust and approved by the High Court of Madras to the benefit of the Company, in the financial year 2012-13.

The original cost of the investment is adjusted in other equity as under:

a) To the extent of Face/Nominal value is deducted from Equity Share capital

b) Balance is reduced from other equity under a separate reserve

The dividend received by the Company from SPB Equity Shares Trust, is taken to retained Earnings.

### 1.20 Foreign Currency Transactions

**a. Initial Recognition**

On initial recognition, transactions in foreign currencies are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

**b. Measurement of Foreign Currency items at reporting date**

Foreign currency monetary items are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

**c. Recognition of Exchange Difference**

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in Statement of Profit and Loss, in the period in which they arise.

The advance, paid in Foreign Currency to the Suppliers and the advance, received in Foreign Currency from the Customers are treated as non-monetary assets and non-monetary liabilities respectively and consequently, doesn't result in exchange fluctuation at the date of fair valuation.

### 1.21 Cash Flow Statement

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

### 1.22 Taxes on Income

Taxes on income comprise of Current Tax and Deferred Tax.

**a. Current Tax**

Current Tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years (temporary differences) and items that are never taxable or deductible (permanent differences) under the Income Tax Act, 1961.

Current Tax is measured using tax rates and tax laws enacted at the end of the reporting period together with any adjustment to tax payable in respect of previous years.

**b. Deferred Tax**

Deferred Tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax, 1961.

Deferred Tax liabilities are recognised for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the accounting profit nor the taxable profit, deferred tax liabilities are not recognised.

Deferred Tax assets are recognised for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary difference can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets or liabilities are not recognised. The carrying amount of Deferred Tax Assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilised.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled based on the tax rates that have been enacted or substantially enacted by the end of the reporting period in which those temporary differences are expected to be recovered or settled.

MAT Credit Entitlement, if any, are in the form of unused tax credits and are accordingly classified under Deferred Tax Assets.

**c. Current and Deferred Tax for the year**

Current and Deferred Tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in Equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

### 1.23 Ind AS 12 – Uncertainty over Income Tax Treatments

The Company has adopted the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. However, application of this Standard from 01-04-2019 does not have any significant impact for the Company.

### 1.24 Recent Pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

1. Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
2. Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
3. Specified format for disclosure of shareholding of promoters.
4. Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
5. If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
6. Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

1. Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

### 1.25 Events after reporting period

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size of nature are only disclosed.

### 1.26 Financial and Management Information System

The Company's Accounting System is designed to unify the Financial and Cost Records and also to Comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

### 1.27 Segment Reporting

The Company is engaged in the business of manufacture and sale of writing and printing paper and there are no other reportable segments of operation of the Company.

### 1.28 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

For the purpose of computation of weighted average number of equity shares outstanding, the no. of equity shares held by SPB Equity Shares Trust in the Company, is reduced.

## B. Key Accounting Estimates and Judgments

### 1.1 Use of Estimates

The preparation of financial statements in conformity with IndAS requires Management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

### 1.2 Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

**a. Fair value measurement and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Management

works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

**b. Useful life of Property, Plant and Equipment**

The Company reviews the estimated useful lives of Property, Plant and Equipment at the end of each reporting period. During the current year, there has been no change in useful life considered for the assets.

**c. Cash Discounts**

In accordance with Ind AS-115, the Company deducts cash discounts from the revenue for sale of products. Cash discounts, on the sale of products in the last month of the year, is estimated based on the past experience.

**d. Actuarial valuation**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the State of Profit and Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

**e. Claims, Provisions and Contingent Liabilities**

The Company has ongoing discussions / litigations with various regulatory authorities, trade unions and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute or settlements can be made based on Management's assessment of specific circumstances of each dispute and relevant external advice, Management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

**f. Tax Expense**

Significant judgments and estimates are involved in estimating the budgeted profits for the purposes of advance tax, determining the provision for income tax, Minimum Alternate Tax and MAT Credit which may get revised pursuant to the determination by the Income Tax Authorities.

**g. Others**

The Company has considered the possible effects that may result from Covid-19 pandemic on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, expects the carrying amount of these assets will be recovered.

## 2 PROPERTY, PLANT AND EQUIPMENT

₹ crores

| Description | Gross Carrying Amount | | | | Depreciation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2020 | Additions during the year | Deductions / Adjustments | As at 31-03-2021 | As at 01-04-2020 | Additions during the year | Deductions / Adjustments | As at 31-03-2021 | As at 31-03-2021 | As at 31-03-2020 |
| LAND | 4.17 | – | – | 4.17 | – | – | – | – | 4.17 | 4.17 |
| BUILDINGS | | | | | | | | | | |
| - FREE HOLD | 108.46 | 4.03 | 0.38 | 112.11 | 16.99 | 4.61 | 0.05 | 21.55 | 90.56 | 91.47 |
| - RIGHT TO USE ASSETS (Refer Note. No. 1.13) | 0.88 | – | – | 0.88 | 0.24 | 0.25 | – | 0.49 | 0.39 | 0.64 |
| PLANT AND EQUIPMENT | 682.19 | 96.36 | 3.41 | 775.14 | 110.07 | 31.81 | 0.54 | 141.34 | 633.80 | 572.12 |
| FURNITURE AND FIXTURES | 1.95 | 0.18 | – | 2.13 | 0.34 | 0.10 | – | 0.44 | 1.69 | 1.61 |
| VEHICLES | 2.22 | – | 0.01 | 2.21 | 1.14 | 0.20 | 0.01 | 1.33 | 0.88 | 1.08 |
| OFFICE EQUIPMENT | 3.05 | 0.42 | – | 3.47 | 1.63 | 0.51 | – | 2.14 | 1.33 | 1.42 |
| | 802.92 | 100.99 | 3.80 | 900.11 | 130.41 | 37.48 | 0.60 | 167.29 | 732.82 | 672.51 |

| Description | Gross Carrying Amount | | | | Depreciation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2019 | Additions during the year | Deductions / Adjustments | As at 31-03-2020 | As at 01-04-2019 | Additions during the year | Deductions / Adjustments | As at 31-03-2020 | As at 31-03-2020 | As at 31-03-2019 |
| LAND | 4.17 | – | – | 4.17 | – | – | – | – | 4.17 | 4.17 |
| BUILDINGS | | | | | | | | | | |
| - FREE HOLD | 102.01 | 6.45 | – | 108.46 | 11.97 | 5.02 | – | 16.99 | 91.47 | 90.04 |
| - RIGHT TO USE ASSETS (Refer Note. No. 1.13) | 0.14 | 0.74 | – | 0.88 | 0.01 | 0.23 | – | 0.24 | 0.64 | 0.13 |
| PLANT AND EQUIPMENT | 652.24 | 30.14 | 0.19 | 682.19 | 80.57 | 29.53 | 0.03 | 110.07 | 572.12 | 571.67 |
| FURNITURE AND FIXTURES | 1.88 | 0.07 | – | 1.95 | 0.27 | 0.07 | – | 0.34 | 1.61 | 1.61 |
| VEHICLES | 1.95 | 0.31 | 0.04 | 2.22 | 0.88 | 0.29 | 0.03 | 1.14 | 1.08 | 1.07 |
| OFFICE EQUIPMENT | 2.04 | 1.02 | 0.01 | 3.05 | 1.13 | 0.51 | 0.01 | 1.63 | 1.42 | 0.91 |
| | 764.43 | 38.73 | 0.24 | 802.92 | 94.83 | 35.65 | 0.07 | 130.41 | 672.51 | 669.60 |

## 2(A) CAPITAL WORK IN PROGRESS

| Description | Net Carrying Amount | | |
|---|---|---|---|
| | As at 31-03-2021 | As at 31-03-2020 | As at 31-03-2019 |
| | ₹ crores | ₹ crores | ₹ crores |
| Opening Balance | 31.03 | 23.36 | 26.82 |
| Add: Additions to Capital Work In Progress during the year ^^ | 102.17 | 45.67 | 29.73 |
| Less: Assets Capitalised during the year ** | 101.00 | 38.00 | 33.19 |
| Closing Balance | 32.20 | 31.03 | 23.36 |

** Excludes Lease Asset Capitalised (Nil) during the year under Ind-AS 116 (Previous Year - ₹ 0.74 crores)

** Includes Intangible assets capitalised during the year (Refer Note No. 1.13 and 2B)

^^ Includes following expenses capitalised during the year, as directly related to Project Implementation

(a) Insurance - NIL (Previous Year - ₹ 0.29 crores)
(b) Employee Benefits - ₹ 1.95 crores (Previous Year - ₹ 0.92 crores)
(c) Borrowing Costs - Nil (Previous Year - ₹ 0.66 crores)
(d) Bank Charges - ₹ 0.08 crores (Previous Year - Nil)
(e) Cost of Materials consumed during trials - ₹ 10.17 crores (Previous Year - NIL)
(f) Other expenses - ₹ 0.81 crores (Previous Year - NIL)

## 2(B) OTHER INTANGIBLE ASSETS

₹ crores

| Description | Gross carrying Amount | | | | Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2020 | Additions during the year | Deductions / Adjustments | As at 31.03.2021 | As at 01.04.2020 | Additions during the year | Deductions / Adjustments | As at 31.03.2021 | As at 31.03.2021 | As at 31.03.2020 |
| COMPUTER SOFTWARE | 1.75 | 0.01 | – | 1.76 | 0.19 | 0.52 | – | 0.71 | 1.05 | 1.56 |
| TECHNICAL KNOW-HOW | 1.41 | – | – | 1.41 | 0.89 | 0.03 | – | 0.92 | 0.49 | 0.52 |
| | 3.16 | 0.01 | – | 3.17 | 1.08 | 0.55 | – | 1.63 | 1.54 | 2.08 |

| Description | Gross carrying Amount | | | | Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2019 | Additions during the year | Deductions / Adjustments | As at 31.03.2020 | As at 01.04.2019 | Additions during the year | Deductions / Adjustments | As at 31.03.2020 | As at 31.03.2020 | As at 31.03.2019 |
| COMPUTER SOFTWARE | 1.74 | 0.01 | – | 1.75 | 0.12 | 0.07 | – | 0.19 | 1.56 | 1.62 |
| TECHNICAL KNOW-HOW | 1.41 | – | – | 1.41 | 0.77 | 0.12 | – | 0.89 | 0.52 | 0.64 |
| | 3.15 | 0.01 | – | 3.16 | 0.89 | 0.19 | – | 1.08 | 2.08 | 2.26 |

2 (i) The Company has been sanctioned Term Loans from banks which carry charge over the assets of the Company (Refer Note No. 16 towards security.)

(ii) Refer Note No 37(b) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

| 3 INVESTMENTS | No of shares | Face Value | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|---|---|
| **Non Current Investments** | | | | | |
| **A. Investments in Equity Instruments** | | | | | |
| **a. Quoted Equity Shares** | | | | | |
| **(i) Associate** | | | | | |
| **(Measured at cost)** | | | | | |
| Ponni Sugars (Erode) Limited | 2360260 | 10 | **19.60** | 19.60 | 19.60 |
| **(ii) Others** | | | | | |
| **Investments Measured at Fair Value through Other Comprehensive Income** | | | | | |
| Housing Development Finance Corporation Limited | 265830 | 2 | **66.41** | 43.41 | 52.32 |
| HDFC Bank Limited (As at 01-04-2019 - 2500 Shares of face value ₹ 2 each) | 5000 | 1 | **0.75** | 0.43 | 0.58 |
| High Energy Batteries (India) Limited | 282911 | 10 | **23.20** | 5.86 | 6.61 |
| Tamilnadu Newsprint and Papers Limited | 100000 | 10 | **1.47** | 0.89 | 2.06 |
| **Total Quoted Equity Shares** | | | **111.43** | 70.19 | 81.17 |
| **b. Unquoted Equity Shares** | | | | | |
| **(i) Subsidiary** | | | | | |
| **(Measured at cost)** | | | | | |
| Esvi International (Engineers & Exporters) Limited | 125000 | 100 | **14.03** | 14.03 | 14.03 |
| **(ii) Others** | | | | | |
| **Investments Measured at Fair Value through Other Comprehensive Income** | | | | | |
| SPB Projects and Consultancy Limited | 50000 | 10 | **0.05** | 0.05 | 0.05 |
| **Total Unquoted Equity Shares** | | | **14.08** | 14.08 | 14.08 |
| **Total Investments In equity Instruments** | | | **125.51** | 84.27 | 95.25 |
| Aggregate amount of : | | | | | |
| Quoted Investments - At Cost | | | **24.61** | 24.61 | 24.61 |
| Quoted Investments - At Market value | | | **126.68** | 83.21 | 93.17 |
| Unquoted Investments - At Cost | | | **14.08** | 14.08 | 14.08 |

| | | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|---|
| **4** | **LOANS** | | | |
| | (Non-current Financial Assets) | | | |
| | **Unsecured considered good** | | | |
| | a) Security Deposit | **6.45** | 5.71 | 11.11 |
| | b) Other Loans | | | |
| | Intercorporate loans | **–** | 6.49 | 6.01 |
| | | **6.45** | 12.20 | 17.12 |
| **5** | **OTHER NON CURRENT ASSETS** | | | |
| | Capital Advances | **10.59** | 9.38 | 4.80 |
| | Charges paid under Protest ** | **4.19** | 4.19 | 4.19 |
| | | **14.78** | 13.57 | 8.99 |
| | ** Includes | | | |
| | - Energy Charges paid under protest to TNERC (Refer Note No. 37(a)(iv)) | **2.00** | 2.00 | 2.00 |
| | - Customs Duty paid under protest (Refer Note No. 37(a)(i)) | **0.28** | 0.28 | 0.28 |
| | - Grid Paralleling Charges paid under protest (not in the nature of Contingent Liability) | **1.11** | 1.11 | 1.11 |
| | - Other duties and taxes paid under protest (not in the nature of Contingent Liability) | **0.80** | 0.80 | 0.80 |
| **6** | **INVENTORIES** | | | |
| | Raw Materials * | **29.05** | 49.17 | 51.99 |
| | Work- in- Progress | **5.65** | 11.78 | 6.35 |
| | Finished Goods | **148.94** | 45.45 | – |
| | Stock-in-Trade | **4.42** | 4.38 | 2.20 |
| | Stores, Spares, Chemicals and others #@ | **39.19** | 58.66 | 74.03 |
| | | **227.25** | 169.44 | 134.57 |
| | * Includes Material In Transit | **7.69** | 11.11 | 6.45 |
| | # Includes Material In Transit | **2.61** | 9.87 | 32.81 |

(For method of valuation, please refer to Note No.1.9)

(Please refer Note No.38(C)(3) for security created on Inventories)

@ The Inventory is net of provisions for non-moving inventory of ₹ 0.20 crores. (Previous Year ₹ 0.20 crores)

| | | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|---|
| **7** | **TRADE RECEIVABLES** | | | |
| | **Trade Receivables** | | | |
| a) | Secured, Considered Good | **30.67** | 29.31 | 28.07 |
| b) | Unsecured, Considered Good | **50.87** | 51.52 | 49.64 |
| c) | Unsecured with significant increase in Credit Risk but Considered Good | **–** | – | 1.54 |
| d) | Unsecured, Considered Doubtful | **1.93** | 1.93 | 0.97 |
| | | **83.47** | 82.76 | 80.22 |
| | Less: | | | |
| | Allowance for bad and doubtful debts | **1.93** | 1.93 | 0.97 |
| | | **81.54** | 80.83 | 79.25 |
| | (Please refer Note No.38(C)(3) for security created on Receivables) | | | |
| **8** | **CASH AND BANK BALANCES** | | | |
| | **Cash and Cash Equivalents** | | | |
| | Balances with banks | **58.34** | 5.23 | 34.43 |
| | Term deposits with original maturity of less than 3 months | **55.04** | 199.15 | 30.00 |
| | Cash on hand | **0.17** | 0.18 | 0.20 |
| | | **113.55** | 204.56 | 64.63 |
| **9** | **BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** | | | |
| | **Other Balances with Banks** | | | |
| | Term deposits with original maturity for more than 3 months but less than 12 months * | **91.00** | 119.55 | 244.88 |
| | Unpaid dividend accounts | **1.25** | 1.15 | 1.06 |
| | | **92.25** | 120.70 | 245.94 |
| | * includes ₹ 0.01 crore (previous year ₹ 0.01 crore) given as Security Deposit with VAT Authorities. | | | |
| **10** | **CURRENT ASSETS - LOANS** | | | |
| | **Unsecured Considered good** | | | |
| a) | Other Loans | | | |
| | Intercorporate loans | **–** | – | 0.62 |
| | | **–** | – | 0.62 |

| | | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|---|
| **11** | **OTHER CURRENT FINANCIAL ASSETS** | | | |
| a) | Export Incentive Receivable | **0.18** | 1.15 | 2.61 |
| b) | Other Current Financial Assets * | **–** | – | 0.95 |
| | | **0.18** | 1.15 | 3.56 |
| | * Includes fair value of derivatives (net) | | | |
| **12** | **CURRENT TAX ASSET (NET)** | | | |
| | Income tax (Net of provisions) | **–** | 0.64 | – |
| | | **–** | 0.64 | – |
| **13** | **OTHER CURRENT ASSETS** | | | |
| a) | Advances/Claims Recoverable in cash or in kind | **11.87** | 6.45 | 5.57 |
| b) | Balance with Government Authorities | | | |
| | - GST Receivable | **30.40** | 10.84 | 42.90 |
| c) | Prepaid expenses | **3.41** | 2.43 | 2.56 |
| d) | Advance to Employees | **0.31** | 0.46 | 0.32 |
| e) | Other receivable | **1.71** | 1.39 | 1.50 |
| | | **47.70** | 21.57 | 52.85 |
| **14** | **EQUITY SHARE CAPITAL** | | | |
| | **Authorised** | | | |
| | 20 00 00 000 - Equity Shares of ₹ 2 each ** | **40.00** | 40.00 | 40.00 |
| | 3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each | **30.00** | 30.00 | 30.00 |
| | | **70.00** | 70.00 | 70.00 |
| | **Issued, Subscribed and Fully paid up:** | | | |
| | 6 30 68 140 Equity Shares of ₹ 2 each ** | **12.61** | 12.61 | 12.61 |
| | Less : Adjustment for shares held by SPB Equity Shares Trust (Refer Note No.1.19) | **0.57** | 0.57 | 0.57 |
| | | **12.04** | 12.04 | 12.04 |

**a) Reconciliation of shares outstanding at the beginning and at the end of the year**

| | As at 31-03-2021 | | As at 31-03-2020 | | As at 01-04-2019 | |
|---|---|---|---|---|---|---|
| | No of Shares | ₹ crores | No of Shares | ₹ crores | No of Shares | ₹ crores |
| At the beginning of the year | 63068140 | 12.61 | 12613628 | 12.61 | 12613628 | 12.61 |
| Stock split at 5 :1 during the year** | – | – | 50454512 | – | – | – |
| At the end of the year | 63068140 | 12.61 | 63068140 | 12.61 | 12613628 | 12.61 |

** The Company, during the year 2019-20, had done a Stock Split whereby the Equity Share of face value of ₹ 10 each fully paid up was split in to 5 (Five) Equity Shares of face value of ₹ 2 each fully paid up.

**b) Terms / rights attached to Equity Shares**

The Equity Shares of the Company having par value of ₹ 2 per share rank pari passu in all respects, including voting rights, dividend entitlement and repayment of capital.

**c) Details of shareholders holding more than 5% Equity Shares in the Company**

| Name of Share Holders | As at 31-03-2021 | | As at 31-03-2020 | |
|---|---|---|---|---|
| | No. of Shares | % of Share Holding | No. of Shares | % of Share Holding |
| (a) Tamilnadu Industrial Investment Corporation Limited | 9000000 | 14.27 | 9000000 | 14.27 |
| (b) Ponni Sugars (Erode) Ltd (Associate) | 8840905 | 14.02 | 8840905 | 14.02 |
| (c) Synergy Investments Pte Ltd | 7738475 | 12.27 | 7738475 | 12.27 |
| (d) Time Square Investments (P) Ltd | 6288105 | 9.97 | 6288105 | 9.97 |
| (e) Atyant Capital India Fund I | 3383140 | 5.36 | 3383140 | 5.36 |

## 15 OTHER EQUITY

₹ crores

| Particulars | Reserves and Surplus | | | | Equity Instruments through OCI | Cash flow hedge Reserve | SPB Equity Shares Trust (Refer Note No.1.19) | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | | | | |
| **Balance as at April 01, 2019 (A)** | **37.16** | **3.60** | **600.00** | **156.38** | **56.30** | **1.71** | **(-)11.93** | **843.22** |
| **Additions during the year:** | | | | | | | | |
| Profit for the year | – | – | – | 173.46 | – | – | – | **173.46** |
| Income from SPB Equity Shares Trust - Investment in Company Shares (Refer Note No.1.19) | – | – | – | 1.14 | – | – | – | **1.14** |
| **Items of OCI for the year (net of taxes):** | | | | | | | | |
| Remeasurement of Defined Benefit Plans (Refer Note No. 42) | – | – | – | (-)0.80 | – | – | – | **(-)0.80** |
| Net Fair Value Gain on Investment in Equity Instruments through OCI | – | – | – | – | (-)10.98 | – | – | **(-)10.98** |
| Items that will be reclassified to Statement of Profit and loss | – | – | – | – | – | (-)1.71 | – | **(-)1.71** |
| **Total Comprehensive Income for the Year 2019-20 (B)** | – | – | – | **173.80** | **(-)10.98** | (-)1.71 | – | **161.11** |
| **Reductions during the year:** | | | | | | | | |
| Dividends | – | – | – | 25.23 | – | – | – | **25.23** |
| Income Tax on dividend | – | – | – | 5.18 | – | – | – | **5.18** |
| Transfer to General reserve | – | – | (-)100.00 | 100.00 | – | – | – | – |
| **Total ( C)** | – | – | **(-)100.00** | **130.41** | – | – | – | **30.41** |
| **Balance as at March 31, 2020 (D) = (A+B-C)** | **37.16** | **3.60** | **700.00** | **199.77** | **45.32** | – | **(-)11.93** | **973.92** |

## 15 OTHER EQUITY (Contd.)

₹ crores

| Particulars | Reserves and Surplus | | | | Equity Instruments through OCI | Cash flow hedge Reserve | SPB Equity Shares Trust (Refer Note No.1.19) | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | | | | |
| **Balance as at March 31, 2020 (D) = (A+B-C)** | 37.16 | 3.60 | 700.00 | 199.77 | 45.32 | – | (-)11.93 | 973.92 |
| **Additions during the year:** | | | | | | | | |
| Profit for the year | – | – | – | 100.27 | – | – | – | 100.27 |
| Income from SPB Equity Shares Trust - Investment in Company Shares (Refer Note No.1.19) | – | – | – | 0.74 | – | – | – | 0.74 |
| **Items of OCI for the year (net of taxes):** | | | | | | | | |
| Remeasurement of Defined Benefit Plans (Refer Note No. 42) | – | – | – | 1.34 | – | – | – | 1.34 |
| Net Fair Value Gain on Investment in Equity Instruments through OCI | – | – | – | – | 38.52 | – | – | 38.52 |
| Items that will be reclassified to Statement of Profit and loss | – | – | – | – | – | – | – | – |
| **Total Comprehensive Income for the Year 2020-21 (E)** | – | – | – | 102.35 | 38.52 | – | – | 140.87 |
| **Reductions during the year:** | | | | | | | | |
| Dividends | – | – | – | 25.23 | – | – | – | 25.23 |
| Transfer to General reserve | – | – | (-)100.00 | 100.00 | – | – | – | – |
| **Total (F)** | – | – | (-)100.00 | 125.23 | – | – | – | 25.23 |
| **Balance as at March 31, 2021 (G) = (D+E-F)** | 37.16 | 3.60 | 800.00 | 176.89 | 83.84 | – | (-)11.93 | 1089.56 |

**Description of nature and purpose of each reserve :**

**General Reserve**

General Reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of Equity to another and is not an item of Other Comprehensive Income. It is a free reserve created to enhance the Net Worth of the Company and is available for distribution.

**Capital Reserve**

Capital Reserve represents gain of a capital nature and is not available for dividend declaration.

**Securities Premium Account**

Securities Premium account records the premium component on issue of shares and can be utilised in accordance with the provisions of Companies Act, 2013.

**Cash Flow Hedge Reserve**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as cash flow hedge reserve.

| | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|
| **16 BORROWINGS** | | | |
| (Non-Current Financial Liabilities) | | | |
| **Secured** | | | |
| **Unit: Erode - Term Loan** | | | |
| From Banks | – | – | 25.46 |
| **Unit: Tirunelveli -Term Loan** | | | |
| From Banks | – | – | 17.15 |
| **Unsecured** | | | |
| From others - Interest Free Sales Tax Loan | 3.49 | 6.63 | 8.87 |
| | 3.49 | 6.63 | 51.48 |

The Company has been sanctioned a Term Loan of ₹ 50.0 crores by Canara Bank and ₹ 32.5 crores by State Bank of India for the execution of the Project Mill Development Plan - III (MDP-III) at its Unit : Erode. The Company has not commenced availment of the said loan as on March 31, 2021.

16 (i) Term Loan from Banks, including its current maturities (Refer Note No. 22) are to be secured by Mortgage of Immovable properties of respective units, consisting of land (excluding 57.93 acres together with structures thereon of Unit : Erode), buildings, fixed plant and machinery (excluding Captive Power Plant assets of Unit : Erode), fixtures and fittings.

**16 (ii) Terms of Repayment :**

(a) The Term loan of ₹ 50.0 crores from Canara Bank (sanctioned for Project MDP-III at Unit : Erode and unavailed as of March 31, 2021) which presently carries interest rate of 9.00 %, is repayable in 60 equal monthly instalments of ₹ 0.83 crores commencing from April 2022.

(b) The Term loan of ₹ 32.5 crores from State Bank of India (sanctioned for Project MDP-III at Unit : Erode and unavailed as of March 31, 2021) which presently carries interest rate of 8.80 %, is repayable in 60 equal monthly instalments of ₹ 0.54 crores commencing from April 2022.

**(iii) Interest free loan under Sales Tax Deferment Scheme of Government of Tamil Nadu :**

Interest free loan under Sales tax Deferment Scheme of Government of Tamil Nadu has a deferment period of 10 years from 01.06.2013. Out of total loan of ₹ 47.64 crores, the Company has already repaid ₹ 39.24 crores up to March 31, 2021.

The Company has adopted previous GAAP for the carrying amount of the loan at the date of transition and has applied Ind AS 109 after the date of Transition.

Loan outstanding as at April 01, 2016 was valued at fair value and the difference between gross outstanding and fair value of loan was the benefit derived from interest free loan and is recognised as deferred income. Interest on the loan is recognised in the Statement of Profit and Loss applying effective interest rate of 10%. (Refer Note No. 1.11 )

**(iv) Default in Repayment of Principal and Interest - NIL**

| | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|
| **17 OTHER NON-CURRENT FINANCIAL LIABILITIES** | | | |
| Security deposits | **15.76** | 16.93 | 17.00 |
| Lease Liability (Non-Current) (Refer Note No. 1.13) | **0.02** | 0.28 | – |
| | **15.78** | 17.21 | 17.00 |
| **18 PROVISIONS** (Non-Current Liabilities) | | | |
| a) Provision for Employee Benefits: | | | |
| Provision for Leave Encashment and Retirement Fund | **8.53** | 8.27 | 6.81 |
| b) Others | | | |
| Provision for Generation tax* | **8.11** | 11.90 | 11.11 |
| | **16.64** | 20.17 | 17.92 |

* Provisions made during the Year ₹ 1.79 crores (Previous Year ₹ 2.15 crores)

* Settled during the Year ₹ 5.58 crores (Previous Year ₹ 1.36 crores)

## 19 DEFERRED TAX LIABILITY (NET)

₹ crores

| Particulars | As at 01-04-2020 | Recognised in Statement of P&L during 2020-21 | OCI 2020-21 | As at 31-03-2021 |
|---|---|---|---|---|
| **As at 31-03-2021** | | | | |
| **Deferred Tax Liabilities:** | | | | |
| Difference between WDV of Fixed Assets as per the books of accounts and Income Tax Act, 1961. | 166.88 | (-)39.57 | – | 127.31 |
| **Deferred Tax Assets:** | | | | |
| Expenses allowable for tax purpose on payment basis | (-)7.23 | (-)0.11 | – | (-)7.34 |
| Difference in carrying value and tax base of Interest Free Sale Tax Loan measured at FVTPL | (-)0.52 | 0.05 | – | (-)0.47 |
| Taxes on Items of Other Comprehensive Income | (-)2.62 | – | 3.00 | 0.38 |
| Income Tax relating to items that will be reclassified to Statement of Profit and Loss | – | – | – | – |
| **Deferred Tax Liability** | 156.51 | (-)39.63 | 3.00 | 119.88 |
| **Tax Credit:** | | | | |
| MAT Credit Entitlement | 7.28 | (-)7.28 | – | – |
| | 149.23 | | | 119.88 |

| Particulars | As at 01-04-2019 | Recognised in Statement of P&L during 2019-20 | OCI 2019-20 | As at 31-03-2020 |
|---|---|---|---|---|
| **As at 31-03-2020** | | | | |
| **Deferred Tax Liabilities:** | | | | |
| Difference between WDV of Fixed Assets as per the books of accounts and Income Tax Act, 1961. | 166.85 | 0.03 | – | 166.88 |
| **Deferred Tax Assets:** | | | | |
| Expenses claimed for tax purpose on payment basis | (-)8.23 | 1.00 | – | (-)7.23 |
| Difference in carrying value and tax base of Interest Free Sale Tax Loan measured at FVTPL | (-)0.52 | – | – | (-)0.52 |
| Taxes on Items of Other Comprehensive Income | (-)2.12 | – | (-)0.50 | (-)2.62 |
| Income Tax relating to items that will be reclassified to Statement of Profit and Loss | 0.92 | – | (-)0.92 | – |
| **Deferred Tax Liability** | 156.90 | 1.03 | (-)1.42 | 156.51 |
| **Tax Credit:** | | | | |
| MAT Credit Entitlement | 35.30 | (-)28.02 | – | 7.28 |
| | 121.60 | | | 149.23 |

Note : Deferred Tax is net of MAT credit of ₹ 0.00 crores (₹ 7.28 crores previous year) carried forward by the company. Also Refer Note 35.

| | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|
| **20 OTHER NON-CURRENT LIABILITIES** | | | |
| Deferred Income arising from Government grants (Refer Note No. 1.11) | **1.10** | 2.19 | 3.29 |
| | **1.10** | 2.19 | 3.29 |
| **21 TRADE PAYABLES** | | | |
| a) Total outstanding dues of Micro and Small and Medium Enterprise | **10.31** | 3.66 | 21.50 |
| b) Total Outstanding dues of creditors other than Micro and Small and Medium Enterprise | **160.59** | 191.33 | 237.02 |
| | **170.99** | 194.99 | 258.52 |

21 (i) The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.

(ii) Disclosure requirement as required under Micro, Small and Medium Enterprises Development Act, 2006 is as follows

| | 2020-21 | 2019-20 |
|---|---|---|
| i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year. | **10.31** | 3.66 |
| ii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | **Nil** | Nil |
| iii) 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 Micro, Small and Medium Enterprises Development Act, 2006. | **Nil** | Nil |
| iv) Interest accrued and remaining unpaid at the end of each accounting year: | **Nil** | Nil |
| v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | **Nil** | Nil |

| | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|
| **22 OTHER FINANCIAL LIABILITIES** | | | |
| (Current Financial Liabilities) | | | |
| Current maturities of Long Term Borrowings (Refer Note No. 16) | – | – | 42.35 |
| Current maturities of Interest Free Sales Tax Loan (Refer Note No.16 (iii)) | 4.03 | 3.35 | 3.10 |
| Current maturities - Lease Liability (Refer Note No. 1.13) | 0.26 | 0.23 | – |
| Interest Accrued but not due | – | – | 0.09 |
| Unpaid Dividends | 1.25 | 1.15 | 1.06 |
| **Others;** | | | |
| - Payable for capital expenditure | 1.45 | 0.67 | 1.75 |
| - Security Deposit | 1.51 | 1.56 | 1.55 |
| - Retention Monies | 7.75 | 4.68 | 4.39 |
| - Employees dues | 12.49 | 10.16 | 8.70 |
| - Fair valuation of derivatives | 0.02 | 5.03 | – |
| | 28.76 | 26.83 | 62.99 |
| **23 OTHER CURRENT LIABILITIES** | | | |
| Other liabilities: | | | |
| (a) Statutory Liabilities | 3.06 | 2.46 | 2.46 |
| (b) Deferred Income arising from Government grants (Refer Note 1.12) | 1.10 | 1.10 | 1.10 |
| (c) Advances received from Customers# | 6.82 | 1.79 | 1.54 |
| | 10.98 | 5.35 | 5.10 |
| # Revenue recognised during the year from the Opening Advances ₹ 1.79 crores (Previous Year ₹ 1.54 crores) | | | |
| **24 CURRENT PROVISIONS** | | | |
| Provision for Employee Benefits | 4.57 | 4.59 | 3.69 |
| | 4.57 | 4.59 | 3.69 |
| **25 CURRENT TAX LIABILITIES** | | | |
| Income Tax ** | 2.07 | 1.40 | 1.15 |
| | 2.07 | 1.40 | 1.15 |
| ** Includes provision made for settlement under Direct Tax Vivad Se Vishwas Rules, 2020 - ₹ 1.40 crores (Previous Year - ₹ 1.40 crores) | | | |

| | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **26 REVENUE FROM OPERATIONS** | | | | |
| **A) REVENUE FROM SALE OF PRODUCTS** | | | | |
| **Paper and Paper Boards** | | | | |
| India | 590.68 | | 908.23 | |
| Rest of the World | 155.19 | | 235.75 | |
| | | 745.87 | | 1143.98 |
| **Stock in Trade** | | | | |
| India | | 25.36 | | 29.43 |
| | | 771.23 | | 1173.41 |
| **Break-up of Revenue from Sale of Products - Contracted Price and adjustments** | | | | |
| Sales Value at Contracted price | | 806.53 | | 1224.15 |
| Add : Export Benefits | | 4.37 | | 8.85 |
| Less : Adjustments | | | | |
| Cash Discount | 14.06 | | 22.57 | |
| Other Discounts / Incentives | 25.61 | | 37.02 | |
| | | 39.67 | | 59.59 |
| | | 771.23 | | 1173.41 |
| **B) OTHER OPERATING INCOME** | | | | |
| Other Operating Income | | 10.56 | | 10.57 |
| | | 10.56 | | 10.57 |
| **27 OTHER INCOME** | | | | |
| Interest Income | | | | |
| - On financial assets carried at Amortised Cost | | 12.11 | | 19.15 |
| Dividend Income from Equity Investments measured at fair value through OCI | | 0.62 | | 0.55 |
| Dividend Income from Equity Investments in Associate | | 0.94 | | 0.47 |
| Government Grant (Refer Note No. 1.11) | | 1.10 | | 1.10 |
| Other non-operating income | | 1.59 | | 1.46 |
| Net Exchange rate fluctuation Gain | | 2.96 | | – |
| | | 19.32 | | 22.73 |

| | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **28 COST OF MATERIALS CONSUMED** | | | | |
| Raw material | | | | |
| i) Wood | 203.37 | | 215.92 | |
| ii) Bagasse | 7.70 | | 16.11 | |
| iii) Purchased Pulp | 52.59 | | 71.93 | |
| iv) Waste Paper | 4.43 | | 42.37 | |
| | 268.09 | | 346.33 | |
| Feeding and other Charges | 6.39 | | 7.48 | |
| | | 274.48 | | 353.81 |
| Chemicals & Consumables@ | | 163.33 | | 221.32 |
| Packing Materials | | 21.67 | | 25.76 |
| | | 459.48 | | 600.89 |

@ Includes provision for non-moving inventory - Nil. (Previous Year ₹ 0.05 crores)

| | | | | |
|---|---|---|---|---|
| **29 PURCHASE OF STOCK-IN-TRADE** | | | | |
| Notebook & Paper | | 2.97 | | 5.90 |
| Petroleum Products | | 21.00 | | 24.58 |
| | | 23.97 | | 30.48 |
| **30 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS** | | | | |
| Opening stock | | | | |
| - Finished goods | 45.45 | | – | |
| - Work in progress | 11.78 | | 6.36 | |
| - Stock-in-Trade | 4.38 | | 2.20 | |
| | | 61.61 | | 8.56 |
| Closing stock | | | | |
| - Finished goods | 148.94 | | 45.45 | |
| - Work in progress | 5.65 | | 11.78 | |
| - Stock-in-Trade | 4.42 | | 4.38 | |
| | | 159.01 | | 61.61 |
| | | (-)97.40 | | (-)53.05 |

| | | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **31** | **EMPLOYEE BENEFITS EXPENSE** | | | | |
| | Salaries and wages | | **68.35** | | 68.71 |
| | Contribution to Provident & other Funds (Refer Note No.1.12) | | **7.02** | | 6.93 |
| | Staff welfare Expenses | | **5.97** | | 6.68 |
| | | | **81.34** | | 82.32 |
| **32** | **FINANCE COSTS** | | | | |
| | Interest on financial liabilities carried at amortised cost - Effective interest method | | | | |
| | - Interest on borrowings | | **–** | | 3.42 |
| | - Interest on interest free Sales tax loan (Refer Note No. 1.11 ) | | **0.89** | | 1.10 |
| | Interest on Security Deposits measured at Amortised Cost | | **1.96** | | 2.04 |
| | Other borrowing costs | | **0.06** | | 0.33 |
| | | | **2.91** | | 6.89 |
| **33** | **DEPRECIATION AND AMORTISATION EXPENSE** | | | | |
| | Depreciation of Property, Plant and Equipment (Refer Note No. 2 )** | | **37.05** | | 34.82 |
| | Amortisation of Intangible assets (Refer Note No. 2(B) ) | | **0.55** | | 0.18 |
| | | | **37.60** | | 35.00 |

** Excludes depreciation at 100% on capital expenditure of ₹ 0.43 crores (previous year ₹ 0.83 crores) on CSR.

| | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **34 OTHER EXPENSES** | | | | |
| Power and Fuel | | | | |
| (i) Purchased Power | 21.96 | | 35.73 | |
| (ii) Consumption of Fuel | 82.09 | | 103.07 | |
| (iii) Generation Tax | 1.88 | | 2.13 | |
| | | 105.93 | | 140.93 |
| Repairs and Maintenance | | | | |
| - Buildings | 5.31 | | 7.04 | |
| - Plant & Machinery | 27.38 | | 36.17 | |
| - Others | 1.67 | | 2.41 | |
| | | 34.36 | | 45.62 |
| Insurance | | 3.03 | | 3.02 |
| Rent, Rates and Taxes | | 2.91 | | 0.56 |
| Selling and Distribution Expenses | | 36.38 | | 35.42 |
| Net foreign exchange loss | | – | | 4.94 |
| Allowance for doubtful debts | | – | | 0.96 |
| Auditors' remuneration (Refer Note No. 36 (a) ) | | 0.69 | | 0.61 |
| Corporate Social Responsibility expenses (Refer Note No. 36 (b) ) ^^ | | 4.77 | | 4.24 |
| Miscellaneous | | 18.78 | | 20.20 |
| | | 206.85 | | 256.50 |

^^ Includes depreciation at 100% on capital expenditure of ₹ 0.43 crores (previous year ₹ 0.83 crores) on CSR.

| | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|
| **35 TAX EXPENSE** | | |
| **(A) The major components of Income Tax expense for the year are as under:** | | |
| Tax expenses recognised in the Statement of Profit and Loss | | |
| **Current Tax** | | |
| Current tax on the Taxable income for the year | 18.44 | 45.17 |
| | 18.44 | 45.17 |
| **Deferred Tax comprises:** | | |
| Deferred Tax Liability on account of depreciation | 4.10 | 0.03 |
| Disallowance of expenses Under Section 43B and other Temporary difference | (-)0.11 | 1.00 |
| Deferred Tax Asset on account of Interest Free Sales Tax Loan | 0.05 | – |
| Restatement of Deferred Tax liability(net) at probable tax rate at the time of settlement in future | (-)43.67 | – |
| MAT Credit Entitlement | 7.28 | 28.02 |
| | (-)32.35 | 29.05 |
| **Total Tax Expense** | (-)13.91 | 74.22 |
| **(B) Reconciliation of Tax expense and the accounting profit for the year is as under:** | | |
| **Enacted income tax rate in India applicable to the Company** | 34.94% | 34.94% |
| Profit Before Tax | 86.36 | 247.68 |
| Current tax expenses on Profit Before Tax at the enacted income tax rate in India | 30.18 | 86.55 |
| **Tax effect of the amounts which are not deductible / (taxable) in calculating taxable income** | | |
| Tax on CSR activities | 1.67 | 1.48 |
| Tax on Dividend exempt | (-)0.55 | (-)0.74 |
| Tax on Deduction U/S 80 IA | – | (-)18.35 |
| Tax on difference in Depreciation | (-)3.93 | (-)0.87 |
| MAT Credit Entitlement | (-)7.28 | (-)28.02 |
| Provision under Vivad Se Vishwas Rules, 2020 | – | 1.40 |
| Tax on Fair Valuation loss on Forward Contracts held on Cash Flow basis | (-)1.76 | 1.76 |
| Other Differences | 0.11 | 1.96 |
| | (-)11.74 | (-)41.38 |
| **Current Tax for the Year** | 18.44 | 45.17 |
| **Effective rate of tax** | 21.35% | 18.24% |

| | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|
| **35 TAX EXPENSE (Contd.)** | | |
| **(C) Taxes on items of OCI:** | | |
| A Items that will not be reclassified to Statement of Profit and Loss | | |
| Income Tax on Remeasurement of Defined Benefit Plans | **0.28** | (-)0.45 |
| Income Tax on Net Fair Value Gain/ (Loss) on Investment in Equity Instruments | **2.72** | (-)0.05 |
| B Items that will be reclassified to Statement of Profit and Loss | **–** | (-)0.92 |
| | **3.00** | (-)1.42 |

Note :

a) Provision for current tax is made after setting off eligible MAT credit.

b) Provision for current tax for FY 2019-20 was made after set-off of deduction under Section 80-IA. (Deduction u/s 80IA for FY 2020-21 = NIL).

c) Considering the advantages, the Company plans to opt for the reduced tax rate of 25.17 % (including surcharge and Cess) under section 115BAA of the Income Tax Act from the financial year 2021-22. Accordingly, the deferred tax assets and liabilities have been measured at the effective income tax rate of 25.17%, which is expected to be applied to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The restatement resulted in reversal of Net Deferred Tax Liability ₹ 43.67 crores, in the books of accounts in FY 2020-21.

| | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|
| **36 (a) PAYMENT TO AUDITORS** | | |
| Statutory Audit fees | **0.33** | 0.29 |
| Taxation Matters | **0.18** | 0.24 |
| Certification work | **0.17** | 0.07 |
| Reimbursement of expenses | **0.01** | 0.01 |
| | **0.69** | 0.61 |
| **36 (b) CORPORATE SOCIAL RESPONSIBILITY EXPENSES** | | |
| a) Gross amount required to be spent as per section 135 of the Companies Act, 2013 read with Schedule VII thereof | **4.58** | 4.05 |
| b) Amount spent during the year | **4.77** | 4.24 |
| i. Construction / Acquisition of any assets | **1.85** | 2.59 |
| ii. Purpose other than (i) above | **2.92** | 1.64 |

| | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|

## 37 CONTINGENT LIABILITIES AND COMMITMENTS

**a. Contingent Liabilities**

Claims against the company not acknowledged as debts:

| | | |
|---|---|---|
| (i) Demands for various years relating to Central excise, Customs duty, Service tax and VAT contested in appeal | **4.31** | 4.39 |
| (ii) Differential duty on Coal imported and consequent penalty contested before CESTAT, Chennai | **21.64** | 21.64 |
| (iii) Demand by Public Works department based on Sanctioned quantity of water as against actual water drawn contested in writ petition before Hon'ble High Court of Madras. | **22.81** | 20.31 |
| (vi) Demand towards energy charges as per TNERC order contested in writ petition before Hon'ble High Court of Madras. | **4.63** | 4.63 |
| (v) Other - Demand contested. | **0.18** | 0.18 |

**b. Commitments**

| | | |
|---|---|---|
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for | **42.42** | 62.02 |
| (ii) Export Obligation in respect of Imports cleared under Export Promotion Capital Goods Scheme | **–** | 1.88 |

## 38 (A) CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

₹ crores

| | Refer Note | Non Current | | Current | |
|---|---|---|---|---|---|
| | | As at 31-03-2021 | As at 31-03-2020 | As at 31-03-2021 | As at 31-03-2020 |
| **Financial Assets measured at Fair Value through Profit or Loss (FVTPL)** | | **–** | – | **–** | – |
| **Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)** | | | | | |
| Investments in quoted equity shares * | 3 (A) (a) | **91.83** | 50.59 | **–** | – |
| Investments in Unquoted equity shares | 3 (A) (b) | **0.05** | 0.05 | **–** | – |
| **Financial Assets measured at amortised cost** | | | | | |
| Investments in Unquoted equity shares | 3 (A) (b) (i) | **14.03** | 14.03 | **–** | – |
| Investments in quoted equity shares | 3 (A) (a) (i) | **19.60** | 19.60 | **–** | – |
| Loans | 4 / 10 | **6.45** | 12.20 | **–** | – |
| Trade Receivables | 7 | **–** | – | **81.54** | 80.83 |

₹ crores

| | Refer Note | Non Current | | Current | |
|---|---|---|---|---|---|
| | | As at 31-03-2021 | As at 31-03-2020 | As at 31-03-2021 | As at 31-03-2020 |
| Cash and Cash Equivalents | 8 | – | – | 113.55 | 204.56 |
| Bank balances other than Cash and Cash Equivalents | 9 | – | – | 92.25 | 120.70 |
| Other current Financial Asset | 11 | – | – | – | – |
| **Financial Liabilities measured at Fair Value through Profit and Loss** | | – | – | – | – |
| **Financial Liabilities measured at amortised cost** | | | | | |
| Term Loan from Banks | 16 / 22 | – | – | – | – |
| Interest free sales tax Loan | 16 / 22 | 3.49 | 6.63 | 4.03 | 3.35 |
| Other Financial Liabilities | 17 | 15.78 | 17.21 | – | – |
| Trade Payables | 21 | | | 170.90 | 194.99 |
| Other Financial Liabilities | 22 | | | | |
| Unpaid / Unclaimed Dividend | | – | – | 1.25 | 1.15 |
| Payable towards capital expenditure | | – | – | 1.45 | 0.67 |
| Security Deposit | | – | – | 1.51 | 1.56 |
| Retention Monies | | – | – | 7.75 | 4.68 |
| Employees Dues | | – | – | 12.49 | 10.16 |
| Fair valuation of derivatives | | – | – | 0.02 | 5.03 |

* Investments in these equity shares are not held for trading. Upon the application of Ind AS 109-Financial instruments, the Company has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and losses relating to these Investments in the statement of Profit and Loss may not be indicative of the performance of the Company.

## 38 (B) FAIR VALUE MEASUREMENTS

₹ crores

| | | Fair value hierarchy | | |
|---|---|---|---|---|
| | Fair value | Quoted price in active Markets | Significant observable | Significant unobservable |
| **As at 31st March 2021** | | (Level 1) | (Level 2) | (Level 3) |
| Financial Assets / Financial Liabilities | | | | |
| Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI) | | | | |
| Investments in quoted equity shares | 91.83 | 91.83 | | |
| Investments in Unquoted equity shares | 0.05 | | | 0.05 |

## 38 (B) FAIR VALUE MEASUREMENTS (Contd.)

₹ crores

| | | Fair value hierarchy | | |
|---|---|---|---|---|
| | Fair value | Quoted price in active Markets | Significant observable | Significant unobservable |
| **As at 31st March 2020** | | (Level 1) | (Level 2) | (Level 3) |
| Financial Assets / Financial Liabilities | | | | |
| Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI) | | | | |
| Investments in quoted equity shares | 50.59 | 50.59 | | |
| Investments in Unquoted equity shares | 0.05 | | | 0.05 |

1. The fair value of quoted investment in quoted equity shares measured at quoted price.
2. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.
3. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

## 38 (C) FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realises 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 Company's financial liabilities comprise mainly of trade payables and other payables. The Company has NIL Term Loan Borrowings from Banks / any Financial Institutions as on March 31, 2021 and hence doesn't have any financial liability and allied risk on this account. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks, trade receivables, other receivables and investments.

The Company has financial risk exposure in the form of market risk, credit risk and liquidity risk. The risk management policies of the Company are monitored by the Board of Directors. The present disclosure made by the Company summarizes the exposure to the financial risks.

**1) Market Risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: currency risk, interest rate risk and other price risk. 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) Interest Rate Risk exposure**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has repaid / prepaid all the Term Loans (sanctioned and availed for Projects) during the FY 2019-20. The Company, throughout the FY 2020-21, has not availed the Fund Based Working Capital Limits, sanctioned by the Consortium of Bankers. The Company has obtained a sanction, from its Consortium of Bankers, for a Term Loan of ₹ 82.5 crores for its expansion project Mill Development Plan – III, during the FY 2019-20. However, the Company is yet to commence availment of the Term Loan. The Company has not entered into any of the interest rate swaps. Hence, the Company is not exposed to any interest rate risk, as on March 31, 2021.

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

| | 31-03-2021 ₹ crores | 31-03-2020 ₹ crores |
|---|---|---|
| Variable Rate Borrowings | – | – |
| Fixed Rate Borrowings | – | – |
| | – | – |

As at the end of the reporting period, the company had the following variable rate borrowings outstanding.

| | 31-03-2021 ₹ crores | 31-03-2020 ₹ crores |
|---|---|---|
| (i) Weighted average interest rate (%) | – | – |
| (ii) Balance (₹ crores) | – | – |
| (iii) % of Total Loan | – | – |

**Interest Rate Senstivity analysis**

As explained above, the Company has NIL Interest Rate risk, as of March 31, 2021, Sensitivity analysis of the same is not applicable, at the end of the reporting period.

| | Impact on Profit before tax | |
|---|---|---|
| | 31-03-2021 ₹ crores | 31-03-2020 ₹ crores |
| Interest rates - increase by 50 basis points | – | – |
| Interest rates - decrease by 50 basis points | – | – |

**b) Foreign currency risk exposure**

The Company imports pulp, waste paper and other stores & spares for which payables are denominated in foreign currency. The Company is exposed to foreign currency risk on these transactions. The Company, in general, follows a conservative and sound policy by entering into simple Forward Exchange Contracts to hedge the foreign currency risk whose maturity is coterminous with the maturity period of the foreign currency liabilities (underlying). The Company did not have any 'open position' with regard to any Foreign Exchange liability as on 31st March 2021.

The Company is also exposed to foreign currency risk on its Exports. As on March 31, 2021, the Company had Export Receivables in Foreign Currency amounting to US $ 1,617,073. (Previous Year –US $ 2,039,255 and AED 682,646)

Forward Contract Obligations pending as at the end of the reporting period:

| | As at 31-03-2021 US $ | As at 31-03-2020 US $ |
|---|---|---|
| Payment Obligations, towards Imports, hedged with Forward Contracts under | | |
| - Fair Value Approach | 1,258,648 | – |
| - Cash Flow Approach | – | – |
| Export Realizations hedged with Forward Contract under | | |
| - Cash Flow Approach | – | 21,500,000 |

**c) Commodity price risk**

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 prices under check, to the extent possible.

**d) Other price risk**

Other price risk is the risk that the fair value of a financial instruments will fluctuate due to changes in market traded prices. The Company's investment in fixed deposit with banks is on Fixed Interest Rate Terms and hence, there is no risk price movement arising to the Company. The Company's equity investment in its subsidiary and associate is for strategic purposes and not held for trading. They are carried at cost and are hence not subjected to price related risk. Other investments in equity instruments are held with a view to hold them for a long-term basis and not held for trading. The investments are in fundamentally strong companies and temporary fluctuations in price do not attribute any investment risk.

**e) 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 wide range of products to meet the needs of its customers.

**2) Credit Risk**

The credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, bank balances, other balances with banks and other receivables.

The credit risk arising from the exposure of investing in other balances with banks and bank balances is limited and there is no collateral held against these because the counterparties are public sector banks.

The Company sells its products through appointed indentors. The Company has established a credit policy under which every indentor is analysed individually for creditworthiness. Each indentor places security deposit in the Company, based on the quota allocated to him. Though the invoices are raised on the individual customer, the indentor is responsible for the collection and in case of default by the customer, the dues from the customer are withheld / adjusted against the payables to indentor. Thus, the credit risk is mitigated.

In respect of exports of paper, exports are, in general, made against advances received or terms with payment against documents or against confirmed LCs of usance period not exceeding 60 days. Hence, the Company is not exposed to any significant foreign currency risk in respect of its exports.

For trade receivables, as a practical expedient, the Company computes the credit loss allowance if there is life-time expected credit losses.

**3) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company manages the liquidity risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making available the funds from realizing timely maturities of financial assets to meet the obligations when due. The management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Also, the Company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liabilities and monitoring balance sheet liquidity ratios. Further, the liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

**i. Financial arrangements**

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

| | **31-03-2021** | 31-03-2020 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Expiring within one year | **287.50** | 287.50 |
| Expiring beyond one year | **–** | – |
| | **287.50** | 287.50 |

The Company makes an annual / long term financial plan so as to ensure there are no maturity mismatches in settlement of liabilities.

**Undrawn Working Capital borrowing facilities (₹169 crores of Fund Based Limits and ₹ 174 crores of Non-Fund Based Limits, sanctioned by Canara Bank) secured by :**

- Hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of the Company
- Second charge, by way of mortgage of immovable properties of of the Company, consisting of land, buildings, fixed plant and machinery, fixtures and fittings, excluding the assets created out of MDP III Project and exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets to the extent of ₹ 85.00 crores, of Unit : Erode

Security creation for the Undrawn Working Capital facility of ₹ 36 crores of Fund Based Limits and ₹ 31 crores of Non-Fund Based Limits (sanction by State Bank of India) is in process, as at 31-03-2021.

**Period and amount of continuing default in respect of above said borrowing facilities: NIL**

## 38 (D) CAPITAL MANAGEMENT

The Company adheres to a cautious capital management that seeks to trigger growth creation and maximization of shareholders' value. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the shareholders of the Company. The Company has been funding its growth and acquisition plans and working capital requirements through a balanced approach of internal accruals and external debt from banks . The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt component of the Company.

The following table summarises the capital of the Company:

| Particulars | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores |
|---|---|---|
| Equity | 1101.60 | 985.96 |
| Debt | 7.52 | 9.98 |
| Cash and cash equivalents ** | 204.56 | 324.11 |
| Net Debt | (-)197.04 | (-)314.13 |
| Total Capital (Equity + Net Debt) | 904.56 | 671.83 |
| Net Debt to Capital Ratio | (-)0.22 | (-)0.47 |

** Excludes balance in Unpaid Dividend Account

## 38 (E) DIVIDEND

| | | |
|---|---|---|
| Dividend on equity shares paid during the year | 25.23 | 25.23 |
| Dividend distribution tax | – | 5.19 |
| **Total** | 25.23 | 30.42 |

**Proposed Dividend**

The Board of directors at its meeting held on 8th May 2021 have recommended a payment of dividend of ₹ 2.50 per equity share of face value of ₹ 2 each for the financial year ended 31st March 2021. The same amounts to ₹ 15.77 crores.

39 In respect of assets taken on lease no substantial risk and reward incidental to ownership of an asset has been obtained. All Lease agreements are cancellable at the option of the Company

| **Right to Use Assets** | **As at 31-03-2021** | As at 31-03-2020 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Gross Block | **0.88** | 0.88 |
| Cumulative Depreciation | **0.49** | 0.24 |
| Liability at the end of the year : | | |
| Current | **0.26** | 0.23 |
| Non-Current | **0.02** | 0.28 |
| Payment during the year | **0.27** | 0.25 |

**40 Information on Related party Transactions as Required by Ind AS 24-Related Party Disclosure for the year ended 31st March 2021**

| Name of the Company | **% of Holding as at 31-03-2021** | % of Holding as at 31-03-2020 |
|---|---|---|
| **A) Subsidiary : (where control exists)** | | |
| **Direct Subsidiary** | | |
| - Esvi International (Engineers & Exporters ) Limited (ESVIN) | **100.00** | 100.00 |
| **B) Associates:** | | |
| - Ponni Sugars(Erode) Limited (PEL) | **27.45** | 27.45 |

**C) Key Managerrial Personnel:**

- Sri N Gopalaratnam, Chairman
- Sri K S Kasi Viswanathan, Managing Director
- Sri V Pichai, Deputy Managing Director & Secretary

**DIRECTORS:**

Sri A L Somayaji

Sri V Sridar

Sri S Narayan, I A S (Retd.)

Sri Mohan Verghese Chunkath, I A S (Retd.)

Dr.(Tmt.) Nanditha Krishna

Dr Shekher Kumar Niraj, IFS

Tmt. Sigy Thomas Vaidhyan, IAS

**D) Entities Controlled by Directors**

- SPB Projects and Consultancy Limited (SPB-PC)
- Time Square Investments Private Limited (TSI)
- Dhanashree Investments Private Limited (DSI)
- Ultra Investments and Leasing Co. Private Limited (UIL)

**E) Transaction details :**

| | Transaction amount | | Amount outstanding on 31-03-2021 |
|---|---|---|---|
| | **2020-21** | 2019-20 | |
| | **₹ crores** | ₹ crores | |
| (a) Esvi International (Engineers & Exporters) Limited | | | Assets : |
| - Investment made | **–** | – | Investments in: 0.01 crores Equity Shares (100%) |
| (b) Ponni Sugars (Erode) Limited : | | | Assets : |
| - Purchase of Bagasse | **5.53** | 13.73 | Investments in: |
| - Purchase of Sugar | **0.06** | 0.08 | 0.24 crores Equity |
| - Sale of fuel | **4.21** | 5.90 | Shares (27.45%) |
| - Sale of Paper, Water | **0.13** | 0.09 | |
| - Dividend paid | **3.53** | 3.53 | Liabilities : |
| - Dividend received | **0.94** | 0.47 | 0.884 crores Equity Shares (14.02%) |
| - Other transactions (Net Debit) | **0.07** | 0.70 | |
| | | | Payable : ₹ 0.27 crores |
| (c) Dhanashree Investments Private Limited | | | Liabilities : |
| - Rent and amenity charges | **0.04** | 0.04 | 0.295 crores Equity |
| - Dividend paid | **1.18** | 1.18 | Shares (4.68%) |
| | | | Payable : ₹ 0.003 crores |
| (d) Ultra Investments and Leasing Co. Private Limited | | | Liabilities : |
| - Reimbursement of expenses | **–** | 0.01 | 0.093 crores Equity |
| - Dividend paid | **0.37** | 0.37 | Shares (1.47%) |
| (e) Time Square Investments Private Limited | | | Liabilities : |
| - Dividend paid | **2.52** | 2.52 | 0.629 crores Equity Shares (9.97%) |

**E) Transaction details (Contd.)**

| | Transaction amount | | Amount outstanding on 31-03-2021 |
|---|---|---|---|
| | 2020-21 ₹ crores | 2019-20 ₹ crores | |
| (f) SPB Projects and Consultancy Limited | | | Assets : |
| - Reimbursement of expenses | 0.04 | – | Investments in: |
| - Inter Corporate Loan | – | – | 0.01 crores Equity |
| - Inter Corporate Loan repaid by SPB-PC | – | 0.60 | Shares (16.67%) |
| - Interest on Inter Corporate Loan | – | 0.03 | |
| - Engineering and Technical Consultancy paid | 1.73 | 1.04 | Liabilities : |
| - Dividend paid | 0.01 | 0.01 | 0.0011 crores Equity Shares (0.02%) |

(g) Remuneration to Whole-time Directors :

| | Sri N Gopalaratnam Chairman | Sri K S Kasi Viswanathan Managing Director | Sri V Pichai Deputy Managing Director and Secretary |
|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores |
| **Current Year 2020-21** | | | |
| Short term employee benefits | 2.08 | 1.89 | 1.89 |
| Post Employee benefits (gratuity) & Long term benefits (Superannuation fund) | 0.17 | 0.14 | 0.14 |
| Contribution to Provident Fund | 0.09 | 0.08 | 0.08 |
| | 2.34 | 2.11 | 2.11 |
| Payable as on 31-03-2021 | 0.66 | 0.56 | 0.56 |
| **Previous Year 2019-20** | | | |
| Short term employee benefits | 1.60 | 1.48 | 1.48 |
| Post Employee benefits (gratuity) & Long term benefits (Superannuation fund) | 0.18 | 0.15 | 0.15 |
| Contribution to Provident Fund | 0.10 | 0.08 | 0.08 |
| | 1.88 | 1.71 | 1.71 |
| Payable as on 31-03-2020 | 0.49 | 0.42 | 0.42 |

| (h) Sitting fees and Commission to Non-Wholetime Directors: | 2020-21 ₹ crores | 2019-20 ₹ crores |
|---|---|---|
| Sitting fees | 0.20 | 0.16 |
| Commission # | 0.71 | 0.34 |
| | 0.91 | 0.50 |
| Payable at the end of the year | 0.50 | 0.32 |

# Includes ₹0.01 crores of the premium paid by the company for the FY 2020-21 for the mediclaim Insurance policy taken by the company for the benefit of the Non executive directors.

## 41 EARNINGS PER SHARE

| | Year ended 31-03-2021 | Year ended 31-03-2020 |
|---|---|---|
| Profit after Tax (₹ crores) | 100.28 | 173.46 |
| Weighted average no of Shares : | | |
| Issued and paid-up Ordinary Shares as at beginning of the year | 63068140 | 63068140 |
| Less : Investment by SPB Equity Shares Trust in the shares of the Company (Refer Note 1.19) | 2840905 | 2840905 |
| Weighted average number of shares as at period end for basic and diluted EPS | 60227235 | 60227235 |
| Basic earnings per share (₹) | 16.65 | 28.80 |
| Diluted earnings per Share (₹) | 16.65 | 28.80 |

## 42 EMPLOYEE BENEFITS

**(i) Defined Contribution Plans:**

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 4.26 crores (Year ended March 31, 2020 ₹ 4.41 crores) for Provident Fund contributions and ₹ 0.32 crores (Year ended March 31, 2020 ₹ 0.32 crores) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**(ii) Defined Benefit Plans:**

**Gratuity (Funded) and Retirement Benefit Scheme (Unfunded)**

In respect of Gratuity, the most recent actuarial valuation of the plan assets and in respect of Gratuity and Retirement benefit Scheme the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan and the Retirement benefit Scheme of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit and through annual contributions to the funds managed by the Life Insurance Corporation of India.

The Company is exposed to various risks in providing the above gratuity benefit and Leave encashment which are as follows:

**Interest Rate Risk:**

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

## 42 EMPLOYEE BENEFITS (Contd.)

**Investment Risk:**

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Salary Escalation Risk:**

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future, based on past experience. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:**

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out adverse compared to the assumptions

| General description | Post employment benefit | | | |
|---|---|---|---|---|
| | Gratuity - Funded plan | | Retirement benefit Scheme -Non Funded plan | |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **(i) Changes in Defined Benefit Obligations** | | | | |
| Present Value of - opening balance | 34.75 | 30.95 | 1.30 | 1.17 |
| Current Service Cost | 2.00 | 1.88 | 0.07 | 0.06 |
| Interest Cost | 2.21 | 2.23 | 0.08 | 0.08 |
| Actuarial (Gain) / Loss | (-)1.59 | 1.15 | (-)0.02 | 0.10 |
| Benefits paid | (-)1.87 | (-)1.47 | (-)0.13 | (-)0.11 |
| Present value - closing balance | 35.50 | 34.74 | 1.30 | 1.30 |
| **(ii) Changes in the Fair Value of Plan Assets** | | | | |
| Opening Balance | 33.19 | 30.95 | – | – |
| Expected Return | 2.12 | 2.28 | – | – |
| Actuarial (gain) / loss | 0.01 | (-)0.05 | – | – |
| Contributions by employer | 0.41 | 1.47 | 0.13 | 0.11 |
| Benefits paid | (-)1.87 | (-)1.47 | (-)0.13 | (-)0.11 |
| Closing Balance | 33.86 | 33.18 | – | – |
| Actual return | 2.13 | 2.24 | – | – |

## 42 EMPLOYEE BENEFITS (Contd.)

| General description | Post employment benefit | | | |
|---|---|---|---|---|
| | Gratuity - Funded plan | | Retirement benefit Scheme -Non Funded plan | |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **(iii) Amounts recognised in the Balance Sheet (as at year end)** | | | | |
| Present Value of Obligations | **35.50** | 34.74 | **1.30** | 1.30 |
| Fair Value of Plan Assets | **33.86** | 33.18 | **–** | – |
| Net Asset / (Liability) recognised | **(-)1.64** | (-)1.56 | **(-)1.30** | (-)1.30 |
| **(iv) Expenses recognised in the Profit and Loss account statement.** | | | | |
| Current Service Cost | **2.00** | 1.88 | **0.07** | 0.06 |
| Interest on obligation | **0.09** | (-)0.05 | **0.08** | 0.08 |
| Total included in Employee benefit expense | **2.09** | 1.83 | **0.15** | 0.14 |
| **(v) Expenses recognized in Other Comprehensive Income** | | | | |
| Remeasurement on the net defined benefit liability | | | | |
| - Actuarial Gain and Losses arising from changes in financial Assumption | **0.96** | 0.96 | **0.03** | (-)0.10 |
| - Actuarial Gain and Losses arising from changes in experience adjustment | **0.63** | (-)2.11 | **(-)0.01** | – |
| Return on plan assets | **0.01** | (-)0.05 | **–** | – |
| Net cost in Other Comprehensive Income | **1.60** | (-)1.20 | **0.02** | (-)0.10 |
| Asset information | | | | |
| - Insurer managed | **100%** | 100% | **NA** | NA |

## 42 EMPLOYEE BENEFITS (Contd.)

| General description | Post employment benefit | | | |
|---|---|---|---|---|
| | Gratuity - Funded plan | | Retirement benefit Scheme -Non Funded plan | |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **Principal actuarial assumptions** | | | | |
| Mortality | Indian assured Lives Mortality (2012-14) | | | |
| Discount rate(%) | 6.78 | 6.53 | 6.78 | 6.53 |
| Future Salary increase (%) | 8.00 | 8.00 | NA | NA |
| Expected Rate of return of plan assets (%) | 6.78 | 6.53 | NA | NA |
| Expected average remaining working lives of employees (years) | 9.30 | 9.50 | NA | NA |
| Expected contribution (₹ in crores) | 4.00 | 4.00 | | |

The Company pays contributions to the insurer as determined by them. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds and Money Market Instruments. The expected rate of return on plan assets based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligation are as discussed above.

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| Particulars | Post employment benefit | | | |
|---|---|---|---|---|
| | Gratuity - Funded plan | | Retirement benefit Scheme -Non Funded plan | |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Discount Rate | | | | |
| - 0.5% Increase | 34.28 | 33.55 | 1.24 | 1.24 |
| - 0.5% decrease | 36.78 | 36.03 | 1.37 | 1.37 |
| Salary Growth Rate | | | | |
| - 0.5% Increase | 36.81 | 36.05 | | |
| - 0.5% decrease | 34.25 | 33.52 | | |
| Attrition Rate | | | | |
| - 0.5% Increase | 35.42 | 34.66 | | |
| - 0.5% decrease | 35.57 | 34.84 | | |

## 42 EMPLOYEE BENEFITS (Contd.)

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

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

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset)

The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 4.00 crores ( Previous year Actual ₹ 0.41 crores).

## 43 Note on Restatement

Pursuant to the clarification given by FRRB of ICAI in their publication in February 2021 on the accounting treatment for Treasury Shares, the Equity Shares of the Company, held by SPB Equity Shares Trust, are now treated as Treasury Shares and the restatement has been carried out to give effect to the said accounting treatment. In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31st March 2020 and 1st April 2019 (beginning of the preceding period) and Statement of Profit and Loss for the year ended 31st March 2020.

**Restatement for the year ended 31st March 2020 and as at 1st April 2019**

In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31st March 2020 and 1st April 2019 (beginning of the preceding period) and Statement of Profit and Loss for the year ended 31st March 2020 for the reasons as stated above. Reconciliation of financial statement line items which are retrospectively restated are as under:

**(a) Reconciliation of restated items of Balance Sheet as at 1st April 2019**

| Particulars | Note No. | As previously Reported | Restatement as on 01-04-2019 for prior periods in financial year 2020-21 | As restated |
|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores |
| **(A) ASSETS** | | | | |
| **1 Non-current Assets** | | | | |
| (a) Property, Plant and Equipment | 2 | 669.60 | – | 669.60 |
| (b) Capital Work-in-Progress | 2(A) | 23.36 | – | 23.36 |
| (c) Other Intangible Assets | 2(B) | 2.26 | – | 2.26 |
| (d) Financial Assets | | | | |
| (i) Investments | 3 | 95.25 | – | 95.25 |
| (ii) Loans | 4 | 29.62 | (-)12.50 | 17.12 |
| (e) Other Non-current Assets | 5 | 8.99 | – | 8.99 |
| **Total Non-current Assets** | | **829.08** | | **816.58** |
| **2 Current Assets** | | | | |
| (a) Inventories | 6 | 134.57 | – | 134.57 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | 7 | 79.25 | – | 79.25 |
| (ii) Cash and Cash Equivalents | 8 | 64.63 | – | 64.63 |
| (iii) Bank balances other than above | 9 | 245.94 | – | 245.94 |
| (iv) Loans | 10 | 0.62 | – | 0.62 |
| (v) Others | 11 | 3.56 | – | 3.56 |
| (c) Current Tax Assets (Net) | 12 | – | – | – |
| (d) Other Current Assets | 13 | 52.85 | – | 52.85 |
| **Total Current Assets** | | **581.42** | | **581.42** |
| **Total Assets** | | **1410.50** | | **1398.00** |
| **(B) EQUITY AND LIABILITIES** | | | | |
| **I EQUITY** | | | | |
| (a) Equity Share capital | 14 | 12.61 | (-)0.57 | 12.04 |
| (b) Other Equity | 15 | 855.15 | (-)11.93 | 843.22 |
| **Total Equity** | | **867.76** | | **855.26** |

**(a) Reconciliation of restated items of Balance Sheet as at 1st April 2019 (Contd.)**

| Particulars | Note No. | As previously Reported | Restatement as on 01-04-2019 for prior periods in financial year 2020-21 | As restated |
|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores |
| **II LIABILITIES** | | | | |
| **1 Non-current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 16 | 51.48 | – | 51.48 |
| (ii) Other Financial Liabilities | 17 | 17.00 | – | 17.00 |
| (b) Provisions | 18 | 17.92 | – | 17.92 |
| (c) Deferred Tax Liabilities (net) | 19 | 121.60 | – | 121.60 |
| (d) Other Non-current Liabilities | 20 | 3.29 | – | 3.29 |
| **Total Non-current Liabilities** | | **211.29** | | **211.29** |
| **2 Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade Payables | 21 | 258.52 | – | 258.52 |
| (ii) Other Financial Liabilities | 22 | 62.99 | – | 62.99 |
| (b) Other Current Liabilities | 23 | 5.10 | – | 5.10 |
| (c) Provisions | 24 | 3.69 | – | 3.69 |
| (d) Current Tax Liabilities | 25 | 1.15 | – | 1.15 |
| **Total Current Liabilities** | | **331.45** | | **331.45** |
| **Total Equity and Liabilities** | | **1410.50** | | **1398.00** |

**(b) Reconciliation of restated items of Balance Sheet as at 31st March 2020**

| Particulars | Note No. | As previously Reported | Restatement as on 31-03-2020 for prior periods in financial year 2020-21 | As restated |
|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores |
| **(A) ASSETS** | | | | |
| **1 Non-current Assets** | | | | |
| (a) Property, Plant and Equipment | 2 | 672.51 | – | 672.51 |
| (b) Capital Work-in-Progress | 2(A) | 31.03 | – | 31.03 |
| (c) Other Intangible Assets | 2(B) | 2.08 | – | 2.08 |
| (d) Financial Assets | | | | |
| (i) Investments | 3 | 84.27 | – | 84.27 |
| (ii) Loans | 4 | 24.70 | (-)12.50 | 12.20 |
| (e) Other Non-current Assets | 5 | 13.57 | – | 13.57 |
| **Total Non-current Assets** | | **828.16** | | **815.66** |
| **2 Current Assets** | | | | |
| (a) Inventories | 6 | 169.44 | – | 169.44 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | 7 | 80.83 | – | 80.83 |
| (ii) Cash and Cash Equivalents | 8 | 204.56 | – | 204.56 |
| (iii) Bank balances other than above | 9 | 120.70 | – | 120.70 |
| (iv) Loans | 10 | – | – | – |
| (v) Others | 11 | 1.15 | – | 1.15 |
| (c) Current Tax Assets (Net) | 12 | 0.64 | – | 0.64 |
| (d) Other Current Assets | 13 | 21.57 | – | 21.57 |
| **Total Current Assets** | | **598.89** | | **598.89** |
| **Total Assets** | | **1427.05** | | **1414.55** |
| **(B) EQUITY AND LIABILITIES** | | | | |
| **I EQUITY** | | | | |
| (a) Equity Share capital | 14 | 12.61 | (-)0.57 | 12.04 |
| (b) Other Equity | 15 | 985.85 | (-)11.93 | 973.92 |
| **Total Equity** | | **998.46** | | **985.96** |

**(b) Reconciliation of restated items of Balance Sheet as at 31st March 2020 (Contd.)**

| Particulars | Note No. | As previously Reported | Restatement as on 31-03-2020 for prior periods in financial year 2020-21 | As restated |
|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores |
| **II LIABILITIES** | | | | |
| **1 Non-current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 16 | 6.63 | – | 6.63 |
| (ii) Other Financial Liabilities | 17 | 17.21 | – | 17.21 |
| (b) Provisions | 18 | 20.17 | – | 20.17 |
| (c) Deferred Tax Liabilities (Net) | 19 | 149.23 | – | 149.23 |
| (d) Other Non-current Liabilities | 20 | 2.19 | – | 2.19 |
| **Total Non-current Liabilities** | | **195.43** | | **195.43** |
| **2 Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade Payables | 21 | 194.99 | – | 194.99 |
| (ii) Other Financial Liabilities | 22 | 26.83 | – | 26.83 |
| (b) Other Current Liabilities | 23 | 5.35 | – | 5.35 |
| (c) Provisions | 24 | 4.59 | – | 4.59 |
| (d) Current Tax Liabilities | 25 | 1.40 | – | 1.40 |
| **Total Current Liabilities** | | **233.16** | | **233.16** |
| **Total Equity and Liabilities** | | **1427.05** | | **1414.55** |

**c) Reconciliation of restated items of Statement of Profit and Loss for the year ended 31st March 2020**

| | Year ended 31-03-2020 ₹ crores |
|---|---|
| Profit after tax as per previously audited financial statement | 174.60 |
| **Restatement Adjustements:** | |
| Income Received From SPB Equity Shares Trust, earlier shown under Other Income, Now credited directly to Other Equity. | 1.14 |
| **Profit after tax as per Restated Accounts** | **173.46** |
| Other Comprehensive Income | (-)13.49 |
| **Total Comprehensive Income** | **159.97** |

**d) Earning per share**

As a result of the above-mentioned adjustments, basic and diluted earnings per share for the financial year 2019-20 is changed as below:

| Particulars | As previously reported | Adjustments | As restated |
|---|---|---|---|
| Profit after Tax (₹ crores) | 174.60 | (-)1.14 | 173.46 |
| Weighted average no of Shares | 63068140 | (-)2840905 | 60227235 |
| **Earning per Share :** | | | |
| Basic earnings per Equity Share (in ₹) | 27.68 | 1.12 | 28.80 |
| Diluted earnings per Equity Share (in ₹) | 27.68 | 1.12 | 28.80 |

## 44 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors at their meeting held on 8th May 2021.

Vide our report of date attached

MAHARAJ N R SURESH AND CO LLP
Firm Regn. No. 001931S/S000020

N R Jayadevan
Membership No. 023838
Partner
Chartered Accountants
UDIN: 21023838AAAAAK2617

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S/S200041

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants
UDIN: 21019339AAAAFV7240

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing
Director & Secretary

V SRIDAR
S NARAYAN
A L SOMAYAJI
DR NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
TMT SIGY THOMAS VAIDHYAN
DR SHEKHAR KUMAR NIRAJ
Directors.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

# Consolidated Financial Statements for the year ended 31st March 2021

**MAHARAJ N R SURESH AND CO LLP**
CHARTERED ACCOUNTANTS

**R SUBRAMANIAN AND COMPANY LLP**
CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M/s SESHASAYEE PAPER AND BOARDS LIMITED

### Report on the audit of Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED (hereinafter referred to as "the Holding Company") and its Subsidiary (the Holding Company and its Subsidiary together referred to as 'the Group') and its Associate, which comprise the Consolidated Balance Sheet as at March 31, 2021 and the Consolidated Statement of Profit and Loss including Other Comprehensive Income (the Consolidated Statement of Changes in Equity) and the Consolidated Cash Flows Statement for the year then ended and Notes to the Consolidated Financial Statements, including 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 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and its Associate as at March 31, 2021, of Consolidated Profit, Consolidated statement of changes in Equity), and its Consolidated cash flows for the year then ended.

### 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 Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Code of Ethics issued by ICAI, and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

Attention is invited to note no 1B (1.2) (g) of the Consolidated financial statements which is extracted below :

"The Company has considered the possible effects that may result from the COVID-19 pandemic on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, expects the carrying amount of these assets will be recovered."

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of 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.

| Key Audit Matters | Response to Key Audit Matters & Conclusion |
|---|---|
| 1. As on 31st March 2021, the Finished Goods of Paper (Note no 6 - Carrying value ₹ 148.94 crores) are valued at lower of cost and net realizable value.<br><br>We considered the value of Finished goods as key audit matter considering the relative size of it in the financial statements and significant judgments involved in the consideration of factors such as the physical existence of the stock, cost determination, selling prices and determination of net realizable value. | ◊ We understood and tested the design and operating effectiveness of controls as established by the management in maintenance of stock, records maintained and physical verification procedure instructions and the results of the year end physical verification.<br><br>◊ We applied standard audit procedures during physical verification including recheck of the physical stock.<br><br>◊ We have broadly verified the cost accounting records. Based on the records maintained, we verified the cost calculations including basis for determination of unabsorbed fixed overheads due to lower production than normal levels.<br><br>◊ We have verified the selling prices from the price lists / subsequent invoices and also the estimate of the selling expenses for arriving at the net realizable value.<br><br>◊ Based on the above audit procedures we have concluded that the management's determination of the finished goods is reasonable and in accordance with Ind AS 2 – Inventories. |
| 2. As on 31st March 2021, the Company carries cash and bank balances of ₹ 206.96 crores. We considered the amount of cash and bank balance as a key audit matter given the relative size of the balance in the financial statements. | ◊ We have verified and tested the design and operating effectiveness of controls with regard to maintenance of cash balances and preparation of bank reconciliation statements.<br><br>◊ We have verified the cash balance at the end of the year as well as the bank reconciliation statements.<br><br>◊ We have also received confirmation of balances from banks directly which corroborates with the results of our audit procedures. |

| Key Audit Matters | Response to Key Audit Matters & Conclusion |
|---|---|
| 3. The addition to Property, Plant and Equipment (PPE), during the year, is ₹ 100.99 crores. The additions being significant to the total carrying value of PPE, we have considered this as a key audit matter. | ◊ We have verified the project report as approved by the Board.<br>◊ We have tested the internal control procedures for purchases, receipts, issues of capital items, direct and indirect expenditure, technical certification on "ready for use".<br>◊ Based on the test checks and audit procedures applied by us we are satisfied on the additions to PPE. |

**Information Other Than the Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the other information in the Annual Report, comprising of the Director's report and its annexures, 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 if 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 Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Group, including its Associate, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

The respective Board of Directors of the Companies included in the Group and of its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its Associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 consolidated financial statements by the 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 its Associate are responsible for assessing the ability of the group and of its associate 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 Group 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 of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

**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 skepticism 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group and its Associate have 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 its Associate 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 its Associate 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 the entities or business activities within the Group and its associates to express an opinion on the Consolidated Financial statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the consolidated financial statements. For the associate 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 audit carried out by them. We remain solely responsible for our audit opinion.

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 Consolidated Financial Statements.

We communicate with those charged with governance of the holding company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in Internal Control that we identify during our audit.

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

**Other Matters**

(a) Financial statements / financial information of M/s Esvi International (Engineers & Exporters) Limited, a wholly owned Subsidiary whose financial statements / financial information reflect total assets of ₹ 2.67 crores as at March 31, 2021, total revenues of ₹ 0.34 crores and net cash inflows amounting to ₹ 0.06 crores for the year ended on that date, as considered in the Consolidated Financial Statements, have been audited by one of us.

(b) The Consolidated Financial Statements include the Company's share of Net Profit of ₹ 7.07 crores for the year ended March 31, 2021 as considered in the Consolidated Financial Statements, in respect of its Associate M/s Ponni Sugars (Erode) Limited. The Financial Statements of this Associate have been audited by other Auditors whose Reports have been furnished to us by the Management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amount and disclosures included in respect of this Associate and our Report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid Associate is based solely on the Reports of the other Auditors.

(c) The comparative financial information of the Group and its associate for the year ended 31st March, 2020 included in these consolidated financial statements, are based on the previously issued Consolidated financial statements audited by us for the year ended 31st March, 2020 dated 30th May, 2020.

Our opinion on the Consolidated Financial Statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other Auditors.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143 (3) of the Act, we report, to the extent applicable, 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 and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, (the Consolidated Statement of Changes in Equity) and the Consolidated Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the Reports of the Statutory Auditors of its Subsidiary Company and associate company, none of the Directors of the Group company, its Associate Company 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 Group and its Associate, and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group and its Associate to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditors’ 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 consolidated financial statements disclosed the impact of pending litigations on the consolidated financial position of the Group, its associate –

Refer Note 37 to the Consolidated financial statements.

ii. The Group, its Associate did not have any material foreseeable losses 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 Holding Company and its subsidiary and associate and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company and Associate incorporated in India.

**MAHARAJ N R SURESH AND CO LLP**
Firm Regn. No. 001931S/S000020

**N R Jayadevan**
Membership No. 023838
Partner
Chartered Accountants
UDIN : 21023838AAAAAL4760

**R SUBRAMANIAN AND COMPANY LLP**
Firm Regn. No. 004137S/S200041

**N Krishnamurthy**
Membership No. 019339
Partner
Chartered Accountants
UDIN : 21019339AAAAFW3135

Place : Chennai
Date : May 08, 2021

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SESHASAYEE PAPER AND BOARDS LIMITED.

**Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2021, we have audited the Internal Financial Controls Over Financial Reporting of SESHASAYEE PAPER AND BOARDS LIMITED ('the Holding Company') and its Subsidiary Company and Associate, which are companies incorporated in India, as of that date.

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

The Board of Directors of the Holding Company and its Subsidiary Company and Associate 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 Group Company's and Associate'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 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 ICAI. 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 Auditors' 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 Company's Internal Financial Controls system over Financial Reporting of the Group and its Associate.

**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:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) 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

(iii) 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 and to the best of our information and according to the explanations given to us, the Holding Company, its Subsidiary Company and its Associate incorporated in India has, in all material respects, an adequate Internal Financial Controls System Over Financial Reporting and such Internal Financial Controls Over Financial Reporting were operating effectively as at March 31, 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 ICAI.

**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 in so far as it relates to the Subsidiary and Associate which are Companies incorporated in India, is based on the corresponding Reports of the Auditors of such Companies incorporated in India.

**MAHARAJ N R SURESH AND CO LLP**
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**N R Jayadevan**
Membership No. 023838
Partner
Chartered Accountants
UDIN : 21023838AAAAAL4760

**R SUBRAMANIAN AND COMPANY LLP**
Firm Regn. No. 004137S/S200041

**N Krishnamurthy**
Membership No. 019339
Partner
Chartered Accountants
UDIN : 21019339AAAAFW3135

Place : Chennai
Date : May 08, 2021

## SESHASAYEE PAPER AND BOARDS LIMITED

### CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2021

| Particulars | Note No. | As At 31-03-2021 ₹ crores | As At 31-03-2020 ₹ crores | As At 01-04-2019 ₹ crores |
|---|---|---|---|---|
| **(A) ASSETS** | | | | |
| **1 Non-current Assets** | | | | |
| (a) Property, Plant and Equipment | **2** | **732.82** | 672.51 | 669.60 |
| (b) Capital Work-in-Progress | **2(A)** | **32.20** | 31.03 | 23.36 |
| (c) Other Intangible Assets | **2(B)** | **1.54** | 2.08 | 2.26 |
| (d) Investment Property | **2(C)** | **1.26** | 1.29 | 1.10 |
| (e) Financial Assets | | | | |
| (i) Investments | **3** | **152.49** | 103.39 | 106.60 |
| (ii) Loans | **4** | **6.45** | 12.20 | 17.12 |
| (f) Goodwill on Consolidation | | **11.78** | 11.78 | 11.78 |
| (g) Other Non-current Assets | **5** | **14.78** | 13.57 | 8.99 |
| **Total Non-current Assets** | | **953.32** | 847.85 | 840.81 |
| **2 Current Assets** | | | | |
| (a) Inventories | **6** | **227.25** | 169.44 | 134.57 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | **7** | **81.67** | 81.01 | 79.67 |
| (ii) Cash and Cash Equivalents | **8** | **113.60** | 204.80 | 64.74 |
| (iii) Bank balances other than (ii) above | **9** | **93.36** | 121.55 | 246.76 |
| (iv) Loans | **10** | **–** | – | 0.62 |
| (v) Others | **11** | **0.23** | 1.20 | 3.63 |
| (c) Current Tax Assets (Net) | **12** | **0.01** | 0.65 | – |
| (d) Other Current Assets | **13** | **47.70** | 21.57 | 52.85 |
| **Total Current Assets** | | **563.82** | 600.22 | 582.84 |
| **Total Assets** | | **1517.14** | 1448.07 | 1423.65 |
| **(B) EQUITY AND LIABILITIES** | | | | |
| **I EQUITY** | | | | |
| (a) Equity Share Capital | **14** | **12.04** | 12.04 | 12.04 |
| (b) Other Equity | **15** | **1130.69** | 1007.21 | 868.66 |
| **Total Equity** | | **1142.73** | 1019.25 | 880.70 |

## SESHASAYEE PAPER AND BOARDS LIMITED

### CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2021 (Contd.)

| Particulars | Note No. | As At 31-03-2021 ₹ crores | As At 31-03-2020 ₹ crores | As At 01-04-2019 ₹ crores |
|---|---|---|---|---|
| **II LIABILITIES** | | | | |
| **1 Non-current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | **16** | **3.49** | 6.63 | 51.48 |
| (ii) Other Financial Liabilities | **17** | **15.78** | 17.21 | 17.00 |
| (b) Provisions | **18** | **16.64** | 20.17 | 17.92 |
| (c) Deferred Tax Liabilities (net) | **19** | **119.88** | 149.23 | 121.60 |
| (d) Other Non-current Liabilities | **20** | **1.10** | 2.19 | 3.29 |
| **Total Non-current Liabilities** | | **156.89** | 195.43 | 211.29 |
| **2 Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade Payables | | | | |
| A) Total outstanding dues of Micro and Small Enterprises | **21** | **10.31** | 3.66 | 21.50 |
| B) Total outstanding dues of creditors other than Micro and Small Enterprises | **21** | **160.61** | 191.34 | 237.04 |
| (ii) Other Financial Liabilities | **22** | **28.97** | 27.05 | 63.20 |
| (b) Other Current Liabilities | **23** | **10.99** | 5.35 | 5.10 |
| (c) Provisions | **24** | **4.57** | 4.59 | 3.69 |
| (d) Current Tax Liabilities | **25** | **2.07** | 1.40 | 1.13 |
| **Total Current Liabilities** | | **217.52** | 233.39 | 331.66 |
| **Total Equity and Liabilities** | | **1517.14** | 1448.07 | 1423.65 |

See accompanying Notes to the Consolidated Financial Statements.

Vide our report of date attached

MAHARAJ N R SURESH AND CO LLP
Firm Regn. No. 001931S/S000020

N R Jayadevan
Membership No. 023838
Partner
Chartered Accountants
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Chairman

V PICHAI
Deputy Managing
Director & Secretary

V SRIDAR
S NARAYAN
A L SOMAYAJI
DR NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
TMT SIGY THOMAS VAIDHYAN
DR SHEKHAR KUMAR NIRAJ
DIRECTORS.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

## SESHASAYEE PAPER AND BOARDS LIMITED

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021

| | Particulars | Note No. | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|---|---|
| | | | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| I | **Revenue from Operations** | | | | | |
| | Revenue from Sale of Products | 26A | 771.50 | | 1173.68 | |
| | Other Operating Revenues | 26B | 10.56 | | 10.57 | |
| II | **Other Income** | 27 | 18.44 | | 22.32 | |
| III | **Total Income (I+II)** | | | 800.50 | | 1206.57 |
| IV | **Expenses** | | | | | |
| | Cost of Materials Consumed | 28 | 459.48 | | 600.89 | |
| | Purchase of Stock-in-Trade | 29 | 23.97 | | 30.48 | |
| | Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress | 30 | (-)97.40 | | (-)53.05 | |
| | Employee Benefits Expense | 31 | 81.34 | | 82.32 | |
| | Finance Cost | 32 | 2.91 | | 6.89 | |
| | Depreciation and Amortisation Expenses | 33 | 37.64 | | 35.03 | |
| | Other Expenses | 34 | 207.12 | | 256.67 | |
| | **Total Expenses (IV)** | | | 715.06 | | 959.23 |
| V | **Profit before Exceptional Items and Tax (III-IV)** | | | 85.44 | | 247.34 |
| VI | **Exceptional Items** | | | – | | – |
| VII | **Profit / (Loss) Before Tax (V+VI)** | | | 85.44 | | 247.34 |
| VIII | Share of Profits / (Loss) of Associate | | | 7.07 | | 8.52 |
| IX | **Tax Expenses** | 35 | | | | |
| | (1) Current Tax | | 18.49 | | 45.22 | |
| | (2) Deferred Tax | | (-)32.35 | | 29.05 | |
| | | | | (-)13.86 | | 74.27 |
| X | **Profit / (Loss) for the period from Continuing Operations (VII+VIII-IX)** | | | 106.37 | | 181.59 |

## SESHASAYEE PAPER AND BOARDS LIMITED

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

| | Particulars | Note No. | Year ended 31-03-2021 ₹ crores | ₹ crores | Year ended 31-03-2020 ₹ crores | ₹ crores |
|---|---|---|---|---|---|---|
| X | **Profit / (Loss) for the period from Continuing Operations (VII+VIII-IX)** | | | 106.37 | | 181.59 |
| XI | **Other Comprehensive Income (OCI)** | | | | | |
| | A Items that will not be reclassified to Statement of Profit and Loss | | | | | |
| | (i) Remeasurement benefit of the Defined Benefit Plans | | 1.62 | | (-)1.30 | |
| | (ii) Net Fair Value Gain on investment in Equity Instruments through OCI | | 41.24 | | (-)10.98 | |
| | (iii) Income Tax relating to items that will not be reclassified to Statement of Profit and Loss | | (-)3.00 | | 0.50 | |
| | | | | 39.86 | | (-)11.78 |
| | (iv) Share of OCI in Associate | | | 1.74 | | (-)0.18 |
| | B (i) Items that will be reclassified to Statement of Profit and Loss | | – | | (-)2.63 | |
| | (ii) Income Tax relating to items that will be reclassified to Statement of Profit and Loss | | – | | 0.92 | |
| | | | | – | | (-)1.71 |
| | **Total Other Comprehensive Income (A + B)** | | | 41.60 | | (-)13.67 |
| XII | **Total Comprehensive Income for the period (Comprising Profit / (Loss) and OCI for the Period) (X+XI)** | | | 147.97 | | 167.92 |
| XIII | **Earnings per Equity Share** (face value of ₹ 2 each) | 41 | | | | |
| | (1) Basic | | | 17.66 | | 30.15 |
| | (2) Diluted | | | 17.66 | | 30.15 |

See accompanying notes to the Consolidated Financial Statements.

Vide our report of date attached

MAHARAJ N R SURESH AND CO LLP
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N R Jayadevan
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Deputy Managing Director & Secretary

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TMT SIGY THOMAS VAIDHYAN
DR SHEKHAR KUMAR NIRAJ
DIRECTORS.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2021

### A) EQUITY SHARE CAPITAL

| Particulars | No. of Shares | | | ₹ crores | | |
|---|---|---|---|---|---|---|
| | As at 31-03-2021 | As at 31-03-2020 | As at 01-04-2019 | As at 31-03-2021 | As at 31-03-2020 | As at 01-04-2019 |
| Balance at the beginning of the reporting year | 63068140 | 12613628 | 12613628 | 12.61 | 12.61 | 12.61 |
| Changes in Equity Share capital during the year | – | 50454512 | – | – | – | – |
| Balance at the end of the reporting year | 63068140 | 63068140 | 12613628 | 12.61 | 12.61 | 12.61 |
| Less : Adjustment for shares held by SPB Equity Shares Trust (Refer Note No.1.19) | 2840905 | 2840905 | 568181 | 0.57 | 0.57 | 0.57 |
| **Balance at the end of the reporting period after adjustment** | 60227235 | 60227235 | 12045447 | 12.04 | 12.04 | 12.04 |

### B) OTHER EQUITY

₹ crores

| Particulars | Reserves and Surplus | | | | Equity Instruments through OCI | Cash flow hedge Reserve | SPB Equity Shares Trust (Refer Note No.1.19) | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | | | | |
| **Balance as at April 01, 2019 (A)** | **37.16** | **3.60** | **600.04** | **181.78** | **56.30** | **1.71** | **(-)11.93** | **868.66** |
| **Additions during the year:** | | | | | | | | |
| Profit for the year | – | – | – | 181.58 | – | – | – | **181.58** |
| Income from SPB Equity Shares Trust - Investment in Company Shares (Refer Note No.1.19) | – | – | – | 1.14 | – | – | – | **1.14** |
| **Items of OCI for the year (net of taxes):** | | | | | | | | |
| Remeasurement of Defined Benefit Plans (Refer Note No. 42) | – | – | – | (-)0.80 | – | – | – | **(-)0.80** |
| Net Fair Value Gain on Investment in Equity Instruments through OCI | – | – | – | – | (-)10.98 | – | – | **(-)10.98** |
| Share in OCI of associate | – | – | – | (-)0.18 | – | – | – | **(-)0.18** |
| Items that will be reclassified to Statement of Profit and loss | – | – | – | – | – | (-)1.71 | – | **(-)1.71** |
| **Total Comprehensive Income for the Year 2019-20 (B)** | **–** | **–** | **–** | **181.74** | **(-)10.98** | **(-)1.71** | **–** | **169.05** |
| **Reductions during the year:** | | | | | | | | |
| Dividends | – | – | – | 25.23 | – | – | – | **25.23** |
| Income Tax on dividend | – | – | – | 5.27 | – | – | – | **5.27** |
| Transfer to General reserve | – | – | (-)100.00 | 100.00 | – | – | – | **–** |
| **Total (C)** | **–** | **–** | **(-)100.00** | **130.50** | **–** | **–** | – | **30.50** |
| **Balance as at March 31, 2020 (D) = (A+B-C)** | **37.16** | **3.60** | **700.04** | **233.02** | **45.32** | **–** | **(-)11.93** | **1007.21** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

### B) OTHER EQUITY (Contd.)

₹ crores

| Particulars | Reserves and Surplus | | | | Equity Instruments through OCI | Cash flow hedge Reserve | SPB Equity Shares Trust (Refer Note No.1.19) | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | | | | |
| **Balance as at March 31, 2020 (D) = (A+B-C)** | 37.16 | 3.60 | 700.04 | 233.02 | 45.32 | – | (-)11.93 | 1007.21 |
| **Additions during the year:** | | | | | | | | |
| Profit for the year | – | – | – | 106.37 | – | – | – | 106.37 |
| Income from SPB Equity Shares Trust - Investment in Company Shares (Refer Note No.1.19) | – | – | – | 0.74 | – | – | – | 0.74 |
| **Items of OCI for the year (net of taxes):** | | | | | | | | |
| Remeasurement benefit of Defined Benefit Plans (Refer Note No. 42) | – | – | – | 1.34 | – | – | – | 1.34 |
| Net Fair Value Gain on Investment in equity Instruments through OCI | – | – | – | – | 38.52 | – | – | 38.52 |
| Share in OCI of associate | – | – | – | 1.74 | – | – | – | 1.74 |
| Items that will be reclassified to Statement of Profit and loss | – | – | – | – | – | – | – | – |
| **Total Comprehensive Income for the Year 2020-21 (E)** | – | – | – | 110.19 | 38.52 | – | – | 148.71 |
| **Reductions during the Year:** | | | | | | | | |
| Dividends | – | – | – | 25.23 | – | – | – | 25.23 |
| Transfer to General reserve | – | – | (-)100.00 | 100.00 | – | – | – | – |
| **Total (F)** | – | – | (-)100.00 | 125.23 | – | – | – | 25.23 |
| **Balance as at March 31, 2021 (G) = (D+E-F)** | 37.16 | 3.60 | 800.04 | 217.98 | 83.84 | – | (-)11.93 | 1130.69 |

Vide our report of date attached

MAHARAJ N R SURESH AND CO LLP
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Directors.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

## SESHASAYEE PAPER AND BOARDS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

| | Refer Note | Year ended 31-03-2021 ₹ crores | ₹ crores | Year ended 31-03-2020 ₹ crores | ₹ crores |
|---|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| Net Profit before tax | | | 85.44 | | 247.34 |
| Adjustments for: | | | | | |
| *Add:* | | | | | |
| Assets discarded | | 1.84 | | 0.09 | |
| Depreciation | e ^ | 38.07 | | 35.86 | |
| Allowance for Doubtful debts | 34 | – | | 0.96 | |
| Imputed Finance Charge on Interest Free Sales Tax Defferal Loan (IFSTD) | 32 | 0.89 | | 1.10 | |
| Finance charge on lease liability | 32 | 0.04 | | 0.05 | |
| Interest and financing charges | 32 | 1.98 | | 5.74 | |
| | | | 42.82 | | 43.80 |
| | | | 128.26 | | 291.14 |
| *Less:* | | | | | |
| Interest income from Term Deposits | | 9.85 | | 17.11 | |
| Income from Investments | 27 | 0.62 | | 0.55 | |
| Remeasurement of Defined benefit plan | 42 | (-)1.62 | | 1.30 | |
| Deferred income arising from IFSTD | 27 | 1.10 | | 1.10 | |
| Interest income from Lease Deposit | | 0.01 | | 0.01 | |
| Profit / (Loss) on sale of assets | | 0.22 | | (-)0.03 | |
| | | | 10.18 | | 20.04 |
| Operating profit before working capital changes | | | 118.08 | | 271.10 |
| Changes in working capital: | | | | | |
| (Increase) / Decrease in Inventories | 6 | (-)57.81 | | (-)34.87 | |
| (Increase) / Decrease in Trade Receivables | f ^ | (-)0.66 | | (-)2.30 | |
| (Increase) / Decrease in Other Assets | g ^ | (-)27.60 | | 33.97 | |
| Increase / (Decrease) in Liabilities and Provisions | i ^ | (-)21.95 | | (-)57.03 | |
| | | | (-)108.02 | | (-)60.23 |
| Income tax paid | | | (-)17.15 | | (-)45.60 |
| **Net cash from operating activities** | | | (-)7.09 | | 165.27 |

^ - Refers to the Notes to Cash Flow Statement

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

| | Refer Note | Year ended 31-03-2021 ₹ crores | ₹ crores | Year ended 31-03-2020 ₹ crores | ₹ crores |
|---|---|---|---|---|---|
| B. **CASH FLOW FROM INVESTING ACTIVITIES** | | | | | |
| Purchase of Property, Plant and Equipment | h ^ | | (-)102.18 | | (-)45.89 |
| Outflow towards "Right to Use" Assets | 39 | | (-)0.27 | | (-)0.25 |
| Sale of Property, Plant and Equipment | | | 1.58 | | 0.05 |
| Dividend Income from Investments | 27 | | 1.56 | | 1.02 |
| Income From SPB Equity Shares Trust | 15 | | 0.74 | | 1.14 |
| Interest income from Term Deposits | | | 9.85 | | 17.11 |
| Income from Inter Corporate Deposit | g ^ | | 2.58 | | 0.10 |
| Inter Corporate Deposit repayment received | g ^ | | 4.40 | | 0.60 |
| **Net cash used in investing activities** | | | (-)81.74 | | (-)26.12 |
| C. **CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Increase / (Decrease) in Unsecured Loans | j ^ | | (-)3.35 | | (-)3.10 |
| Increase / (Decrease) of non-current borrowings | j ^ | | – | | (-)85.20 |
| Dividend and Dividend tax paid | 15 | | (-)25.23 | | (-)30.41 |
| Interest and financing charges paid | 32 | | (-)1.98 | | (-)5.59 |
| **Net cash used in financing activities** | | | (-)30.56 | | (-)124.30 |
| **Net increase in cash and cash equivalents (I)** | | | (-)119.39 | | 14.85 |
| Cash and cash equivalents as at the beginning of the Year (II) | | | 326.35 | | 311.50 |
| Cash and cash equivalents as at the end of the Year (I + II) ** | | | 206.96 | | 326.35 |
| ** Includes following balance held in EEFC Accounts | | | | | |
| -- Amount in US $ (Mn) | | | 5.88 | | – |
| -- Equivalent amount in ₹ crores | | | 42.54 | | – |
| -- Amount in Euro (Mn) | | | 0.09 | | – |
| -- Equivalent amount in ₹ crores | | | 0.80 | | – |

^ - Refers to the Notes to Cash Flow Statement

***Notes:***

a Cash and cash equivalents represent cash in hand and cash with Scheduled Banks including Term Deposit.

b Cash from operating activities has been prepared following the indirect method.

c Figures for the previous year have been re-grouped wherever necessary.

d During the current year (and previous year), the Company did not have any change in liabilities arising from following financing activities, affecting the cashflows from financing activities :

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

(i) Changes arising from obtaining or losing control of subsidiaries or other businesses.
(ii) Changes in fair values
(ii) Impact of Changes in foreign exchange rates on Borrowings

| | | Refer Note | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|---|---|---|---|
| e | **Depreciation considered in cash flow statement** | | | | | |
| | Depreciation as per Profit & Loss Account | **33** | | **37.64** | | 35.03 |
| | Depreciation included in Corporate Social Responsibility Expenses | **34** | | **0.43** | | 0.83 |
| | | | | **38.07** | | 35.86 |
| f | **(Increase) / Decrease in Trade Receivables** | | | | | |
| | Changes in Trade Receivables as per Balance Sheet | **7** | | **(-)0.66** | | (-)1.34 |
| | Less: Changes in Impairment Provision | **7** | | **–** | | 0.96 |
| | | | | **(-)0.66** | | (-)2.30 |
| g | **(Increase) / Decrease in Other Assets** | | | | | |
| | Changes as per Balance Sheet in: | | | | | |
| | Non Current Financial Asset - Loan | **4** | | **5.75** | | 4.92 |
| | Other Non-current Assets | **5** | | **(-)1.21** | | (-)4.58 |
| | Current Financial Asset - Loan | **10** | | **–** | | 0.62 |
| | Current Financial Asset - Others | **11** | | **0.97** | | 2.43 |
| | Other Current Assets | **13** | | **(-)26.13** | | 31.28 |
| | | | | **(-)20.62** | | 34.67 |
| | Less : Adjustment for Inter Corporate Loan Repayment | | | **4.40** | | 0.60 |
| | Less : Adjustment for Receipt of Interest on Inter Corporate Loan | | | **2.58** | | 0.10 |
| | | | | **(-)27.60** | | 33.97 |
| h | **Purchase of Property, Plant and Equipment** | | | | | |
| | Additions as per Property, Plant and Equipment | **2** | | **100.99** | | 38.73 |
| | Additions as per Intangible Assets | **2B** | | **0.01** | | 0.01 |
| | Additions as per Investment Property | **2C** | | **0.01** | | 0.22 |
| | Changes in Capital Work in Progress | **2A** | | **1.17** | | 7.67 |
| | | | | **102.18** | | 46.63 |
| | Less : Lease Asset Addition Considered Seperately | | | **–** | | 0.74 |
| | | | | **102.18** | | 45.89 |

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021 (Contd.)

| | | Refer Note | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|---|---|---|---|
| i | **Increase / (Decrease) in Liabilities and Provisions** | | | | | |
| | Changes as per Balance Sheet in: | | | | | |
| | Non-Current Other Financial Liabilities | 17 | | (-)1.43 | | 0.21 |
| | Non-Current Provisions | 18 | | (-)3.53 | | 2.25 |
| | Trade Payables | 21 | | (-)24.08 | | (-)63.54 |
| | Other Current Financial Liabilities | 22 | | 1.92 | | (-)36.15 |
| | Other Current Liabilities | 23 | | 5.64 | | 0.25 |
| | Current Provisions | 24 | | (-)0.02 | | 0.90 |
| | | | | (-)21.50 | | (-)96.08 |
| | Less : Current Maturities of Non Current Borrowings | | | 0.68 | | (-)42.10 |
| | Less : Interest Accrued but not due on Borrowings | | | – | | (-)0.09 |
| | Add : Adjustment for Items that will be reclassified to P&L | | | – | | (-)2.63 |
| | Less : Lease Liability considered Seperately | | | (-)0.23 | | 0.51 |
| | | | | (-)21.95 | | (-)57.03 |
| j | **Increase / (Decrease) in Borrowings** | | | | | |
| | Changes as per Balance Sheet in: | | | | | |
| | Non-Current Borrowings | 16 | | (-)3.14 | | (-)44.85 |
| | Current Maturities of Non Current Borrowings | | | 0.68 | | (-)42.10 |
| | EIR Interest Rate Adjustments | | | – | | (-)0.25 |
| | Imputed Interest on IFSTD | | | (-)0.89 | | (-)1.10 |
| | | | | (-)3.35 | | (-)88.30 |
| | Repayment in Unsecured Loans | | | (-)3.35 | | (-)3.10 |
| | Repayment in Secured Loans | | | – | | (-)85.20 |

Vide our report of date attached

MAHARAJ N R SURESH AND CO LLP
Firm Regn. No. 001931S/S000020

N R Jayadevan
Membership No. 023838
Partner
Chartered Accountants
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N Krishnamurthy
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Chartered Accountants
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N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing Director & Secretary

V SRIDAR
S NARAYAN
A L SOMAYAJI
DR NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
TMT SIGY THOMAS VAIDHYAN
DR SHEKHAR KUMAR NIRAJ
DIRECTORS.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Company Background

Seshasayee Paper and Boards Limited is a Company incorporated in India under The Companies Act, 1956 and is domiciled in India. Its Registered Office is located at Pallipalayam, Cauvery R.S. (PO), Erode – 638 007, Namakkal District (Tamil Nadu). The Company's shares are listed in National Stock Exchange of India Ltd and BSE Ltd.

The Company is engaged in the business of manufacture and sale of printing and writing paper and has plants in two locations, one at Erode and another at Tirunelveli with an aggregate capacity to produce 210000 tonnes of paper, per annum.

## I. Significant Accounting Policies and Key Accounting Estimates and Judgements

## A. Significant Accounting Policies

### 1.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards(Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The company adopted Ind AS from 1st April 2017.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 adopted.

### 1.2 Basis of preparation and compliance

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair values at the end of each reporting period, as explained in the Accounting Policies set out below. The financial statements are prepared on a 'going concern' basis using accrual concept except for the cash flow information.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that the market participants would take into account when pricing the asset or liability at the measurement date, assuming the market participants act in their economic best interest. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS-2 – Inventories or Value in Use in Ind AS 36 – Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described hereunder:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as '--' in these financial statements.

**Principles Used in Preparing Consolidated Financial Statements**

The consolidated financial statements relate to Seshasayee Paper and Boards Limited with its wholly owned Subsidiary Esvi International (Engineers & Exporters) Limited and Associate Ponni Sugars (Erode) Limited. The financial statements have been prepared on the following basis.

(i) The financial statements of parent and its Subsidiary is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.

(ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

(iii) Intercompany transaction, balances and unrealized gains on transactions between group companies are eliminated.

(iv) Investment in Associate has been accounted under the equity method as per Ind AS 28 – Investment in Associate and Joint Venture.

(v) The Company accounts for its share of post acquisition changes in net assets of associates after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its consolidated Statement of Profit and Loss.

(vi) The difference between the cost of investments in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

(vii) Consolidated Financial Statement are prepared using uniform accounting policies for the like transactions and other events in similar circumstances.

### 1.3 Current / Non-Current classification

An asset or liability is classified as Current if it satisfies any of the following conditions:

(i) the asset / liability is expected to be realised / settled in the Company's normal operating cycle;

(ii) the asset is intended for sale or consumption;

(iii) the asset / liability is held primarily for the purpose of trading;

(iv) the asset / liability is expected to be realised / settled within twelve months after the reporting period;

(v) the asset is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;

(vi) in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as Non-Current.

For the purpose of Current / Non-Current classification, the Company has reckoned its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

Deferred Tax Assets and Liabilities are classified as Non-Current.

Advances given towards acquisition of fixed assets, outstanding at each Balance Sheet date, are disclosed as Other Non-Current Assets.

### 1.4 Property, Plant and Equipment (PPE)

Property, plant and equipment are tangible items that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used during more than one period.

The cost of an item of Property, Plant and Equipment shall be recognised as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

An item of PPE that qualifies for recognition as an Asset is measured on initial recognition at cost. Following initial recognition, PPEs are carried at their cost less accumulated depreciation and accumulated impairment losses,if any.

(i) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPEs recognised as of April 1, 2016 (transition date), measured as per the previous IGAAP, as their deemed cost as on the transition date.

(ii) The cost of an item of PPE comprises purchase price, taxes and duties, net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to Plans, Designs and Drawings of Buildings or Plant and Machinery is capitalised under relevant heads of PPE if the recognition criteria are met.

Borrowing Costs (net of interest earned on temporary investments of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are

capitalised as a part of the cost of the assets till the assets are substantially ready for their intended use.

(iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant in relation to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

(iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalised at cost. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

(v) Capital Advances and Capital Work-in-Progress :

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use which is generally on commissioning.

(vi) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, as specified under Schedule II, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate.

(vii) Estimated useful lives of the assets are as follows:

| Asset | Years |
|---|---|
| **Buildings:** | |
| Factory Buildings | 30 |
| Buildings other than factory buildings | 60 |
| **Plant and Equipment (including continuous process plants):** | |
| Plant for Generation, Transmission and Distribution of Power | 40 |
| Water Distribution Plant | 30 |
| Electric Distribution Plant | 35 |
| Other than above | 25 |
| **Furniture and Fixtures** | 10 |
| **Vehicles:** | |
| Motor Cycles, Scooter and Mopeds | 10 |
| Other Vehicles | 8 |
| **Office Equipment** | 5 |
| **IT Hardware:** | |
| Server | 6 |
| Other than Server | 3 |

Assets costing ₹ 5,000/- and below are depreciated in full within the Financial Year.

### 1.5 Intangible Assets

**a. Intangible Assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

**b. Useful lives of Intangible Assets**

Intangible Assets are amortised equally over the estimated useful life not exceeding ten years.

### 1.6 De-recognition of Tangible and Intangible Assets

An item of Tangible and Intangible Asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Tangible and Intangible Assets is determined as the difference between the sales proceeds, if any, and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

### 1.7 Impairment of Tangible and Intangible Assets

The Company annually reviews the carrying amounts of its Tangible and Intangible Assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

### 1.8 Revenue Recognition,

**a. Revenue from Contracts with Customers**

Revenue is recognised at a point in time upon transfer of control of the products to customers i.e when the products are delivered to the common carrier, in an amount that reflects the consideration that the company expects to receive in exchange for those products.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the actual underlying performance obligation that corresponds to the progress by the customer / indentor towards earning the discount/ incentive.

**b. Dividend and interest income**

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and using effective interest rate method.

### 1.9 Inventories

Inventories are valued at lower of cost and net realisable value. Materials and other items intended for use in the production of inventories are not written-down below cost, if the finished goods in which they will be incorporated or expected to be sold at or above cost. Cost includes taxes and duties (other than taxes and duties for which input credit is available), freight and other direct expenses. Stocks of Raw Materials, Stores &Spares and Chemicals are valued at cost on weighted average basis. Finished Goods / Stock-in-Process are valued at cost and cost includes material, direct labour, overheads (other than administrative overheads that do not contribute to bring the inventories to the present location and condition and selling costs) incurred in bringing the inventory to their present location and condition. Net realisable value is the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are periodically identified and provision is made where necessary.

### 1.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

### 1.11 Government grants

Government Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government Grants, relating to income, are recognised in the Statement of Profit and Loss on a systematic basis over the period in which the Company recognises as expense the related costs which the grants are intended to compensate. Government Grants, whose primary condition is that the Company should purchase, construct or otherwise acquire assets, are deducted from the carrying amount of the asset.

Government Grants that are receivable as compensation for expenses or losses incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the Statement of Profit and Loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Income from such benefit is recognised on a straight-line basis over the period of the loan during which the Company recognises interest expense under EIR method on such loans.

Export Benefits are recognized as Income in the year of exports and on grant/receipt of Duty Entitlement certificates. Pending utilization of the Certificates, they are disclosed under Other Financial Assets.

### 1.12 Employee Benefits

**a. Short Term Employee Benefits**

All employee benefits payable wholly within twelve months after the end of the annual reporting period of rendering the service are classified as Short Term Employee Benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of Short Term Employee Benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**b. Post Employment Benefits**

**(i) Defined Contribution Plans**

Payments to Defined Contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions. Contributions to Provident Fund and Superannuation Fund are treated as Defined Contribution Plans, since funded with Provident Fund Commissioner (as per the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952) and Life Insurance Corporation of India, respectively.

**(ii) Defined Benefit Plans**

For Defined Benefit Retirement Plans, the cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each annual reporting date. The Defined Benefit Obligations recognised in the Balance Sheet represent the present value of the Defined Benefit Obligations as reduced by

the fair value of plan assets, if applicable. Any Defined Benefit Asset (negative defined benefit obligations resulting from this calculation) is recognised representing the present value of available refunds and reductions in future contributions to the plan. Gratuity and Retirement Benefit Schemes operated by the Company are treated as Defined Benefit Plans.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability/ (asset) are recognised in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability/ (asset) comprising actuarial gains and losses and the return on the plan assets, excluding amounts included in net interest on the net defined benefits liability/ (asset), are recognised in Other Comprehensive Income and taken to 'retained earnings'. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability / (asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent Actuary. However, the liability towards gratuity, if any, is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

**c. Other Long-term Employee Benefits**

Entitlement to annual leave and sick leave are recognised when they accrue to employees. Annual leave/ sick leave can be availed or encashed either during service or on retirement subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leave using the Projected Unit Credit Method with actuarial valuation being carried out at each annual reporting date. The liability is not funded

### 1.13 Lease Accounting

The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application. Consequently, the application of the standard has no transition impact.

The Company, as on March 31, 2021, didn't have any transaction of lease, as a lessor. The Company, as a lessee, recognises, at inception of a contract, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Company recognises a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.

At commencement date, the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.

The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.

Lease liability and ROU asset are separately presented in the Balance Sheet. Lease payments are classified as financing cash flows while short-term lease payments, payment for leases of low value assets are classified within operating activities .

### 1.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 1.15 Financial Instruments

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. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Statement of Profit and Loss (FVTPL) are recognised immediately in Statement Profit and Loss.

### 1.16 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**a. Classification of Financial Assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost. The debt instruments carried at amortised cost include Deposits, Loans and Advances recoverable in cash.

- ◊ the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ◊ the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

**b. Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of Profit and Loss.

**c. Investments in Equity Instruments at FVTOCI**

**(i) Investments in Equity Instruments in Subsidiary and Associates :**

The Company has elected to carry investment in Equity Instruments in Subsidiary and Associates at cost in accordance with Paragraphs 10 of 'Ind AS27 – Separate Financial Statements'.

**(ii) Investments in Other Equity Instruments:**

The Company has irrevocably designated to carry investment in Other Equity Instruments at Fair Value through Other Comprehensive Income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in Fair Value in Other Comprehensive Income pertaining to Investments in Equity Instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income and accumulated in the 'Reserve for Equity Instruments through Other Comprehensive Income'. On derecognition of such Financial Assets, cumulative gain or loss previously reported in OCI is not reclassified from Equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within Equity.

The Company has Equity Investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (see Note 3). Fair value is determined in the manner described in Note 1.2.

**d. Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses "Expected Credit Loss" (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

◊ The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

◊ Full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

For trade receivables or any contractual rights to receive cash or other financial assets that results from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to life time expected credit losses.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk, full lifetime ECL is used.

**e. Derecognition of Financial Assets:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109

Concomitantly, if the asset is one that is measured at:

a) Amortised cost, the gain or loss is recognised in the Statement of Profit and Loss.

b) Fair value through Other Comprehensive Income, the cumulative fair value adjustments previously taken to Reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to Reserves is reclassified within equity.

### 1.17 Financial Liabilities and Equity Instruments

**a. Classification as Debt or Equity**

Debt and Equity instruments issued by the Company are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b. Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received, net of direct issue costs.

**c. Financial Liabilities**

All financial liabilities are initially recognised at the value of respective contractual obligations. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance Costs' line item.

**d. Derecognition of Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

### 1.18 Derivative Financial Instruments and Hedge Accounting

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, by means of foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates hedging instruments in respect of foreign currency risk as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**Cash Flow Hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as 'cash flow hedge reserve'. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

The cumulative gain or loss previously recognised in Other Comprehensive Income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in Other Comprehensive Income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in Other Comprehensive Income is

transferred to the Statement of Profit and Loss in the same period when the hedged item affects Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Other Comprehensive Income is transferred to the Statement of Profit and Loss.

**Fair Value Hedges**

The Company designates derivative contracts as hedging instruments to mitigate the risk of change in fair value of hedged item in foreign exchange rates.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to Statement of Profit and Loss from that date.

### 1.19 Treatment of shares held by SPB Equity Shares Trust

Pursuant to the Scheme of Amalgamation of SPB Papers Limited with the Company, 568181 Equity Shares with face value of ₹ 10 each (28 40 905 Equity Shares of face value of ₹ 2 each, after stock-split) were allotted to SPB Equity Shares Trust and approved by the High Court of Madras to the benefit of the Company, in the financial year 2012-13.

The original cost of the investment is adjusted in other equity as under:

a) To the extent of Face/Nominal value is deducted from Equity Share capital

b) Balance is reduced from other equity under a separate reserve

The dividend received by the Company from SPB Equity Shares Trust, is taken to retained Earnings.

### 1.20 Foreign Currency Transactions

**a. Initial Recognition**

On initial recognition, transactions in foreign currencies are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

**b. Measurement of Foreign Currency items at reporting date**

Foreign currency monetary items are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the

exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

**c. Recognition of Exchange Difference**

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in Statement of Profit and Loss, in the period in which they arise.

The advance, paid in Foreign Currency to the Suppliers and the advance, received in Foreign Currency from the Customers are treated as non-monetary assets and non-monetary liabilities respectively and consequently, doesn't result in exchange fluctuation at the date of fair valuation.

### 1.21 Cash Flow Statement

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

### 1.22 Taxes on Income

Taxes on income comprise of Current Tax and Deferred Tax.

**a. Current Tax**

Current Tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years (temporary differences) and items that are never taxable or deductible (permanent differences) under the Income Tax Act, 1961.

Current Tax is measured using tax rates and tax laws enacted at the end of the reporting period together with any adjustment to tax payable in respect of previous years.

**b. Deferred Tax**

Deferred Tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax, 1961.

Deferred Tax liabilities are recognised for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the accounting profit nor the taxable profit, deferred tax liabilities are not recognised.

Deferred Tax assets are recognised for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary difference can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the

accounting profit, deferred tax assets or liabilities are not recognised. The carrying amount of Deferred Tax Assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilised.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled based on the tax rates that have been enacted or substantially enacted by the end of the reporting period in which those temporary differences are expected to be recovered or settled.

MAT Credit Entitlement, if any, are in the form of unused tax credits and are accordingly classified under Deferred Tax Assets.

**c. Current and Deferred Tax for the year**

Current and Deferred Tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in Equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

### 1.23 Ind AS 12 – Uncertainty over Income Tax Treatments

The Company has adopted the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. However, application of this Standard from 01-04-2019 does not have any significant impact for the Company.

### 1.24 Recent Pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

1. Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
2. Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
3. Specified format for disclosure of shareholding of promoters.
4. Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
5. If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
6. Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies,

title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

1. Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

### 1.25 Events after reporting period

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size of nature are only disclosed.

### 1.26 Financial and Management Information System

The Company's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

### 1.27 Segment Reporting

The Company is engaged in the business of manufacture and sale of writing and printing paper and there are no other reportable segments of operation of the Company.

### 1.28 EarningsPer Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

For the purpose of computation of weighted average number of equity shares outstanding, the no. of equity sharesheld by SPB Equity Shares Trust in the Company, is reduced.

## B. Key Accounting Estimates and Judgments

### 1.1 Use of Estimates

The preparation of financial statements in conformity with IndAS requires Management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

### 1.2 Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision

affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

**a. Fair value measurement and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

**b. Useful life of Property, Plant and Equipments**

The Company reviews the estimated useful lives of Property, Plant and Equipment at the end of each reporting period. During the current year, there has been no change in useful life considered for the assets.

**c. Cash Discounts**

In accordance with Ind AS-115, the Company deducts cash discounts from the revenue for sale of products. Cash discount, on the sale of products in the last month of the year, is estimated based on the past experience.

**d. Actuarial valuation**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the State of Profit and Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

**e. Claims, Provisions and Contingent Liabilities**

The Company has ongoing discussions / litigations with various regulatory authorities, trade unions and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute or settlements can be made based on Management's assessment of specific circumstances of each dispute and relevant external advice, Management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

**f. Tax Expense**

Significant judgments and estimates are involved in estimating the budgeted profits for the purposes of advance tax, determining the provision for income tax, Minimum Alternate Tax and MAT Credit which may get revised pursuant to the determination by the Income Tax Authorities.

**g. Others**

The Company has considered the possible effects that may result from Covid-19 pandemic on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, expects the carrying amount of these assets will be recovered.

₹ crores

## 2 PROPERTY, PLANT AND EQUIPMENT

| Description | Gross Carrying Amount | | | | Depreciation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2020 | Additions during the year | Deductions/ Adjustments | As at 31-03-2021 | As at 01-04-2020 | Additions during the year | Deductions/ Adjustments | As at 31-03-2021 | As at 31-03-2021 | As at 31-03-2020 |
| LAND | 4.17 | – | – | 4.17 | – | – | – | – | 4.17 | 4.17 |
| BUILDINGS | | | | | | | | | | |
| - FREE HOLD | 108.46 | 4.03 | 0.38 | 112.11 | 16.99 | 4.61 | 0.05 | 21.55 | 90.56 | 91.47 |
| - RIGHT TO USE ASSETS (Refer Note. No. 1.13) | 0.88 | – | – | 0.88 | 0.24 | 0.25 | – | 0.49 | 0.39 | 0.64 |
| PLANT AND EQUIPMENT | 682.19 | 96.36 | 3.41 | 775.14 | 110.07 | 31.81 | 0.54 | 141.34 | 633.80 | 572.12 |
| FURNITURE AND FIXTURES | 1.95 | 0.18 | – | 2.13 | 0.34 | 0.10 | – | 0.44 | 1.69 | 1.61 |
| VEHICLES | 2.22 | – | 0.01 | 2.21 | 1.14 | 0.20 | 0.01 | 1.33 | 0.88 | 1.08 |
| OFFICE EQUIPMENT | 3.05 | 0.42 | – | 3.47 | 1.63 | 0.51 | – | 2.14 | 1.33 | 1.42 |
| | 802.92 | 100.99 | 3.80 | 900.11 | 130.41 | 37.48 | 0.60 | 167.29 | 732.82 | 672.51 |

₹ crores

| Description | Gross Carrying Amount | | | | Depreciation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2019 | Additions during the year | Deductions/ Adjustments | As at 31-03-2020 | As at 01-04-2019 | Additions during the year | Deductions/ Adjustments | As at 31-03-2020 | As at 31-03-2020 | As at 31-03-2019 |
| LAND | 4.17 | – | – | 4.17 | – | – | – | – | 4.17 | 4.17 |
| BUILDINGS | | | | | | | | | | |
| - FREE HOLD | 102.01 | 6.45 | – | 108.46 | 11.97 | 5.02 | – | 16.99 | 91.47 | 90.04 |
| - RIGHT TO USE ASSETS (Refer Note. No. 1.13) | 0.14 | 0.74 | – | 0.88 | 0.01 | 0.23 | – | 0.24 | 0.64 | 0.13 |
| PLANT AND EQUIPMENT | 652.24 | 30.14 | 0.19 | 682.19 | 80.57 | 29.53 | 0.03 | 110.07 | 572.12 | 571.67 |
| FURNITURE AND FIXTURES | 1.88 | 0.07 | – | 1.95 | 0.27 | 0.07 | – | 0.34 | 1.61 | 1.61 |
| VEHICLES | 1.95 | 0.31 | 0.04 | 2.22 | 0.88 | 0.29 | 0.03 | 1.14 | 1.08 | 1.07 |
| OFFICE EQUIPMENT | 2.04 | 1.02 | 0.01 | 3.05 | 1.13 | 0.51 | 0.01 | 1.63 | 1.42 | 0.91 |
| | **764.43** | **38.73** | **0.24** | **802.92** | **94.83** | **35.65** | **0.07** | **130.41** | **672.51** | **669.60** |

₹ crores

## 2 (A) CAPITAL WORK IN PROGRESS

| Description | Net Carrying Amount | | |
|---|---|---|---|
| | As at 31-03-2021 | As at 31-03-2020 | As at 31-03-2019 |
| Opening Balance | **31.03** | 23.36 | 26.82 |
| Add: Additions to Capital Work In Progress during the year ^^ | **102.17** | 45.67 | 29.73 |
| Less: Assets Capitalised during the year ** | **101.00** | 38.00 | 33.19 |
| Closing Balance | **32.20** | 31.03 | 23.36 |

** Excludes Lease Asset Capitalised (Nil) during the year under Ind-AS 116 (Previous Year - ₹ 0.74 crores)

** Includes Intangible assets capitalised during the year (Refer Note No. 1.13 and 2B)

^^ Includes following expenses capitalised during the year, as directly related to Project Implementation

(a) Insurance - NIL (Previous Year - ₹ 0.29 crores)

(b) Employee Benefits - ₹ 1.95 crores (Previous Year - ₹ 0.92 crores)

(c) Borrowing Costs - Nil (Previous Year - ₹ 0.66 crores)

(d) Bank Charges - ₹ 0.08 crores (Previous Year - Nil)

(e) Cost of Materials consumed during trials - ₹ 10.17 crores (Previous Year - NIL)

(f) Other expenses - ₹ 0.81 crores (Previous Year - NIL)

## 2 (B) OTHER INTANGIBLE ASSETS

₹ crores

| Description | Gross carrying Amount | | | | Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2020 | Additions during the year | Deductions/ Adjustments | As at 31-03-2021 | As at 01-04-2020 | Additions during the year | Deductions/ Adjustments | As at 31-03-2021 | As at 31-03-2021 | As at 31-03-2020 |
| COMPUTER SOFTWARE | **1.75** | **0.01** | **–** | **1.76** | **0.19** | **0.52** | **–** | **0.71** | **1.05** | **1.56** |
| TECHNICAL KNOW-HOW | **1.41** | **–** | **–** | **1.41** | **0.89** | **0.03** | **–** | **0.92** | **0.49** | **0.52** |
| | **3.16** | **0.01** | **–** | **3.17** | **1.08** | **0.55** | **–** | **1.63** | **1.54** | **2.08** |

| Description | Gross carrying Amount | | | | Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2019 | Additions during the year | Deductions/ Adjustments | As at 31-03-2020 | As at 01-04-2019 | Additions during the year | Deductions/ Adjustments | As at 31-03-2020 | As at 31-03-2020 | As at 31-03-2019 |
| COMPUTER SOFTWARE | 1.74 | 0.01 | – | 1.75 | 0.12 | 0.07 | – | 0.19 | 1.56 | 1.62 |
| TECHNICAL KNOW-HOW | 1.41 | – | – | 1.41 | 0.77 | 0.12 | – | 0.89 | 0.52 | 0.64 |
| | **3.15** | **0.01** | **–** | **3.16** | **0.89** | **0.19** | **–** | **1.08** | **2.08** | **2.26** |

2 (i) The Company has been sanctioned Term Loans from banks which carry charge over the assets of the Company (Refer Note No. 16 towards security.)

(ii) Refer Note No 37(b) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

## 2 (C) INVESTMENT PROPERTY

₹ crores

| Description | Gross Carrying Amount | | | | Depreciation / Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2020 | Additions during the year | Deductions / Adjustments | As at 31-03-2021 | As at 01-04-2020 | Additions during the year | Deductions / Adjustments | As at 31-03-2021 | As at 31-03-2021 | As at 31-03-2020 |
| LAND | **0.05** | – | – | 0.05 | – | – | – | – | 0.05 | **0.05** |
| BUILDINGS | **1.25** | – | – | 1.25 | **0.08** | 0.02 | – | 0.10 | 1.15 | **1.17** |
| PLANT AND EQUIPMENT | **0.13** | 0.01 | – | 0.14 | **0.06** | 0.02 | – | 0.08 | 0.06 | **0.07** |
| FURNITURE AND FIXTURES | **0.03** | – | – | 0.03 | **0.03** | – | – | 0.03 | – | – |
| | **1.46** | 0.01 | – | 1.47 | **0.17** | 0.04 | – | 0.21 | 1.26 | **1.29** |

| Description | Gross Carrying Amount | | | | Depreciation / Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2019 | Additions during the year | Deductions / Adjustments | As at 31-03-2020 | As at 01-04-2019 | For the year | Withdrawn | As at 31-03-2020 | As at 31-03-2020 | As at 31-03-2019 |
| LAND | 0.05 | – | – | 0.05 | – | – | – | – | 0.05 | 0.05 |
| BUILDINGS | 1.02 | 0.23 | – | 1.25 | 0.06 | 0.02 | – | 0.08 | 1.17 | 0.96 |
| PLANT AND EQUIPMENT | 0.13 | – | – | 0.13 | 0.04 | 0.02 | – | 0.06 | 0.07 | 0.09 |
| FURNITURE AND FIXTURES | 0.03 | – | – | 0.03 | 0.03 | – | – | 0.03 | – | – |
| | **1.23** | 0.23 | **–** | **1.46** | **0.13** | **0.04** | – | **0.17** | **1.29** | **1.10** |

Note: Fair value of investment property as on 31-03-2021 is ₹ 36.74 crores (Previous Year ₹ 36.47 crores)

| 3 INVESTMENTS | No of shares | Face Value | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|---|---|
| **Non Current Investments** | | | | | |
| **A. Investments in Equity Instruments** | | | | | |
| **a. Quoted Equity Shares** | | | | | |
| **(i) Associate** | | | | | |
| **(Measured using Equity Method)** | | | | | |
| Ponni Sugars (Erode) Limited | | | | | |
| Carrying amount of Investment # | 2365062 | 10 | **60.55** | 52.69 | 44.92 |
| **(ii) Others** | | | | | |
| **Investments Measured at Fair Value through Other Comprehensive Income** | | | | | |
| Housing Development Finance Corporation Limited | 265830 | 2 | **66.41** | 43.41 | 52.32 |
| HDFC Bank Limited (As at 01-04-2019 - 2500 Shares of face value ₹ 2 each) | 5000 | 1 | **0.75** | 0.43 | 0.58 |
| High Energy Batteries (India) Limited | 282911 | 10 | **23.20** | 5.86 | 6.61 |
| Tamilnadu Newsprint and Papers Limited | 100000 | 10 | **1.47** | 0.89 | 2.06 |
| **Total Quoted Equity Shares** | | | **152.38** | 103.28 | 106.49 |
| **b. Unquoted Equity Shares** | | | | | |
| **(i) Others** | | | | | |
| **Investments Measured at Fair Value through Other Comprehensive Income** | | | | | |
| SPB Projects and Consultancy Limited | 52250 | 10 | **0.05** | 0.05 | 0.05 |
| Time Square Investments Private Ltd | 55000 | 10 | **0.06** | 0.06 | 0.06 |
| **Total Unquoted Equity Shares** | | | **0.11** | 0.11 | 0.11 |
| **Total Investments In equity Instruments** | | | **152.49** | 103.39 | 106.60 |
| **# Carrying amount includes the following:** | | | | | |
| Goodwill | | | **4.49** | 4.49 | 4.49 |
| Share of Profit | | | **8.81** | 8.34 | 1.84 |
| Aggregate amount of : | | | | | |
| Quoted Investments - At Cost | | | **24.62** | 24.62 | 24.62 |
| Quoted Investments - At Market value | | | **126.75** | 83.27 | 93.24 |
| Unquoted Investments - At Cost | | | **0.11** | 0.11 | 0.11 |

| | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|
| **4 LOANS** | | | |
| (Non-current Financial Assets) | | | |
| **Unsecured considered good** | | | |
| a) Security Deposit | **6.45** | 5.71 | 11.11 |
| b) Other Loans | | | |
| Intercorporate loans | **–** | 6.49 | 6.01 |
| | **6.45** | 12.20 | 17.12 |
| **5 OTHER NON CURRENT ASSETS** | | | |
| Capital Advances | **10.59** | 9.38 | 4.80 |
| Charges paid under Protest ** | **4.19** | 4.19 | 4.19 |
| | **14.78** | 13.57 | 8.99 |
| ** Includes | | | |
| - Energy Charges paid under protest to TNERC (Refer Note No. 37(a)(iv)) | **2.00** | 2.00 | 2.00 |
| - Customs Duty paid under protest (Refer Note No. 37(a)(i)) | **0.28** | 0.28 | 0.28 |
| - Grid Paralleling Charges paid under protest (not in the nature of Contingent Liability) | **1.11** | 1.11 | 1.11 |
| - Other duties and taxes paid under protest (not in the nature of Contingent Liability) | **0.80** | 0.80 | 0.80 |
| **6 INVENTORIES** | | | |
| Raw Materials * | **29.05** | 49.17 | 51.99 |
| Work- in- Progress | **5.65** | 11.78 | 6.35 |
| Finished Goods | **148.94** | 45.45 | – |
| Stock-in-Trade | **4.42** | 4.38 | 2.20 |
| Stores, Spares, Chemicals and others # @ | **39.19** | 58.66 | 74.03 |
| | **227.25** | 169.44 | 134.57 |
| * Includes Material In Transit | **7.69** | 11.11 | 6.45 |
| # Includes Material In Transit | **2.61** | 9.87 | 32.81 |

@ The Inventory is net of provisions for non-moving inventory of ₹ 0.20 crores. (Previous Year ₹ 0.20 crores)

(For method of valuation, please refer to Note No.1.9)

(Please refer Note No.38(C)(3) for security created on Inventories)

| | | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|---|
| **7** | **TRADE RECEIVABLES** | | | |
| | **Trade Receivables** | | | |
| a) | Secured, Considered Good | **30.67** | 29.31 | 28.07 |
| b) | Unsecured, Considered Good | **51.00** | 51.70 | 50.06 |
| c) | Unsecured with significant increase in Credit Risk but Considered Good | **–** | – | 1.54 |
| d) | Unsecured, Considered Doubtful | **1.93** | 1.93 | 0.97 |
| | | **83.60** | 82.94 | 80.64 |
| | Less: | | | |
| | Allowance for bad and doubtful debts | **1.93** | 1.93 | 0.97 |
| | | **81.67** | 81.01 | 79.67 |
| | (Please refer Note No.38(C)(3) for security created on Receivables) | | | |
| **8** | **CASH AND BANK BALANCES** | | | |
| | **Cash and Cash Equivalents** | | | |
| | Balances with banks | **58.39** | 5.47 | 34.54 |
| | Term deposits with original maturity of less than 3 months | **55.04** | 199.15 | 30.00 |
| | Cash on hand | **0.17** | 0.18 | 0.20 |
| | | **113.60** | 204.80 | 64.74 |
| **9** | **BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** | | | |
| | **Other Balances with Banks** | | | |
| | Term deposits with original maturity for more than 3 months but less than 12 months * | **92.11** | 120.40 | 245.70 |
| | Unpaid dividend accounts | **1.25** | 1.15 | 1.06 |
| | | **93.36** | 121.55 | 246.76 |
| | * includes ₹ 0.01 crore (previous year ₹ 0.01 crore) given as Security Deposit with VAT Authorities. | | | |
| **10** | **CURRENT ASSETS - LOANS** | | | |
| | **Unsecured Considered good** | | | |
| a) | Other Loans | | | |
| | Intercorporate loans | **–** | – | 0.62 |
| | | **–** | – | 0.62 |

| | | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|---|
| **11** | **OTHER CURRENT FINANCIAL ASSETS** | | | |
| a) | Export Incentive Receivable | **0.18** | 1.15 | 2.61 |
| b) | Other Current Financial Assets * | **–** | – | 0.95 |
| c) | Security Deposits | **0.05** | 0.05 | 0.07 |
| | | **0.23** | 1.20 | 3.63 |
| | * includes fair value of derivatives (net) | | | |
| **12** | **CURRENT TAX ASSET (NET)** | | | |
| | Income tax (Net of provisions) | **0.01** | 0.65 | – |
| | | **0.01** | 0.65 | – |
| **13** | **OTHER CURRENT ASSETS** | | | |
| a) | Advances/Claims Recoverable in cash or in kind | **11.87** | 6.45 | 5.57 |
| b) | Balance with Government Authorities | | | |
| | - GST Receivable | **30.40** | 10.84 | 42.90 |
| c) | Prepaid expenses | **3.41** | 2.43 | 2.56 |
| d) | Advance to Employees | **0.31** | 0.46 | 0.32 |
| e) | Other receivable | **1.71** | 1.39 | 1.50 |
| | | **47.70** | 21.57 | 52.85 |
| **14** | **EQUITY SHARE CAPITAL** | | | |
| | **Authorised** | | | |
| | 20 00 00 000 - Equity Shares of ₹ 2 each** | 40.00 | 40.00 | 40.00 |
| | 3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each | 30.00 | 30.00 | 30.00 |
| | | **70.00** | 70.00 | 70.00 |
| | **Issued, Subscribed and Fully paid up:** | | | |
| | 6 30 68 140 - Equity Shares of ₹ 2 each** | 12.61 | 12.61 | 12.61 |
| | Less : Adjustment for shares held by SPB Equity Shares Trust (Refer Note No.1.19) | 0.57 | 0.57 | 0.57 |
| | | **12.04** | 12.04 | 12.04 |

**a) Reconciliation of shares outstanding at the beginning and at the end of the year**

| | As at 31-03-2021 | | As at 31-03-2020 | | As at 01-04-2019 | |
|---|---|---|---|---|---|---|
| | No of Shares | ₹ crores | No of Shares | ₹ crores | No of Shares | ₹ crores |
| At the beginning of the year | 63068140 | 12.61 | 12613628 | 12.61 | 12613628 | 12.61 |
| Stock split at 5 :1 during the year** | – | – | 50454512 | – | – | – |
| **At the end of the year** | 63068140 | 12.61 | 63068140 | 12.61 | 12613628 | 12.61 |

** The Company, during the year 2019-20, had done a Stock Split whereby an Equity Shares of face value of ₹ 10 each fully paid up was split in to 5 (Five) Equity Shares of face value of ₹ 2 each fully paid up.

**b) Terms / rights attached to Equity Shares**

The Equity Shares of the Company having par value of ₹ 2 per share rank pari passu in all respects, including voting rights, dividend entitlement and repayment of capital.

**c) Details of shareholders holding more than 5% Equity Shares in the Company**

| Name of Share Holders | As at 31-03-2021 | | As at 31-03-2020 | |
|---|---|---|---|---|
| | No. of Shares | % of Share Holding | No. of Shares | % of Share Holding |
| (a) Tamilnadu Industrial Investment Corporation Limited | 9000000 | 14.27 | 9000000 | 14.27 |
| (b) Ponni Sugars (Erode) Ltd (Associate) | 8840905 | 14.02 | 8840905 | 14.02 |
| (c) Synergy Investments Pte Ltd | 7738475 | 12.27 | 7738475 | 12.27 |
| (d) Time Square Investments (P) Ltd | 6288105 | 9.97 | 6288105 | 9.97 |
| (e) Atyant Capital India Fund I | 3383140 | 5.36 | 3383140 | 5.36 |

## 15 OTHER EQUITY

₹ crores

| Particulars | Reserves and Surplus | | | | Equity Instruments through OCI | Cash flow hedge Reserve | SPB Equity Shares Trust (Refer Note No.1.19) | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | | | | |
| **Balance as at April 01, 2019 (A)** | **37.16** | **3.60** | **600.04** | **181.78** | **56.30** | **1.71** | **(-)11.93** | **868.66** |
| **Additions during the year:** | | | | | | | | |
| Profit for the year | – | – | – | 181.58 | – | – | – | **181.58** |
| Income from SPB Equity Shares Trust - Investment in Company Shares (Refer Note No.1.19) | – | – | – | 1.14 | – | – | – | **1.14** |
| **Items of OCI for the year (net of taxes):** | | | | | | | | |
| Remeasurement of Defined Benefit Plans (Refer Note No. 42) | – | – | – | (-)0.80 | – | – | – | **(-)0.80** |
| Net Fair Value Gain on Investment in Equity Instruments through OCI | – | – | – | – | (-)10.98 | – | – | **(-)10.98** |
| Share in OCI of associate | – | – | – | (-)0.18 | – | – | – | **(-)0.18** |
| Items that will be reclassified to Statement of Profit and loss | – | – | – | – | – | (-)1.71 | – | **(-)1.71** |
| **Total Comprehensive Income for the Year 2019-20 (B)** | **–** | **–** | **–** | **181.74** | **(-)10.98** | **(-)1.71** | **–** | **169.05** |
| **Reductions during the year:** | | | | | | | | |
| Dividends | – | – | – | 25.23 | – | – | – | **25.23** |
| Income Tax on dividend | – | – | – | 5.27 | – | – | – | **5.27** |
| Transfer to General reserve | – | – | (-)100.00 | 100.00 | – | – | – | **–** |
| **Total (C)** | **–** | **–** | **(-)100.00** | **130.50** | **–** | **–** | – | **30.50** |
| **Balance as at March 31, 2020 (D) = (A+B-C)** | **37.16** | **3.60** | **700.04** | **233.02** | **45.32** | **–** | **(-)11.93** | **1007.21** |

## 15 OTHER EQUITY (Contd.)

₹ crores

| Particulars | Reserves and Surplus | | | | Equity Instruments through OCI | Cash flow hedge Reserve | SPB Equity Shares Trust (Refer Note No.1.19) | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | | | | |
| **Balance as at March 31, 2020 (D) = (A+B-C)** | 37.16 | 3.60 | 700.04 | 233.02 | 45.32 | – | (-)11.93 | 1007.21 |
| **Additions during the year:** | | | | | | | | |
| Profit for the year | – | – | – | 106.37 | – | – | – | 106.37 |
| Income from SPB Equity Shares Trust - Investment in Company Shares (Refer Note No.1.19) | – | – | – | 0.74 | – | – | – | 0.74 |
| **Items of OCI for the year (net of taxes):** | | | | | | | | |
| Remeasurement benefit of Defined Benefit Plans (Refer Note No. 42) | – | – | – | 1.34 | – | – | – | 1.34 |
| Net Fair Value Gain on Investment in equity Instruments through OCI | – | – | – | – | 38.52 | – | – | 38.52 |
| Share in OCI of associate | – | – | – | 1.74 | – | – | – | 1.74 |
| Items that will be reclassified to Statement of Profit and loss | – | – | – | – | – | – | – | – |
| **Total Comprehensive Income for the Year 2020-21 (E)** | – | – | – | 110.19 | 38.52 | – | – | 148.71 |
| **Reductions during the Year:** | | | | | | | | |
| Dividends | – | – | – | 25.23 | – | – | – | 25.23 |
| Transfer to General reserve | – | – | (-)100.00 | 100.00 | – | – | – | – |
| **Total (F)** | – | – | (-)100.00 | 125.23 | – | – | – | 25.23 |
| **Balance as at March 31, 2021 (G) = (D+E-F)** | 37.16 | 3.60 | 800.04 | 217.98 | 83.84 | – | (-)11.93 | 1130.69 |

**Description of nature and purpose of each reserve :**

**General Reserve**

General Reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of Equity to another and is not an item of Other Comprehensive Income. It is a free reserve created to enhance the Net Worth of the Company and is available for distribution.

**Capital Reserve**

Capital Reserve represents gain of a capital nature and is not available for dividend declaration.

**Securities Premium Account**

Securities Premium account records the premium component on issue of shares and can be utilised in accordance with the provisions of Companies Act, 2013.

**Cash Flow Hedge Reserve**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as cash flow hedge reserve.

| | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|
| **16 BORROWINGS** | | | |
| (Non-Current Financial Liabilities) | | | |
| **Secured** | | | |
| **Unit: Erode - Term Loan** | | | |
| From Banks | – | – | 25.46 |
| **Unit: Tirunelveli -Term Loan** | | | |
| From Banks | – | – | 17.15 |
| **Unsecured** | | | |
| From others - Interest Free Sales tax Loan | 3.49 | 6.63 | 8.87 |
| | 3.49 | 6.63 | 51.48 |

The Company has been sanctioned a Term Loan of ₹ 50.0 crores by Canara Bank and ₹ 32.5 crores by State Bank of India for the execution of the Project Mill Development Plan - III (MDP-III) at its Unit : Erode. The Company has not commenced availment of the said loan as on March 31, 2021.

16 (i) Term Loan from Banks, including its current maturities (Refer Note No. 22) are to be secured by Mortgage of Immovable properties of respective units, consisting of land (excluding 57.93 acres together with structures thereon of Unit : Erode), buildings, fixed plant and machinery (excluding Captive Power Plant assets of Unit : Erode), fixtures and fittings.

**16 (ii) Terms of Repayment :**

(a) The Term loan of ₹ 50.0 crores from Canara Bank (sanctioned for Project MDP-III at Unit : Erode and unavailed as of March 31, 2021) which presently carries interest rate of 9.00 %, is repayable in 60 equal monthly instalments of ₹ 0.83 crores commencing from April 2022.

(b) The Term loan of ₹ 32.5 crores from State Bank of India (sanctioned for Project MDP-III at Unit : Erode and unavailed as of March 31, 2021) which presently carries interest rate of 8.80 %, is repayable in 60 equal monthly instalments of ₹ 0.54 crores commencing from April 2022.

**(iii) Interest free loan under Sales Tax Deferment Scheme of Government of Tamil Nadu :**

Interest free loan under Sales tax Deferment Scheme of Government of Tamil Nadu has a deferment period of 10 years from 01.06.2013. Out of total loan of ₹ 47.64 crores, the Company has already repaid ₹ 39.24 crores up to March 31, 2021.

The Company has adopted previous GAAP for the carrying amount of the loan at the date of transition and has applied Ind AS 109 after the date of Transition.

Loan outstanding as at April 01, 2016 was valued at fair value and the difference between gross outstanding and fair value of loan was the benefit derived from interest free loan and is recognised as deferred income. Interest on the loan is recognised in the Statement of Profit and Loss applying effective interest rate of 10%. (Refer Note No. 1.11)

**(iv) Default in Repayment of Principal and Interest - NIL**

| | As at 31-03-2021 | As at 31-03-2020 | As at 01-04-2019 |
|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores |
| **17 OTHER NON-CURRENT FINANCIAL LIABILITIES** | | | |
| Security deposits | 15.76 | 16.93 | 17.00 |
| Lease Liability (Non-Current) (Refer Note No. 1.13) | 0.02 | 0.28 | – |
| | 15.78 | 17.21 | 17.00 |
| **18 PROVISIONS** (Non-Current Liabilities) | | | |
| a) Provision for Employee benefits: Provision for Leave Encashment and Retirement Fund | 8.53 | 8.27 | 6.81 |
| b) Others Provision for Generation tax * | 8.11 | 11.90 | 11.11 |
| | 16.64 | 20.17 | 17.92 |

* Provisions made during the Year ₹ 1.79 crores (Previous Year ₹ 2.15 crores)

* Settled during the Year ₹ 5.58 crores (Previous Year ₹ 1.36 crores)

## 19 DEFERRED TAX LIABILITY (NET)

₹ crores

| Particulars | As at 01-04-2020 | Recognised in Statement of P&L during 2020-21 | OCI 2020-21 | As at 31-03-2021 |
|---|---|---|---|---|
| **As at 31-03-2021** | | | | |
| **Deferred Tax Liabilities:** | | | | |
| Difference between WDV of Fixed Assets as per the books of accounts and Income Tax Act, 1961. | 166.88 | (-)39.57 | – | 127.31 |
| **Deferred Tax Assets:** | | | | |
| Expenses allowable for tax purpose on payment basis | (-)7.23 | (-)0.11 | – | (-)7.34 |
| Difference in carrying value and tax base of Interest Free Sale Tax Loan measured at FVTPL | (-)0.52 | 0.05 | – | (-)0.47 |
| Taxes on items of OCI | (-)2.62 | – | 3.00 | 0.38 |
| Income Tax relating to items that will be reclassified to Statement of Profit and Loss | – | – | – | – |
| **Deferred Tax Liability** | 156.51 | (-)39.63 | 3.00 | 119.88 |
| **Tax Credit:** | | | | |
| MAT Credit Entitlement | 7.28 | (-)7.28 | – | – |
| | 149.23 | | | 119.88 |

| Particulars | As at 01-04-2019 | Recognised in Statement of P&L during 2019-20 | OCI 2019-20 | As at 31-03-2020 |
|---|---|---|---|---|
| **As at 31-03-2020** | | | | |
| **Deferred Tax Liabilities:** | | | | |
| Difference between WDV of Fixed Assets as per the books of accounts and Income Tax Act, 1961. | 166.85 | 0.03 | – | 166.88 |
| **Deferred Tax Assets:** | | | | |
| Expenses allowable for tax purpose on payment basis | (-)8.23 | 1.00 | – | (-)7.23 |
| Difference in carrying value and tax base of Interest Free Sale Tax Loan measured at FVTPL | (-)0.52 | – | – | (-)0.52 |
| Taxes on items of OCI | (-)2.12 | – | (-)0.50 | (-)2.62 |
| Income Tax relating to items that will be reclassified to Statement of Profit and Loss | 0.92 | – | (-)0.92 | – |
| **Deferred Tax Liability** | 156.90 | 1.03 | (-)1.42 | 156.51 |
| **Tax Credit:** | | | | |
| MAT Credit Entitlement | 35.30 | (-)28.02 | – | 7.28 |
| | 121.60 | | | 149.23 |

Note : Deferred Tax is net of MAT credit of ₹ 0.00 crores (₹ 7.28 crores previous year) carried forward by the company. Also Refer Note 35.

| | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|
| **20 OTHER NON-CURRENT LIABILITIES** | | | |
| Deferred Income arising from Government grants (Refer Note No. 1.11) | **1.10** | 2.19 | 3.29 |
| | **1.10** | 2.19 | 3.29 |
| **21 TRADE PAYABLES** | | | |
| a) Total outstanding dues of Micro and Small and Medium Enterprise | **10.31** | 3.66 | 21.50 |
| b) Total Outstanding dues of creditors other than Micro and Small and Medium Enterprise | **160.61** | 191.34 | 237.04 |
| | **170.92** | 195.00 | 258.54 |

21 (i) The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.

(ii) Disclosure requirement as required under Micro, Small and Medium Enterprises Development Act, 2006 is as follows

| | **2020-21** | 2019-20 |
|---|---|---|
| i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year. | **10.31** | 3.66 |
| ii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | **Nil** | Nil |
| iii) 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 Micro, Small and Medium Enterprises Development Act, 2006. | **Nil** | Nil |
| iv) Interest accrued and remaining unpaid at the end of each accounting year: | **Nil** | Nil |
| v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | **Nil** | Nil |

| | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores | As at 01-04-2019 ₹ crores |
|---|---|---|---|
| **22 OTHER FINANCIAL LIABILITIES** | | | |
| (Current Financial Liabilities) | | | |
| Current maturities of Long Term Borrowings (Refer Note No. 16) | – | – | 42.35 |
| Current maturities of Interest Free Sales Tax Loan (Refer Note No.16 (iii)) | 4.03 | 3.35 | 3.10 |
| Current maturities - Lease Liability (Refer Note No. 1.13) | 0.26 | 0.23 | – |
| Interest Accrued but not due | – | – | 0.09 |
| Unpaid Dividends | 1.25 | 1.15 | 1.06 |
| Others; | | | |
| - Payable for capital expenditure | 1.45 | 0.67 | 1.75 |
| - Security Deposit | 1.72 | 1.78 | 1.76 |
| - Retention Monies | 7.75 | 4.68 | 4.39 |
| - Employees dues | 12.49 | 10.16 | 8.70 |
| - Fair valuation of derivatives | 0.02 | 5.03 | – |
| | 28.97 | 27.05 | 63.20 |
| **23 OTHER CURRENT LIABILITIES** | | | |
| Other liabilities: | | | |
| (a) Statutory Liabilities | 3.07 | 2.46 | 2.46 |
| (b) Deferred Income arising from Government grants (Refer Note 1.11) | 1.10 | 1.10 | 1.10 |
| (c) Advances received from Customers # | 6.82 | 1.79 | 1.54 |
| | 10.99 | 5.35 | 5.10 |
| # Revenue recognised during the year from the Opening Advances ₹ 1.79 crores (Previous Year ₹ 1.54 crores) | | | |
| **24 CURRENT PROVISIONS** | | | |
| Provision for Employee Benefits | 4.57 | 4.59 | 3.69 |
| | 4.57 | 4.59 | 3.69 |
| **25 CURRENT TAX LIABILITIES (NET)** | | | |
| Income Tax** | 2.07 | 1.40 | 1.13 |
| | 2.07 | 1.40 | 1.13 |

** Includes provision made for settlement under Direct Tax Vivad Se Vishwas Rules, 2020 - ₹ 1.40 crores (Previous Year - ₹ 1.40 crores)

| | | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **26** | **REVENUE FROM OPERATIONS** | | | | |
| | **A) REVENUE FROM SALE OF PRODUCTS AND SERVICES** | | | | |
| | **Paper and Paper Boards** | | | | |
| | India | 590.68 | | 908.23 | |
| | Rest of the World | 155.19 | | 235.75 | |
| | | | 745.87 | | 1143.98 |
| | **Stock in Trade** | | | | |
| | India | | 25.36 | | 29.43 |
| | **Services - Rent** | | | | |
| | India | | 0.27 | | 0.27 |
| | | | 771.50 | | 1173.68 |
| | **Break-up of Revenue from Sale of Products and services - Contracted Price and adjustments** | | | | |
| | Sales Value at Contracted price | | 806.80 | | 1224.42 |
| | Add : Export benefits | | 4.37 | | 8.85 |
| | Less : Adjustments | | | | |
| | Cash Discount | 14.06 | | 22.57 | |
| | Other Discounts / Incentives | 25.61 | | 37.02 | |
| | | | 39.67 | | 59.59 |
| | | | 771.50 | | 1173.68 |
| | **B) OTHER OPERATING INCOME** | | | | |
| | Other Operating Income | | 10.56 | | 10.57 |
| | | | 10.56 | | 10.57 |
| **27** | **OTHER INCOME** | | | | |
| | Interest Income | | | | |
| | - On financial assets carried at Amortised Cost | | 12.17 | | 19.21 |
| | Dividend Income from Equity Investments measured at fair value through OCI | | 0.62 | | 0.55 |
| | Government Grant ( Refer Note No. 1.11) | | 1.10 | | 1.10 |
| | Other non-operating income | | 1.59 | | 1.46 |
| | Net Exchange Rate Fluctuation Gain | | 2.96 | | – |
| | | | 18.44 | | 22.32 |

| | | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **28** | **COST OF MATERIALS CONSUMED** | | | | |
| | Raw material | | | | |
| | i) Wood | 203.37 | | 215.92 | |
| | ii) Bagasse | 7.70 | | 16.11 | |
| | iii) Purchased Pulp | 52.59 | | 71.93 | |
| | iv) Waste Paper | 4.43 | | 42.37 | |
| | | 268.09 | | 346.33 | |
| | Feeding and other Charges | 6.39 | | 7.48 | |
| | | | 274.48 | | 353.81 |
| | Chemicals & Consumables@ | | 163.33 | | 221.32 |
| | Packing Materials | | 21.67 | | 25.76 |
| | | | 459.48 | | 600.89 |
| | @ Includes provision for Non-moving Inventory–NIL (Previous year ₹ 0.05 crores) | | | | |
| **29** | **PURCHASE OF STOCK-IN-TRADE** | | | | |
| | Notebook & Paper | | 2.97 | | 5.90 |
| | Petroleum Products | | 21.00 | | 24.58 |
| | | | 23.97 | | 30.48 |
| **30** | **CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS** | | | | |
| | Opening stock | | | | |
| | - Finished goods | 45.45 | | – | |
| | - Work in progress | 11.78 | | 6.36 | |
| | - Stock-in-Trade | 4.38 | | 2.20 | |
| | | | 61.61 | | 8.56 |
| | Closing stock | | | | |
| | - Finished goods | 148.94 | | 45.45 | |
| | - Work in progress | 5.65 | | 11.78 | |
| | - Stock-in-Trade | 4.42 | | 4.38 | |
| | | | 159.01 | | 61.61 |
| | | | (-)97.40 | | (-)53.05 |

| | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **31 EMPLOYEE BENEFITS EXPENSE** | | | | |
| Salaries and wages | | 68.35 | | 68.71 |
| Contribution to Provident & other Funds (Refer Note No.1.12 ) | | 7.02 | | 6.93 |
| Staff welfare Expenses | | 5.97 | | 6.68 |
| | | 81.34 | | 82.32 |
| **32 FINANCE COSTS** | | | | |
| Interest on financial liabilities carried at amortised cost - Effective interest method | | | | |
| - Interest on borrowings | | – | | 3.42 |
| - Interest on interest free Sales tax loan ( Refer Note No. 1.11 ) | | 0.89 | | 1.10 |
| Interest on Security Deposits measured at Amortised Cost | | 1.96 | | 2.04 |
| Other borrowing costs | | 0.06 | | 0.33 |
| | | 2.91 | | 6.89 |
| **33 DEPRECIATION AND AMORTISATION EXPENSE** | | | | |
| Depreciation of Property, Plant and Equipment (Refer Note No. 2 )** | | 37.05 | | 34.82 |
| Amortisation of Intangible assets (Refer Note No. 2(B) ) | | 0.55 | | 0.18 |
| Depreciation of Investment Property (Refer Note No. 2(C) ) | | 0.04 | | 0.03 |
| | | 37.64 | | 35.03 |

** Excludes depreciation at 100% on capital expenditure of ₹ 0.43 crores (previous year ₹ 0.83 crores) on CSR.

| | Year ended 31-03-2021 | | Year ended 31-03-2020 | |
|---|---|---|---|---|
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| **34 OTHER EXPENSES** | | | | |
| Power and Fuel | | | | |
| (i) Purchased Power | 21.96 | | 35.73 | |
| (ii) Consumption of Fuel | 82.09 | | 103.07 | |
| (iii) Generation Tax | 1.88 | | 2.13 | |
| | | 105.93 | | 140.93 |
| Repairs and Maintenance | | | | |
| - Buildings | 5.50 | | 7.12 | |
| - Plant & Machinery | 27.40 | | 36.20 | |
| - Others | 1.67 | | 2.41 | |
| | | 34.57 | | 45.73 |
| Insurance | | 3.04 | | 3.03 |
| Rent, Rates and Taxes | | 2.95 | | 0.60 |
| Selling and Distribution Expenses | | 36.38 | | 35.42 |
| Net foreign exchange loss | | – | | 4.94 |
| Allowance for doubtful debts | | – | | 0.96 |
| Auditors' remuneration (Refer Note No. 36 (a) ) | | 0.69 | | 0.62 |
| Corporate Social Responsibility expenses (Refer Note No. 36 (b) )^^ | | 4.77 | | 4.24 |
| Miscellaneous | | 18.79 | | 20.20 |
| | | 207.12 | | 256.67 |

^^ Includes depreciation at 100% on capital expenditure of ₹ 0.43 crores (previous year ₹ 0.83 crores) on CSR.

| | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|
| **35 TAX EXPENSE** | | |
| **(A) The major components of Income Tax expense for the year are as under:** | | |
| Tax expenses recognised in the Statement of Profit and Loss | | |
| **Current Tax** | | |
| Current tax on the Taxable income for the year | 18.49 | 45.22 |
| | 18.49 | 45.22 |
| **Deferred Tax comprises:** | | |
| Deferred Tax Liability on account of depreciation | 4.10 | 0.03 |
| Disallowance of expenses Under Section 43B and other Temporary difference | (-)0.11 | 1.00 |
| Deferred Tax Asset on account of Interest Free Sales Tax Loan | 0.05 | – |
| Restatement of Deferred Tax liability(net) at probable tax rate at the time of settlement in future | (-)43.67 | – |
| MAT Credit Entitlement | 7.28 | 28.02 |
| | (-)32.35 | 29.05 |
| **Total Tax Expense** | (-)13.86 | 74.27 |
| **(B) Reconciliation of Tax expense and the accounting profit for the year is as under:** | | |
| **Enacted income tax rate in India applicable to the Company** | 34.94% | 34.94% |
| Profit Before Tax | 85.44 | 247.34 |
| Current tax expenses on Profit Before Tax at the enacted income tax rate in India | 29.86 | 86.43 |
| **Tax effect of the amounts which are not deductible / (taxable) in calculating taxable income** | | |
| Tax on CSR activities | 1.67 | 1.48 |
| Tax On Dividend exempt | (-)0.21 | (-)0.57 |
| Tax On Deduction U/S 80 IA | – | (-)18.35 |
| Tax on difference in Depreciation | (-)3.93 | (-)0.87 |
| MAT Credit Entitlement | (-)7.28 | (-)28.02 |
| Provision under Vivad Se Vishwas Rules, 2020 | – | 1.40 |
| Tax on Fair Valuation loss on Forward Contracts held on Cash Flow basis | (-)1.76 | 1.76 |
| Other Differences | 0.14 | 1.96 |
| | (-)11.37 | (-)41.21 |
| **Current Tax for the Year** | 18.49 | 45.22 |
| **Effective rate of tax** | 21.64% | 18.28% |

| | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|
| **35 TAX EXPENSE (Contd.)** | | |
| **(C) Taxes on items of OCI:** | | |
| A Items that will not be reclassified to Statement of Profit and Loss | | |
| (i) Income Tax on Remeasurement of Defined Benefit Plans | **0.28** | (-)0.45 |
| (ii) Income Tax on Net Fair Value Gain/ (Loss) on Investment in Equity Instruments | **2.72** | (-)0.05 |
| B Items that will be reclassified to Statement of Profit and Loss | **–** | (-)0.92 |
| | **3.00** | (-)1.42 |

Note :

a) Provision for current tax is made after setting off eligible MAT credit.

b) Provision for current tax for FY 2019-20 was made after set-off of deduction under Section 80-IA. (Deduction u/s 80IA for FY 2020-21 = NIL).

c) Considering the advantages, the Company plans to opt for the reduced tax rate of 25.17% (including surcharge and Cess) under section 115BAA of the Income Tax Act from the financial year 2021-22. Accordingly, the deferred tax assets and liabilities have been measured at the effective income tax rate of 25.17%, which is expected to be applied to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The restatement resulted in reversal of Net Deferred Tax Liability of ₹ 43.67 crores, in the books of accounts in FY 2020-21.

| | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|
| **36 (a) PAYMENT TO AUDITORS** | | |
| Statutory Audit fees | **0.34** | 0.29 |
| Taxation Matters | **0.18** | 0.25 |
| Certification work | **0.17** | 0.07 |
| Reimbursement of expenses | **0.01** | 0.01 |
| | **0.70** | 0.62 |
| **36 (b) CORPORATE SOCIAL RESPONSIBILITY EXPENSES** | | |
| a) Gross amount required to be spent as per section 135 of the Companies Act, 2013 read with Schedule VII thereof | **4.58** | 4.05 |
| b) Amount spent during the year | **4.77** | 4.24 |
| i. Construction / Acquisition of any assets | **1.85** | 2.59 |
| ii. Purpose other than (i) above | **2.92** | 1.64 |

| | Year ended 31-03-2021 ₹ crores | Year ended 31-03-2020 ₹ crores |
|---|---|---|
| **37 CONTINGENT LIABILITIES AND COMMITMENTS** | | |
| **(A) Holding Company** | | |
| **a. Contingent Liabilities** | | |
| Claims against the company not acknowledged as debts: | | |
| (i) Demands for various years relating to Central excise, Customs duty, Service tax and VAT contested in appeal | **4.31** | 4.39 |
| (ii) Differential duty on Coal imported and consequent penalty contested before CESTAT, Chennai | **21.64** | 21.64 |
| (iii) Demand by Public Works department based on Sanctioned quantity of water as against actual water drawn contested in writ petition before Hon'ble High Court of Madras. | **22.81** | 20.31 |
| (iv) Demand towards energy charges as per TNERC order contested in writ petition before Hon'ble High Court of Madras. | **4.63** | 4.63 |
| (v) Other - Demand contested. | **0.18** | 0.18 |
| **b. Commitments** | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for | **42.42** | 62.02 |
| (ii) Export Obligation in respect of Imports cleared under Export Promotion Capital Goods Scheme | **–** | 1.88 |
| **(B) Subsidiary Company** | **Nil** | Nil |
| **(C) Associate (Holding Company's Share)** | | |
| **a. Contingent Liabilities** | | |
| Claims against the company not acknowledged as debts: | | |
| (i) Indirect tax demands contested | **0.02** | 0.02 |
| (ii) Electricity related demands contested | **0.05** | 0.05 |
| **b. Commitments** | | |
| (i) Contracts for purchase of Sugarcane | **38.40** | 29.01 |
| (ii) Estimated amount of contracts remaining to be executed on capital account and not provided for | **0.69** | 0.01 |

₹ crores

| | Refer Note | Non Current | | Current | |
|---|---|---|---|---|---|
| | | As at 31-03-2021 | As at 31-03-2020 | As at 31-03-2021 | As at 31-03-2020 |
| **38 (A) CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS** | | | | | |
| **Financial Assets measured at Fair Value through Profit or Loss (FVTPL)** | | – | – | – | – |
| **Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)** | | | | | |
| Investments in quoted equity shares * | 3 (A) (a) | 91.83 | 50.59 | – | – |
| Investments in Unquoted equity shares | 3 (A) (b) | 0.11 | 0.11 | – | – |
| **Financial Assets measured at amortised cost** | | | | | |
| Loans | 4 / 10 | 6.45 | 12.20 | – | – |
| Trade Receivables | 7 | – | – | 81.67 | 81.01 |
| Cash and Cash Equivalents | 8 | – | – | 113.60 | 204.80 |
| Bank balances other than Cash And Cash Equivalents | 9 | – | – | 93.36 | 121.55 |
| Other current Financial Asset | 11 | – | – | – | – |
| **Financial Liabilities measured at Fair Value through Profit and Loss** | | – | – | – | – |
| **Financial Liabilities measured at amortised cost** | | | | | |
| Term Loan from Banks | 16 / 22 | – | – | – | – |
| Interest free sales tax Loan | 16 / 22 | 3.49 | 6.63 | – | – |
| Other Financial Liabilities | 17 | 15.78 | 17.21 | 4.03 | 3.35 |
| Trade Payables | 21 | | | 170.92 | 195.00 |
| Other Financial Liabilities | 22 | | | – | – |
| Interest accrued but not due on borrowings | | | | – | – |
| Unpaid / Unclaimed Dividend | | | | 1.25 | 1.15 |
| Payable towards capital expenditure | | | | 1.45 | 0.67 |
| Security Deposit | | | | 1.72 | 1.78 |
| Retention Monies | | | | 7.75 | 4.68 |
| Employees Dues | | | | 12.49 | 10.16 |
| Fair Valuation of Derivatives | | | | 0.02 | 5.03 |

* Investments in these equity shares are not held for trading. Upon the application of Ind AS 109-Financial instruments, the Company has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and losses relating to these Investments in the statement of Profit and Loss may not be indicative of the performance of the Company.

₹ crores

## 38 (B) FAIR VALUE MEASUREMENTS

| | | Fair value hierarchy | | |
|---|---|---|---|---|
| | Fair value | Quoted price in active Markets | Significant observable | Significant unobservable |
| **As at 31st March 2021** | | (Level 1) | (Level 2) | (Level 3) |
| Financial Assets / Financial Liabilities | | | | |
| Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI) | | | | |
| Investments in quoted equity shares | **91.83** | **91.83** | | |
| Investments in Unquoted equity shares | **0.11** | | | **0.11** |
| **As at 31st March 2020** | | | | |
| Financial Assets / Financial Liabilities | | | | |
| Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI) | | | | |
| Investments in quoted equity shares | 50.59 | 50.59 | | |
| Investments in Unquoted equity shares | 0.11 | | | 0.11 |

1. The fair value of quoted investment in quoted equity shares measured at quoted price.
2. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.
3. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

## 38 (C) FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

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 Company's financial liabilities comprise mainly of trade payables and other payables. The Company has NIL Term Loan Borrowings from Banks / any Financial Institutions as on March 31, 2021 and hence doesn't have any financial liability and allied risk on this account. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks, trade receivables, other receivables and investments.

The Company has financial risk exposure in the form of market risk, credit risk and liquidity risk. The risk management policies of the Company are monitored by the Board of Directors. The present disclosure made by the Company summarizes the exposure to the financial risks.

**1) Market Risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of

risk: currency risk, interest rate risk and other price risk. 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) Interest Rate Risk exposure**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.The Company has repaid / prepaid all the Term Loans (sanctioned and availed for Projects) during the FY 2019-20. The Company, throughout the FY 2020-21, has not availed the Fund Based Working Capital Limits, sanctioned by the Consortium of Bankers. The Company has obtained a sanction, from its Consortium of Bankers, for a Term Loan of ₹ 82.5 crores for its expansion project Mill Development Plan – III, during the FY 2019-20. However, the Company is yet to commence availment of the Term Loan. The Company has not entered into any of the interest rate swaps. Hence, the Company is not exposed to any interest rate risk, as on March 31, 2021.

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

| | **31-03-2021** | 31-03-2020 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| Variable Rate Borrowings | **–** | – |
| Fixed Rate Borrowings | **–** | – |
| | **–** | – |

As at the end of the reporting period, the company had the following variable rate borrowings outstanding.

| | **31-03-2021** | 31-03-2020 |
|---|---|---|
| | **₹ crores** | ₹ crores |
| (i) Weighted average interest rate (%) | **–** | – |
| (ii) Balance (₹ crores) | **–** | – |
| (iii) % of Total Loan | **–** | – |

**Interest Rate Senstivity analysis**

As explained above, the Company has NIL Interest Rate risk, as of March 31, 2021, Sensitivity analysis of the same is not applicable, at the end of the reporting period.

| | **Impact on Profit before tax** | |
|---|---|---|
| | **31-03-2021** | 31-03-2020 |
| | **₹ crores** | ₹ crores |
| Interest rates - increase by 50 basis points | **–** | – |
| Interest rates - decrease by 50 basis points | **–** | – |

**b) Foreign currency risk exposure**

The Company imports pulp, waste paper and other stores & spares for which payables are denominated in foreign currency. The Company is exposed to foreign currency risk on these transactions. The Company, in general, follows a conservative and sound policy by entering into simple Forward Exchange Contracts to hedge the foreign currency risk whose maturity is coterminous with the maturity period of the foreign currency liabilities (underlying). The Company did not have any 'open position' with regard to any Foreign Exchange liability as on 31st March 2021.

The Company is also exposed to foreign currency risk on its Exports. As on March 31, 2021, the Company had Export Receivables in Foreign Currency amounting to US $ 1,617,073. (Previous Year –US $ 2,039,255 and AED 682,646)

Forward Contract Obligations pending as at the end of the reporting period:

| | As at 31-03-2021 US $ | As at 31-03-2021 US $ |
|---|---|---|
| Payment Obligations, towards Imports, hedged with Forward Contracts under | | |
| - Fair Value Approach | 1,258,648 | – |
| - Cash Flow Approach | – | – |
| Export Realizations hedged with Forward Contract under | | |
| - Cash Flow Approach | – | 21,500,000 |

**c) Commodity price risk**

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in placepolicies 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 prices under check, to theextent possible.

**d) Other price risk**

Other price risk is the risk that the fair value of a financial instruments will fluctuate due to changes in market traded prices. The Company's investment in fixed deposit with banks is on Fixed Interest Rate Terms and hence, there is no risk price movement arising to the Company. The Company's equity investment in its subsidiary and associate is for strategic purposes and not held for trading. They are carried at cost and are hence not subjected to price related risk. Other investments in equity instruments are held with a view to hold them for a long-term basis and not held for trading. The investments are in fundamentally strong companies and temporary fluctuations in price do not attribute any investment risk.

**e) 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 wide range of products to meet the needs of its customers.

**2) Credit Risk**

The credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, bank balances, other balances with banks and other receivables.

The credit risk arising from the exposure of investing in other balances with banks and bank balances is limited and there is no collateral held against these because the counterparties are public sector banks.

The Company sells its products through appointed indentors. The Company has established a credit policy under which every indentor is analyzed individually for creditworthiness. Each indentor places security deposit in the Company, based on the quota allocated to him. Though the invoices are raised on the individual customer, the indentor is responsible for the collection and in case of default by the customer, the dues from the customer are withheld / adjusted against the payables to indentor. Thus, the credit risk is mitigated.

In respect of exports of paper, exports are, in general, made against advances received or terms with payment against documents or against confirmed LCs of usance period not exceeding 60 days. Hence, the Company is not exposed to any significant foreign currency risk in respect of its exports.

For trade receivables, as a practical expedient, the Company computes the credit loss allowance if there is life-time expected credit losses.

**3) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company manages the liquidity risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making available the funds from realizing timely maturities of financial assets to meet the obligations when due. The management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Also, the Company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liabilities and monitoring balance sheet liquidity ratios. Further, the liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

**Financial arrangements**

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

| | 31-03-2021 | 31-03-2020 |
|---|---|---|
| | ₹ crores | ₹ crores |
| Expiring within one year | 287.50 | 287.50 |
| Expiring beyond one year | – | – |
| | 287.50 | 287.50 |

The Company makes an annual / long term financial plan so as to ensure there are no maturity mismatches in settlement of liabilities.

**Undrawn Working Capital borrowing facilities (₹169 crores of Fund Based Limits and ₹ 174 crores of Non-Fund Based Limits, sanctioned by Canara Bank) secured by :**

- Hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of the Company
- Second charge, by way of mortgage of immovable properties of the Company, consisting of land, buildings, fixed plant and machinery, fixtures and fittings, excluding the assets created out of MDP III Project and exclusive of 57.93 acres of land together with structures there on and Captive Power Plant Assets to the extent of ₹ 85.00 crores, of Unit : Erode

Security creation for the Undrawn Working Capital facility of ₹36 crores of Fund Based Limits and ₹ 31 crores of Non-Fund Based Limits (sanction by State Bank of India) is in process, as at 31-03-2021.

**Period and amount of continuing default in respect of above said borrowing facilities: NIL**

## 38 (D) CAPITAL MANAGEMENT

The Company adheres to a cautious capital management that seeks to trigger growth creation and maximization of shareholders value. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the shareholders of the Company. The Company has been funding its growth and acquisition plans and working capital requirements through a balanced approach of internal accruals and external debt from banks . The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt component of the Company.

The following table summarises the capital of the Company:

| Particulars | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores |
|---|---|---|
| Equity | 1142.73 | 1019.25 |
| Debt | 7.52 | 9.98 |
| Cash and cash equivalents ** | 205.71 | 325.20 |
| Net Debt | (-)198.19 | (-)315.22 |
| Total Capital (Equity + Net Debt) | 944.54 | 704.03 |
| Net Debt to Capital Ratio | (-)0.21 | (-)0.45 |

** Excludes balance in Unpaid Dividend Account

## 38 (E) DIVIDEND

| | | |
|---|---|---|
| Dividend on equity shares paid during the year | 25.23 | 25.23 |
| Dividend distribution tax | – | 5.28 |
| **Total** | 25.23 | 30.51 |

**Proposed Dividend**

The Board of directors at its meeting held on 8th May 2021 have recommended a payment of dividend of ₹ 2.50 per equity share of face value of ₹ 2 each for the financial year ended 31st March 2021. The same amounts to ₹ 15.77 crores.

**39** In respect of assets taken on lease no substantial risk and reward incidental to ownership of an asset has been obtained. All Lease agreements are cancellable at the option of the Company

| | As at 31-03-2021 ₹ crores | As at 31-03-2020 ₹ crores |
|---|---|---|
| **Right to Use Assets** | | |
| Gross Block | 0.88 | 0.88 |
| Cumulative Depreciation | 0.49 | 0.24 |
| Liability at the end of the year : | | |
| Current | 0.26 | 0.23 |
| Non-Current | 0.02 | 0.28 |
| Payment during the year | 0.27 | 0.25 |

**40** Information on Related party Transactions as Required by Ind AS 24-Related Party Disclosure for the year ended 31st March 2021

**A) Key Managerrial Personnel:**

- Sri N Gopalaratnam, Chairman
- Sri K S Kasi Viswanathan, Managing Director
- Sri V Pichai, Deputy Managing Director & Secretary

**DIRECTORS:**

Sri A L Somayaji

Sri V Sridar

Sri S Narayan, I A S (Retd.)

Sri Mohan Verghese Chunkath, I A S (Retd.)

Dr (Tmt.) Nanditha Krishna

Dr Shekher Kumar Niraj, IFS

Tmt. Sigy Thomas Vaidhyan, IAS

**B) Entities Controlled by Directors**

- SPB Projects and Consultancy Limited (SPB-PC)
- Time Square Investments Private Limited (TSI)
- Dhanashree Investments Private Limited (DSI)
- Ultra Investments and Leasing Co. Private Limited (UIL)

**C) Transaction details :**

| | Transaction amount | | Amount outstanding on 31-03-2021 |
|---|---|---|---|
| | **2020-21** ₹ crores | 2019-20 ₹ crores | |
| (a) Dhanashree Investments Private Limited | | | Liabilities : |
| - Rent and amenity charges | **0.04** | 0.04 | 0.295 crores Equity |
| - Dividend paid | **1.18** | 1.18 | Shares (4.68%) Payable : ₹ 0.003 crores |
| (b) Ultra Investments and Leasing Co. Private Limited | | | Liabilities : |
| - Reimbursement of expenses | **–** | 0.01 | 0.093 crores Equity |
| - Dividend paid | **0.37** | 0.37 | Shares (1.47%) |

**C) Transaction details : (Contd.)**

| | Transaction amount 2020-21 ₹ crores | Transaction amount 2019-20 ₹ crores | Amount outstanding on 31-03-2021 |
|---|---|---|---|
| (c) Time Square Investments Private Limited | | | Liabilities : |
| - Dividend paid | 2.52 | 2.52 | 0.629 crores Equity Shares (9.97%) |
| (d) SPB Projects and Consultancy Limited | | | Assets : |
| - Reimbursement of expenses | 0.04 | – | Investments in: |
| - Inter Corporate Loan repaid by SPB-PC | – | 0.60 | 0.01 crores Equity |
| - Interest on Inter Corporate Loan | – | 0.03 | Shares (16.67%) |
| - Engineering and Technical Consultancy paid | 1.73 | 1.04 | Liabilities : |
| - Dividend paid | 0.01 | 0.01 | 0.0011 crores Equity Shares (0.02%) |

(e) Remuneration to Whole-time Directors :

| | Sri N Gopalaratnam Chairman ₹ crores | Sri K S Kasi Viswanathan Managing Director ₹ crores | Sri V Pichai Deputy Managing Director and Secretary ₹ crores |
|---|---|---|---|
| **Current Year 2020-21** | | | |
| Short term employee benefits | 2.08 | 1.89 | 1.89 |
| Post Employee benefits (gratuity) & Long term benefits (Superannuation fund) | 0.17 | 0.14 | 0.14 |
| Contribution to Provident Fund | 0.09 | 0.08 | 0.08 |
| | 2.34 | 2.11 | 2.11 |
| Payable as on 31-03-2021 | 0.66 | 0.56 | 0.56 |
| **Previous Year 2019-20** | | | |
| Short term employee benefits | 1.60 | 1.48 | 1.48 |
| Post Employee benefits (gratuity) & Long term benefits (Superannuation fund) | 0.18 | 0.15 | 0.15 |
| Contribution to Provident Fund | 0.10 | 0.08 | 0.08 |
| | 1.88 | 1.71 | 1.71 |
| Payable as on 31-03-2020 | 0.49 | 0.42 | 0.42 |

**C) Transaction details : (Contd.)**

| | | 2020-21 ₹ crores | 2019-20 ₹ crores |
|---|---|---|---|
| (f) | Sitting fees and Commission to Non-Wholetime Directors: | | |
| | Sitting fees | 0.20 | 0.16 |
| | Commission # | 0.71 | 0.34 |
| | | 0.91 | 0.50 |
| | Payable as at the end of the year | 0.50 | 0.32 |

# Includes ₹0.01 crores of the premium paid by the company for the FY 2020-21 for the mediclaim Insurance policy taken by the company for the benefit of the Non executive directors.

## 41 EARNINGS PER SHARE

| | Year ended 31-03-2021 | Year ended 31-03-2020 |
|---|---|---|
| Profit after Tax (₹ crores) | 106.37 | 181.58 |
| **Weighted average no of Shares :** | | |
| Issued and paid-up Ordinary Shares as at beginning of the year | 63068140 | 63068140 |
| Less : Investment by SPB Equity Shares Trust in the shares of the Company (Refer Note 1.19) | 2840905 | 2840905 |
| Weighted average number of shares as at period end for basic and diluted EPS | 60227235 | 60227235 |
| Basic earnings per share (₹) | 17.66 | 30.15 |
| Diluted earnings per Share (₹) | 17.66 | 30.15 |

## 42 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2021

| Name of the entity | Net Assets,i.e.,total assets minus total liabilities, as % of consolidated net assets | | Share in profit or loss, as % of consolidated profit or loss | | Share in Other Comprehensive Income, as % of consolidated profit or loss | | Share in Total Comprehensive Income, as % of consolidated profit or loss | |
|---|---|---|---|---|---|---|---|---|
| | % | (₹ crores) | % | (₹ crores) | % | (₹ crores) | % | (₹ crores) |
| **Wholly owned Subsidiary** | | | | | | | | |
| - Esvi International (Engineers & Exporters) Limited | 0.21 | 2.44 | (-)0.03 | (-)0.03 | – | – | (-)0.02 | (-)0.03 |
| **Associate** | | | | | | | | |
| - Ponni Sugars (Erode) Limited | 5.30 | 60.55 | 6.65 | 7.07 | 4.18 | 1.74 | 5.95 | 8.81 |

## 43 EMPLOYEE BENEFITS

**(i) Defined Contribution Plans:**

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 4.26 crores (Year ended March 31, 2020 ₹ 4.41 crores) for Provident Fund contributions and ₹0.32 crores (Year ended March 31, 2020 ₹ 0.32 crores) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**(ii) Defined Benefit Plans:**

**Gratuity (Funded) and Retirement Benefit Scheme (Unfunded)**

In respect of Gratuity, the most recent actuarial valuation of the plan assets and in respect of Gratuity and Retirement benefit Scheme the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan and the Retirement benefit Scheme of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit and through annual contributions to the funds managed by the Life Insurance Corporation of India.

The Company is exposed to various risks in providing the above gratuity benefit and Leave encashment which are as follows:

**Interest Rate Risk:**

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Investment Risk:**

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Salary Escalation Risk:**

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future, based on past experience. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:**

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out adverse compared to the assumptions

## 43 EMPLOYEE BENEFITS (Contd.)

| General description | Post employment benefit | | | |
|---|---|---|---|---|
| | Gratuity - Funded plan | | Retirement benefit Scheme -Non Funded plan | |
| | 31-03-2021 ₹ crores | 31-03-2020 ₹ crores | 31-03-2021 ₹ crores | 31-03-2020 ₹ crores |
| **(i) Changes in Defined Benefit Obligations** | | | | |
| Present Value of - opening balance | **34.75** | 30.95 | **1.30** | 1.17 |
| Current Service Cost | **2.00** | 1.88 | **0.07** | 0.06 |
| Interest Cost | **2.21** | 2.23 | **0.08** | 0.08 |
| Actuarial (Gain) / Loss | **(-)1.59** | 1.15 | **(-)0.02** | 0.10 |
| Benefits paid | **(-)1.87** | (-)1.47 | **(-)0.13** | (-)0.11 |
| Present value - closing balance | **35.50** | 34.74 | **1.30** | 1.30 |
| **(ii) Changes in the Fair Value of Plan Assets** | | | | |
| Opening Balance | **33.19** | 30.95 | **–** | – |
| Expected Return | **2.12** | 2.28 | **–** | – |
| Actuarial (gain) / loss | **0.01** | (-)0.05 | **–** | – |
| Contributions by employer | **0.41** | 1.47 | **0.13** | 0.11 |
| Benefits paid | **(-)1.87** | (-)1.47 | **(-)0.13** | (-)0.11 |
| Closing Balance | **33.86** | 33.18 | **–** | – |
| Actual return | **2.13** | 2.24 | **–** | – |
| **(iii) Amounts recognised in the Balance Sheet (as at year end)** | | | | |
| Present Value of Obligations | **35.50** | 34.74 | **1.30** | 1.30 |
| Fair Value of Plan Assets | **33.86** | 33.18 | **–** | – |
| Net Asset / (Liability) recognised | **(-)1.64** | (-)1.56 | **(-)1.30** | (-)1.30 |
| **(iv) Expenses recognised in the Profit and Loss account statement.** | | | | |
| Current Service Cost | **2.00** | 1.88 | **0.07** | 0.06 |
| Interest on obligation | **0.09** | (-)0.05 | **0.08** | 0.08 |
| Total included in "Employee benefit expense | **2.09** | 1.83 | **0.15** | 0.14 |

## 43 EMPLOYEE BENEFITS (Contd.)

| General description | Post employment benefit: Gratuity - Funded plan | | Post employment benefit: Retirement benefit Scheme -Non Funded plan | |
|---|---|---|---|---|
| | 31-03-2021 ₹ crores | 31-03-2020 ₹ crores | 31-03-2021 ₹ crores | 31-03-2020 ₹ crores |
| **(v) Expenses recognized in Other Comprehensive Income** | | | | |
| Remeasurement on the net defined benefit liability | | | | |
| - Actuarial Gain and Losses arising from changes in financial Assumption | **0.96** | 0.96 | **0.03** | (-)0.10 |
| - Actuarial Gain and Losses arising from changes in experience adjustment | **0.63** | (-)2.11 | **(-)0.01** | – |
| Return on plan assets | **0.01** | (-)0.05 | **–** | – |
| Net cost in Other Comprehensive Income | **1.60** | (-)1.20 | **0.02** | (-)0.10 |
| Asset information | | | | |
| - Insurer managed | **100%** | 100% | **NA** | NA |
| **Principal actuarial assumptions** | | | | |
| Mortality | **Indian assured Lives Mortality (2012-14)** | | | |
| Discount rate(%) | **6.78** | 6.53 | **6.78** | 6.53 |
| Future Salary increase (%) | **8.00** | 8.00 | **NA** | NA |
| Expected Rate of return of plan assets (%) | **6.78** | 6.53 | **NA** | NA |
| Expected average remaining working lives of employees (years) | **9.30** | 9.50 | **NA** | NA |
| Expected contribution (₹ in crores) | **4.00** | 4.00 | | |

The Company pays contributions to the insurer as determined by them. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds and Money Market Instruments. The expected rate of return on plan assets based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligation are as discussed above.

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

## 43 EMPLOYEE BENEFITS (Contd.)

| Particulars | Post employment benefit | | | |
|---|---|---|---|---|
| | Gratuity - Funded plan | | Retirement benefit Scheme -Non Funded plan | |
| | 31-03-2021 | 31-03-2020 | 31-03-2021 | 31-03-2020 |
| | ₹ crores | ₹ crores | ₹ crores | ₹ crores |
| Discount Rate | | | | |
| - 0.5% Increase | 34.28 | 33.55 | 1.24 | 1.24 |
| - 0.5% decrease | 36.78 | 36.03 | 1.37 | 1.37 |
| Salary Growth Rate | | | | |
| - 0.5% Increase | 36.81 | 36.05 | | |
| - 0.5% decrease | 34.25 | 33.52 | | |
| Attrition Rate | | | | |
| - 0.5% Increase | 35.42 | 34.66 | | |
| - 0.5% decrease | 35.57 | 34.84 | | |

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

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

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset)

The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 4.00 crores ( Previous year Actual ₹ 0.41 crores).

## 44 Note on Restatement

Pursuant to the clarification given by FRRB of ICAI in their publication in February 2021 on the accounting treatment for Treasury Shares, the Equity Shares of the Company, held by SPB Equity Shares Trust, are now treated as Treasury Shares and the restatement has been carried out to give effect to the said accounting treatment. In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31st March 2020 and 1st April 2019 (beginning of the preceding period) and Statement of Profit and Loss for the year ended 31st March 2020.

**Restatement for the year ended 31st March 2020 and as at 1st April 2019**

In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31st March 2020 and 1st April 2019 (beginning of the preceding period) and Statement of Profit and Loss for the year ended 31st March 2020 for the reasons as stated above. Reconciliation of financial statement line items which are retrospectively restated are as under:

**(a) Reconciliation of restated items of Consolidated Balance Sheet as at 1st April 2019 :**

| Particulars | Note No. | As previously Reported | Restatement as on 01-04-2019 for prior periods in financial year 2020-21 | As restated |
|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores |
| **(A) ASSETS** | | | | |
| **1 Non-current Assets** | | | | |
| (a) Property, Plant and Equipment | 2 | 669.60 | – | 669.60 |
| (b) Capital Work-in-Progress | 2(A) | 23.36 | – | 23.36 |
| (c) Other Intangible Assets | 2(B) | 2.26 | – | 2.26 |
| (d) Investment Property | 2(C) | 1.10 | – | 1.10 |
| (e) Financial Assets | | | | |
| (i) Investments | 3 | 106.60 | – | 106.60 |
| (ii) Loans | 4 | 29.62 | (-)12.50 | 17.12 |
| (f) Goodwill on Consolidation | | 11.78 | – | 11.78 |
| (g) Other Non-current Assets | 5 | 8.99 | – | 8.99 |
| **Total Non-current Assets** | | **853.31** | | **840.81** |
| **2 Current Assets** | | | | |
| (a) Inventories | 6 | 134.57 | – | 134.57 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | 7 | 79.67 | | 79.67 |
| (ii) Cash and Cash Equivalents | 8 | 64.74 | – | 64.74 |
| (iii) Bank balances other than (ii) above | 9 | 246.76 | – | 246.76 |
| (iv) Loans | 10 | 0.62 | – | 0.62 |
| (v) Others | 11 | 3.63 | – | 3.63 |
| (c) Current Tax Assets (Net) | 12 | – | – | – |
| (d) Other Current Assets | 13 | 52.85 | – | 52.85 |
| **Total Current Assets** | | **582.84** | | **582.84** |
| **Total Assets** | | **1436.15** | | **1423.65** |

**(a) Reconciliation of restated items of Consolidated Balance Sheet as at 1st April 2019 : (Contd.)**

| Particulars | Note No. | As previously Reported | Restatement as on 01-04-2019 for prior periods in financial year 2020-21 | As restated |
|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores |
| **(B) EQUITY AND LIABILITIES** | | | | |
| **I EQUITY** | | | | |
| (a) Equity Share capital | 14 | 12.61 | (-)0.57 | 12.04 |
| (b) Other Equity | 15 | 880.59 | (-)11.93 | 868.66 |
| **Total Equity** | | **893.20** | | **880.70** |
| **II LIABILITIES** | | | | |
| **1 Non-current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 16 | 51.48 | – | 51.48 |
| (ii) Other Financial Liabilities | 17 | 17.00 | – | 17.00 |
| (b) Provisions | 18 | 17.92 | – | 17.92 |
| (c) Deferred Tax Liabilities (net) | 19 | 121.60 | – | 121.60 |
| (d) Other Non-current Liabilities | 20 | 3.29 | – | 3.29 |
| **Total Non-current Liabilities** | | **211.29** | | **211.29** |
| **2 Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade Payables | 21 | 258.54 | – | 258.54 |
| (ii) Other Financial Liabilities | 22 | 63.20 | – | 63.20 |
| (b) Other Current Liabilities | 23 | 5.10 | – | 5.10 |
| (c) Provisions | 24 | 3.69 | – | 3.69 |
| (d) Current Tax Liabilities | 25 | 1.13 | – | 1.13 |
| **Total Current Liabilities** | | **331.66** | | **331.66** |
| **Total Equity and Liabilities** | | **1436.15** | | **1423.65** |

**(b) Reconciliation of restated items of Consolidated Balance Sheet as at 31st March 2020**

| Particulars | Note No. | As previously Reported | Restatement as on 31-03-2020 for prior periods in financial year 2020-21 | As restated |
|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores |
| **(A) ASSETS** | | | | |
| **1 Non-current Assets** | | | | |
| (a) Property, Plant and Equipment | 2 | 672.51 | – | 672.51 |
| (b) Capital Work-in-Progress | 2(A) | 31.03 | – | 31.03 |
| (c) Other Intangible Assets | 2(B) | 2.08 | – | 2.08 |
| (d) Investment Property | 2(C) | 1.29 | – | 1.29 |
| (e) Financial Assets | | | | |
| (i) Investments | 3 | 103.39 | – | 103.39 |
| (ii) Loans | 4 | 24.70 | (-)12.50 | 12.20 |
| (f) Goodwill on Consolidation | | 11.78 | – | 11.78 |
| (g) Other Non-current Assets | 5 | 13.57 | – | 13.57 |
| **Total Non-current Assets** | | **860.35** | | **847.85** |
| **2 Current Assets** | | | | |
| (a) Inventories | 6 | 169.44 | – | 169.44 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | 7 | 81.01 | – | 81.01 |
| (ii) Cash and Cash Equivalents | 8 | 204.80 | – | 204.80 |
| (iii) Bank balances other than (ii) above | 9 | 121.55 | – | 121.55 |
| (iv) Loans | 10 | – | – | – |
| (v) Others | 11 | 1.20 | – | 1.20 |
| (c) Current Tax Assets (Net) | 12 | 0.65 | – | 0.65 |
| (d) Other Current Assets | 13 | 21.57 | – | 21.57 |
| **Total Current Assets** | | **600.22** | | **600.22** |
| **Total Assets** | | **1460.57** | | **1448.07** |
| **(B) EQUITY AND LIABILITIES** | | | | |
| **I EQUITY** | | | | |
| (a) Equity Share capital | 14 | 12.61 | (-)0.57 | 12.04 |
| (b) Other Equity | 15 | 1019.14 | (-)11.93 | 1007.21 |
| **Total Equity** | | **1031.75** | | **1019.25** |

**(b) Reconciliation of restated items of Consolidated Balance Sheet as at 31st March 2020 (Contd.)**

| Particulars | Note No. | As previously Reported | Restatement as on 31-03-2020 for prior periods in financial year 2020-21 | As restated |
|---|---|---|---|---|
| | | ₹ crores | ₹ crores | ₹ crores |
| **II LIABILITIES** | | | | |
| **1 Non-current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 16 | 6.63 | – | 6.63 |
| (ii) Other Financial Liabilities | 17 | 17.21 | – | 17.21 |
| (b) Provisions | 18 | 20.17 | – | 20.17 |
| (c) Deferred Tax Liabilities (net) | 19 | 149.23 | – | 149.23 |
| (d) Other Non-current Liabilities | 20 | 2.19 | – | 2.19 |
| **Total Non-current Liabilities** | | **195.43** | | **195.43** |
| **2 Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade Payables | 21 | 195.00 | – | 195.00 |
| (ii) Other Financial Liabilities | 22 | 27.05 | – | 27.05 |
| (b) Other Current Liabilities | 23 | 5.35 | – | 5.35 |
| (c) Provisions | 24 | 4.59 | – | 4.59 |
| (d) Current Tax Liabilities | 25 | 1.40 | – | 1.40 |
| **Total Current Liabilities** | | **233.39** | | **233.39** |
| **Total Equity and Liabilities** | | **1460.57** | | **1448.07** |

c) **Reconciliation of restated items of Consolidated Statement of Profit and Loss for the year ended 31st March 2020**

| | Year ended 31-03-2020 ₹ crores |
|---|---|
| Profit after tax as per previously audited financial statement | 182.73 |
| **Restatement Adjustements:** | |
| Income Received From SPB Equity Shares Trust, earlier shown under Other Income, Now credited directly to Other Equity. | 1.14 |
| Profit after tax as per Restated Accounts | 181.59 |
| Other Comprehensive Income | (-)13.67 |
| Total Comprehensive Income | 167.92 |

d) **Earning per share**

As a result of the above-mentioned adjustments, basic and diluted earnings per share for the financial year 2019-20 changed as below:

| Particulars | As previously reported | Adjustments | As restated |
|---|---|---|---|
| Profit after Tax (₹ crores) | 182.73 | (-)1.14 | 181.59 |
| Weighted average no of Shares : | 63068140 | (-)2840905 | 60227235 |
| Earning per Share | | | |
| Basic earnings per Equity Share (in ₹) | 28.97 | 1.18 | 30.15 |
| Diluted earnings per Equity Share (in ₹) | 28.97 | 1.18 | 30.15 |

## 45 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors at their meeting held on 08th May 2021.

Vide our report of date attached

MAHARAJ N R SURESH AND CO LLP
Firm Regn. No. 001931S/S000020

N R Jayadevan
Membership No. 023838
Partner
Chartered Accountants
UDIN : 21023838AAAAAL4760

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S/S200041

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants
UDIN : 21019339AAAAFW3135

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing
Director & Secretary

V SRIDAR
S NARAYAN
A L SOMAYAJI
DR NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
TMT SIGY THOMAS VAIDHYAN
DR SHEKHAR KUMAR NIRAJ
DIRECTORS.

K S KASI VISWANATHAN
Managing Director

Erode
May 08, 2021

**Notes:**

**Notes:**

**Notes:**