

ORIENT PAPER & INDUSTRIES LIMITED

(CIN: L21011OR1936PLC000117)

Registered Office:

Unit – VIII, Plot No. 7, Bhoynagar, Bhubaneswar – 751012

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E-mail: cosec@orientpaperindia.com, Website: www.orientpaperindia.com

## NOTICE

### TO THE SHAREHOLDERS,

NOTICE is hereby given that the 84th Annual General Meeting (AGM) of the Shareholders of Orient Paper & Industries Limited will be held on Thursday, the 27th August, 2020 at 11.00 a.m. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM), to transact the following business.

#### ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2020, together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend of Re. 0.50 (50%) per equity share of face value of Re. 1 each.
3. To appoint a Director in place Shri C. K. Birla (DIN: 00118473), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED** that Shri Ashwin Bishnoi (DIN: 06862466), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 1st August, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act") and Article 78 of the Articles of Association of the Company and for whom the Company has received a valid nomination from a member proposing him as director of the Company in terms of the provisions of Section 160 of the Act and who is eligible for appointment be and is hereby appointed as Director of the Company."

**"RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of

the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, Shri Ashwin Bishnoi, who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder, and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a consecutive term of five years commencing from 1st August, 2019".

5. To consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED** that Shri Raj Kumar Agrawal (DIN: 00177578), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 27th January, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act") and Article 78 of the Articles of Association of the Company and for whom the Company has received a valid nomination from a member proposing him as director of the Company in terms of the provisions of Section 160 of the Act and who is eligible for appointment be and is hereby appointed as Director of the Company."

**"RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, Shri Raj Kumar Agrawal, who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder, and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, be and is

hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a consecutive term of five years commencing from 27th January, 2020".

6. To consider and, if thought fit, to pass, 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 remuneration of ₹60,000/- (Rupees sixty thousand only) plus applicable tax, and reimbursement of actual travel and out of pocket expenses, to be paid to Shri Somnath Mukherjee, Cost Accountant (Membership No. 5343), for the financial year 2020-21, as approved by the Board of Directors of the Company, at its meeting held on 26th June,

2020, be and is hereby ratified and confirmed."

7. To consider and, if thought fit, to pass, the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED** that Pursuant to the provisions of Article 95 of the Articles of Association of the Company and Sections 196, 197 and 203 read with Schedule V to the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder and subject to such approvals as may be required, Shri Manohar Lal Pachisia (DIN 00065431) be and is hereby re-appointed as the Managing Director of the Company with effect from 1st April, 2020 to 31st March, 2021, with liberty to either party to terminate the appointment on three months' notice in writing to the other at a remuneration and on terms set out below.

I.	Basic Salary	₹12,50,000/- per month
II.	House Rent Allowance	₹7,50,000/- per month
III.	Other Allowances	₹2,90,000/- per month
IV.	<b>Other reimbursements/Perquisites</b>	
a)	Medical Allowances/Reimbursement	₹50,000/- per annum
b)	Leave	In accordance with the rules framed by the Company.
c)	Leave Travel Concession/Allowance	₹12,50,000/- per annum
d)	Club Fees	Actual fees for a maximum of two clubs. This will not include admission fee and life membership fees.
e)	Personal Accident Insurance	Premium not to exceed a sum of ₹4000/- per annum.
f)	Contribution to Provident Fund and Superannuation/Annuity Fund will be as per Scheme of the Company.	
g)	Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.	
h)	Encashment of unavailed leave at the end of the tenure or at specified intervals will be as per rules of the Company.	
i)	Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for Private purpose shall be billed by the Company to the Managing Director. If the Managing Director engages a driver, he will be reimbursed ₹15,000/- per month on account of Driving charges.	
V.	In addition to the above, the Board may at its discretion pay to the Managing Director other allowances, benefits, perquisites and ex-gratia amount not exceeding ₹2,75,00,000/- per financial year.	
VI.	Minimum Remuneration: The remuneration as specified at Sl. Nos. I to V above subject to the approval of the Shareholders and such other approvals as may be required shall continue to be paid to Shri Manohar Lal Pachisia as and by way of minimum remuneration notwithstanding inadequacy of profit during the tenure of his office.	

Shri Manohar Lal Pachisia, subject to superintendence, control and directions of the Board of Directors, shall have the management of the whole or substantially the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may from time to time be entrusted to or conferred upon him by the Board.

By Order of the Board

For **ORIENT PAPER & INDUSTRIES LIMITED**

**P.K. Sonthalia**

President (Finance) & CFO

Kolkata, the 31st day of July, 2020

## Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
3. In accordance with the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
4. The Company has appointed M/s. KFin Technologies Private Limited, the Registrar and Share Transfer Agent of the Company ("KFinTech" or "RTA") to provide VC/OAVM facility and e-voting facility for the AGM.
5. Members whose email addresses are not registered can register the same in the following manner:
  - a. Members holding share(s) in physical mode can register their e-mail address on the KFinTech website at [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/) by providing the requisite details of their holdings and documents for registering their e-mail address. Post successful registration of the email address, the shareholder would get soft copy of the notice and the procedure for e-voting along with the User ID and Password to enable e-voting for this AGM. In case of any query, shareholder may write to [einward.ris@kfintech.com](mailto:ris@kfintech.com) or contact Mr. S V Raju, Deputy General Manager of KFin Technologies Private Limited at 040-67162222 or at 1800 345 4001 (Toll Free).
  - b. Members holding share(s) in electronic mode are requested to register / update their e-mail address with their respective Depository Participants "DPs" for receiving all communications from the Company electronically.
6. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at [www.orientpaperindia.com](http://www.orientpaperindia.com), on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and on the website of KFinTech, [www.kfintech.com](http://www.kfintech.com).
7. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") relating to the Special Business to be transacted at the ensuing AGM is annexed hereto and forms part of this notice.
8. Details in respect of the Directors seeking appointment/re-appointment at the AGM are provided in the Report on Corporate Governance forming part of the Annual Report. The Directors have furnished the requisite declarations for their appointment/reappointment.
9. The Register of Members of the Company will remain closed from Friday, 21st August, 2020 to Thursday, 27th August, 2020 (both days inclusive) for the purpose of payment of dividend on Equity Shares.
10. Dividend on equity shares, if declared at the AGM, will be paid to the bank account of the shareholders whose bank mandate are updated in the records of the depository participants/ Company as on the close of business hours on Thursday, 20th August, 2020. For shareholders whose bank mandates are not updated with the Depository Participants /Company as on that date, demand drafts/ warrants/cheques shall be sent by speed post/courier upon normalization of printing and postal services in terms of SEBI Circular.
11. Members who have not so far encashed their dividend warrants/demand drafts may immediately claim their dividend from the Company. Information in respect of the unclaimed dividend as on the date of the previous AGM of the Company held on 19th July, 2019 has been uploaded on the website of the Ministry of Corporate Affairs ([www.iepf.gov.in](http://www.iepf.gov.in)) and on the website of the Company ([www.orientpaperindia.com](http://www.orientpaperindia.com)).  
Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF).  
The Shares in respect of which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act, and the applicable law. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form no. IEPF 5 available on [www.iepf.gov.in](http://www.iepf.gov.in).
12. The SEBI Circular no. SEBI/HO/MIRSD/DOP1/ CIR/2018/73, inter alia, directed for payment of dividend to the shareholders through electronic modes or by physical instrument such as banker's cheque/demand draft incorporating bank details of the shareholders. Accordingly, shareholders holding shares in demat form are requested to update their demat account with the DP and those shareholders holding shares in physical form may send the bank account details to the Company.
13. Copies of all documents referred to in the notice are available for inspection by the Members through electronic mode. The members may write to the Company at [cosec@orientpaperindia.com](mailto:cosec@orientpaperindia.com) in this regard.
14. The Register of Directors and Key Managerial Personnel and their shareholding and Register of Contracts or Arrangements in which Directors are interested, maintained under Sections

- 170 and 189 of the Companies Act, 2013, respectively will also be available for inspection by the members and request shall be made as per above.
15. As per Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFinTech for assistance in this regard.
  16. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their Depository Participants ("DPs") in case the shares are held by them in electronic form and with KFinTech in case the shares are held by them in physical form.
  17. Members are requested to:
    - a. communicate with RTA by Quoting their DP ID No. /Client ID No. or folio number at the following address:
 

**M/s. KFin Technologies Private Limited**  
(Formerly, Karvy Fintech Private Limited)  
Unit: Orient Paper & Industries Limited  
Selenium Tower B, Plots No. 31 & 32,  
Financial District, Nanakramguda  
Hyderabad 500032 (Telangana)  
Toll free no. 18003454001  
Email: einward.ris@kfintech.com  
Website: www.kfintech.com
    - b. Intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, to their DPs in case the shares are held in electronic form and to KFinTech in case the shares are held in physical form.
    - c.. Intimate changes, if any, in Bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to KFinTech in case the shares are held in physical form.
  18. a) Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).
    - b) A resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
    - c) Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits.
 

Above documents can be provided either by sending an email to einward.ris@kfintech.com or by uploading the self-attested documents at <https://ris.kfintech.com/form15> on or before August 19, 2020.
  19. Instructions for attending the AGM through VC/ OAVM are as under:
    - I. Members will be provided with a facility to attend the AGM through video conferencing platform provided by KFinTech. Members may access the same at <https://evoting.karvy.com/> by using the remote e-voting credentials. The said credentials will be sent to the registered email ID by KFinTech. The link for AGM will be available after login, where the EVENT and the name of the company can be selected. 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.
    - II. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and Members who may like to express their views or ask questions during the AGM may register themselves as Speaker by clicking on the "speaker Registration" after logging at <https://emeetings.kfintech.com> by using e-voting login credentials on or before 22nd August, 2020 (5:00 p.m. IST). Facility of joining AGM will be closed on expiry of 15 minutes from the schedule time of the AGM. Only those Members who register themselves as Speaker will be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time for the AGM.
    - III. Members desiring any additional information or having any question or query pertaining to the business to be transacted at the AGM are requested to write to the Company on the email-id cosec@orientpaperindia.com by 22nd August, 2020.
    - IV. Facility of joining the AGM through VC / OAVM shall be available for 1000 members on first come first served basis. However, the participation of members holding 2% or more shares, promoters, and Institutional Investors, directors, key managerial personnel, chairpersons of Audit Committee, Stakeholders Relationship Committee,

Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.

- V. Members who need technical assistance before or during the AGM, can contact with Mr. S V Raju of KFintech at einward.ris@kfintech.com or call at 040- 67162222 or at 1800 345 4001 (Toll Free).
- VI. Members are advised to join the Meeting preferably through Laptops with Google Chrome for better experience. Further Members will be required to enable Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
- VII. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop 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. Infrastructure, connectivity and speed available at the Speaker's location are essential to ensure smooth interaction.

#### 20. Instructions for e-voting

- A. In compliance with the provisions of Section 108 of the Act read with Rules made there under and Regulation 44 of the SEBI Listing Regulations, the Company is offering e-voting facility to all Members of the Company. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut-off date i.e. Thursday, 20th August, 2020 only shall be entitled to avail the facility of remote e-voting/e-voting at the AGM. KFintech will be facilitating remote e-voting to enable the Members to cast their votes electronically and shall send the instructions for the same to the Members whose email ids are registered with them.
- B. Members can cast their vote online from 9:00 A.M. (IST) on Monday, 24th August, 2020 upto 5:00 P.M. (IST) on Wednesday, 26th August 2020. The remote e-voting module shall be disabled by KFintech for voting thereafter.
- C. 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 Thursday, 20th August, 2020 shall be entitled to avail either the facility of remote e-voting prior to the AGM or e-voting at the AGM. Persons who are not members as on the cut-off date should treat this notice for information purposes only.
- D. Eligible members who have acquired shares after the dispatch of the Annual Report and holding shares as on the cut-off date i.e. Thursday, 20th August, 2020 may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
- E. However, Members who are already registered with KFintech for remote e-voting can use their existing user ID and password for casting their vote. In case they don't remember their password, they can reset their password

by using "Forgot User Details/ Password" option available on <https://evoting.karvy.com>

- F. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- G. The procedure and instructions for remote e-voting are as follows:
  - i) Launch internet browser by typing the URL <https://evoting.karvy.com/>
  - ii) Enter the login credentials as sent by KFintech (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID.
  - iii) After entering these details appropriately, click on "LOGIN".
  - iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v) You need to login again with the new credentials.
  - vi) On successful login, the system will prompt you to select the event i.e. Orient Paper & Industries Limited.
  - vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option "ABSTAIN". If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
  - ix) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - x) You may then cast your vote by selecting an appropriate option and click on "Submit".

- xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - xii) A Member can opt for only one mode of voting i.e. either through remote e-voting or at the AGM. A Member will not be allowed to vote at the meeting if he/she has voted through remote e-voting.
- H. The procedure and instructions for e-voting during the AGM are as follows:
- i. The e-Voting window shall be activated upon instructions of the Chairman during the AGM proceedings.
  - ii. Members shall click on the "Instapoll" icon on the webpage and follow the instructions to vote on the resolutions.
  - iii. Only those shareholders, who are present in the AGM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- I. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com/> or contact Mr. S. V. Raju, Deputy General Manager (Unit: Orient Paper & Industries Limited) of Selenium Tower B, Plot Nos. 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 or at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or phone no. 040 – 6716 2222 or call KFintech's toll free No. 1-800-34-54- 001 for any further clarifications.
- 21. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at [aklabhcs@gmail.com](mailto:aklabhcs@gmail.com) with a copy marked to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) and [cosec@orientpaperindia.com](mailto:cosec@orientpaperindia.com). The scanned image of the above mentioned documents should be in the naming format "Orient Paper & Industries Limited - AGM".
  - 22. The attendance of the Members (members logins) attending the AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
  - 23. In case of joint holders joining the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
  - 24. The Company has appointed Mr. A K Labh, Practicing Company Secretary (ICSI CP Regn. No. 3238), to act as the Scrutinizer for conducting the e-voting and remote e-voting process in a fair and transparent manner.
  - 25. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny but not later than 48 hours after the conclusion of the meeting.
  - 26. Based on the report received from the scrutinizer the Company will submit to the stock exchanges i.e BSE Limited and National Stock Exchange of India Limited, details of the voting results as required under Regulation 44(3) of the LODR.
  - 27. The results declared along with the Scrutinizer's report, will be posted on the website of the Company [www.orientpaperindia.com](http://www.orientpaperindia.com) and on the website of KFintech at <https://evoting.karvy.com/> and will be displayed on the Notice Board of the Company at its Registered Office immediately after the declaration of the result by the Chairman or any person authorised by him in writing and will be communicated to the Stock Exchanges.
  - 28. Subject to receipt of requisite number of votes, the resolutions proposed in the notice shall be deemed to be passed on the date of the meeting i.e. 27th August, 2020.

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4

The Board of Directors of the Company at its meeting held on 1st August, 2019 on the recommendation of Nomination and Remuneration Committee, appointed Shri Ashwin Bishnoi, aged 39 years (DIN: 06862466) as an Additional Director and also an Independent Director, not liable to retire by rotation, for a term of 5 (Five) years with effect from 1st August, 2019, subject to approval of the shareholders of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Article 78 of the Articles of Association of the Company, Shri Ashwin Bishnoi shall hold office upto the date of this Annual General Meeting.

Declarations have been received from Shri Ashwin Bishnoi that he meets the criteria of Independence prescribed under Section 149 of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of your Board, Mr. Bishnoi fulfills the conditions specified in the Companies Act, 2013 and the Rules thereunder and Listing Regulations, making him eligible for his appointment as Independent Director and is independent of the management of the Company.

In the view of your Board, the rich experience Mr. Bishnoi brings with him would benefit the Company and hence the Board of Directors has recommended his appointment as an Independent Director of the Company for a period of 5 (five) years with effect from 1st August, 2019.

Brief resume of Mr. Bishnoi and additional information pursuant to Regulation 36 of the Listing Regulations is provided below:

Mr. Bishnoi is an Advocate. He is a Partner in Khaitan & Co., Advocates. Prior to joining the firm, Mr. Ashwin worked at several law firms for 4 years in their New York and London offices. He is a leading lawyer in the field of corporate insolvency and restructuring focusing on complex corporate rescues and distress M & A transactions. He has been at the forefront of India's new bankruptcy law, including advising on its evolution and its application across a significant number of the first few corporate rescues under the new law. Mr. Ashwin Bishnoi is ranked as a 'Rising Star Lawyer' by Asia Law.

Presently, he is also on the Board of National Engineering Industries Limited as an Independent Director.

He does not hold any equity shares in the Company. He has no relationship with any other directors of the Company.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is in any way concerned or interested, financially or otherwise, in the said Resolutions set out at item no. 4 except Shri Ashwin Bishnoi being an appointee.

### Item No. 5

The Board of Directors of the Company at its meeting held on 27th January, 2020 on the recommendation of Nomination and Remuneration Committee, appointed Raj Kumar Agrawal, aged 63 years (DIN: 00177578) as an Additional Director and also an Independent Director, not liable to retire by rotation, for a term of 5 (Five) years with effect from 27th January, 2020 subject to approval of the shareholders of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Article 78 of the Articles of Association of the Company, Shri Raj Kumar Agrawal shall hold office upto the date of this Annual General Meeting.

Declarations have been received from the Director that he meets the criteria of Independence prescribed under Section 149 of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of your Board, Mr. Agrawal fulfills the conditions specified in the Companies Act, 2013 and the Rules thereunder and Listing Regulations, making him eligible for his appointment as Independent Director and is independent of the management of the Company.

In the view of your Board, the rich experience Mr. Agrawal brings with him would benefit the Company and hence the Board of Directors has recommended his appointment as an Independent Director of the Company for a period of 5 (five) years with effect from 27th January, 2020.

Brief resume of Mr. Agrawal and additional information pursuant to Regulation 36 of the Listing Regulations is provided below:

Mr. Agrawal has done his B. Com (Hons) from Shri Ram College of Commerce and Chartered Accountancy from the Institute of Chartered Accountants of India. Mr. Agrawal has been associated with S.R. Batliboi & Co LLP, Chartered Accountants, for more than 43 years in various capacities and retired as a senior partner of the firm on 30th June 2019. He has over 40 years of experience of providing accounting, advisory and other services to companies in various industry sectors, including metal & mining, oil & gas, power, manufacturing, real estate, infrastructure, etc. He has held senior leadership positions as Risk Management Head and Technical Head of the firm.

Presently, he is also on the Board of Vachaspati Real Estate Pvt. Limited as a Director.

He does not hold any equity shares in the Company. He has no relationship with any other directors of the Company.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is in any way concerned or interested, financially or otherwise, in the said Resolutions set out at item no. 5 except Shri Raj Kumar Agrawal being an appointee.

## Item No. 6

The Board of Directors of the Company at their meeting held on 26th June, 2020 has, on the recommendations of the Audit Committee, appointed Shri Somnath Mukherjee, Cost Accountant (M. No. 5343), as Cost Auditor of the Company for the financial year 2020-21 at a remuneration of ₹60,000/- (Rupees sixty thousand only) plus applicable taxes and out of pocket expenses in connection with the audit.

As per Section 148 of the Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the cost auditor is to be ratified by the members of the Company.

The Board considers the remuneration payable to the cost auditor as fair and recommends the resolution contained in item no. 6 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the said Resolution.

## Item No. 7

It may be noted that pursuant to the resolution adopted by the Shareholders at the AGM held on 19th July, 2019, Shri M.L. Pachisia was re-appointed as the Managing Director of the Company from 01.04.2019 to 31.03.2020 at remuneration and on the terms and conditions as stated in the said resolution.

On expiry of his term, the Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 27th January, 2020 decided to re-appoint Shri M.L. Pachisia as the Managing Director of the Company from 01.04.2020 to 31.03.2021 on the terms and conditions as stated in the Resolution subject to the approval of the Shareholders by Special Resolution and such other approvals as may be required.

Shri M. L. Pachisia, has experience of over 50 years and is highly experienced and controls the affairs of the Company as whole. He has successfully and in a sustained way contributed significantly towards improvement in performance of the Company leading to its successful turnaround since his appointment as Managing Director of the Company in the year 2002. The remuneration payable to the Managing Director is comparable to the remuneration paid to a person holding similar position in other companies of similar size as that of the Company.

Given his expertise, knowledge and experience, the Board considers that although Shri M. L. Pachisia has attained the age of seventy five years, his re-appointment/continuation as Managing Director will be in the interest of the Company and recommends the resolution contained in item no. 7 of the accompanying notice for approval of the members as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is in any way concerned or interested, financially or otherwise, in the said Resolution except Shri M.L. Pachisia being an appointee.

The information in terms of Schedule V to the Companies Act, 2013, is given below:

## I. GENERAL INFORMATION

### (i) Nature of industry

The company is inter-alia engaged in the business of manufacture of Paper and Chemicals. The Company has manufacturing units located at Amlai (Madhya Pradesh) and Brajrajnagar (Odisha). The Brajrajnagar unit is non-operational since 1999.

### (ii) Date or expected date of commencement of commercial production

The Company was incorporated on July 25, 1936 and Commencement of Business Certificate was granted on July 30, 1936. The Company had since commenced its business.

### (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not applicable.

### (iv) Financial performance based on given indicators

(₹ in crores)

As per Audited Financial Results for the year	2017-18	2018-19	2019-20
Paid up Capital	21.22	21.22	21.22
Reserve & Surplus	1296.47	1363.90	1241.47
Revenue from Operations	671.80	710.04	606.56
Other Income	11.23	33.71	11.78
Total Revenue	683.03	743.75	618.34
Total Expenses	602.92	613.69	597.40
Profit before Taxation	80.11	130.06	20.94
Tax Expenses/(Income) including Deferred Tax	30.82	28.41	1.01
Profit after Tax	49.29	101.65	19.93

### (v) Foreign investments or collaborations, if any

Nil

## II. INFORMATION ABOUT THE APPOINTEE

### (i) Background details

Shri M.L. Pachisia, aged about 75 years, a Commerce Graduate, has over 50 years of experience in various industries.

### (ii) Past remuneration:

Shri M.L. Pachisia, Managing Director, received the following remuneration in the last three years.

(₹ in lakhs)

	2017-18	2018-19	2019-20
Salary & Allowances	236.10	289.10	289.10
Perquisites	76.49	176.21	76.27
Total (A)	312.59	465.31	365.37

Contribution to:



(₹ in lakhs)

	2017-18	2018-19	2019-20
Provident Fund	15.12	18.00	18.00
Superannuation Fund	18.90	22.50	22.50
<b>Total (B)</b>	<b>34.02</b>	<b>40.50</b>	<b>40.50</b>
<b>Grand Total (A)+(B)</b>	<b>346.61</b>	<b>505.81</b>	<b>405.87</b>

## (iii) Recognition or awards

Shri M. L. Pachisia, Managing Director, has been instrumental in getting various awards for the Company. Under his stewardship, during the FY 2019-20, the Company has received various national/international awards, viz.

- Grow care environment & Water excellence award
- MP CSR leadership award
- Greentech Environment award
- CMO Asia leadership award for water excellence
- Grow care CSR & Safety awards
- CAPEXIL export award
- Apex India environmental and Safety awards

## (iv) Job profile and his suitability

Shri M.L. Pachisia was appointed as a whole time Director of the Company designated as Executive Director for a period of 5 years w.e.f. 23.09.1997. Subsequently, he was re-designated as the Managing Director of the Company and from time to time re-appointed upon expiry of his term.

Shri M.L. Pachisia is highly experienced and controls the affairs of the Company as a whole. He has successfully and in a sustained way contributed significantly towards improvement in performance of the Company leading to its successful turn around.

## (v) Remuneration proposed

As stated in resolution no. 7 to the notice convening AGM.

## (vi) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

The remuneration payable is comparable to the remuneration

paid to a person holding similar position in other companies of similar size as that of the Company.

## (vii) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any

Shri M.L. Pachisia holds 37,948 equity shares of the Company. He does not have any other material pecuniary relationship directly or indirectly with the Company. None of the other Directors, Key Managerial Personnel and their relatives are, in any way concerned or interested in the said resolution.

**OTHER INFORMATION**

## i. Reasons for loss or inadequate profits

Our performance for the year was impacted adversely by a combination of following factors:

1. General slow-down in the economy
2. Loss of production due to maintenance requirements of our recovery boiler which has now been attended.
3. Reduction in price realisation due to lower demand and heightened competition from imports
4. Impact of COVID-19 and consequent lock downs both in India and abroad.

## ii. Steps taken or proposed to be taken for improvement

Despite these challenges, your company has continued to take steps to cut down on costs and improve efficiencies. Details of these actions are covered in the Management discussion & analysis chapter of this Annual Report. Many more actions in this direction are currently under implementation which should help the Company to come out stronger once normalcy returns.

## iii. Expected increase in productivity and profits in measurable terms

The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario of the economy due to COVID-19 pandemic to predict profit in the measurable terms.

Orient Paper and Industries Limited  
**Annual Report 2019-20**

 **CK BIRLA** GROUP

**ORIENT**  
PAPER

**Resilient &  
Responsible**

## The Orient profile

Orient Paper and Industries Limited embarked on its journey in 1939 and is a part of the renowned C.K. Birla Group. Spearheaded by Shri Manohar Lal Pachisia, this Company has grown to become one of the most respected writing & printing paper and tissue paper producers in India, with a global footprint in most parts of the world. The Company's equity shares are listed on the Bombay and National Stock Exchanges.

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### Forward-looking statement

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



## Chairman's overview

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### The year under review has been challenging.

The year FY19-20 was marked by a combination of a slowdown in the Indian and world economies, heightened imports, lower price realisations for paper and caustic soda and the COVID-19 pandemic. These factors, coupled with breakdowns in our recovery boiler, affected our performance during the year.

Notwithstanding these challenges, we have taken several proactive steps to focus deeper on leveraging our resilience by cutting costs, maximising operating efficiencies and generating more from less. An increased focus on continuous improvement (kaizen) translated into a number of cross-functional enhancements. The cumulative effect of these initiatives mitigated the impact of the above factors substantially.

We still invested more than ever in sustainability and responsibilities by enhancing our long-term water security, reducing consumption of natural resources, ensuring environmental compliances and expanding the scope of our social service initiatives.

I am optimistic that this combination of being resilient and responsible will empower us to capitalise on the expected economic, social and sectoral recovery once we get over the current challenging period.

CK Birla, Chairman

## The Managing Director's review

Shri ML Pachisia analyses the performance of the company in a challenging FY19-20

### Overview

The year FY19-20 was one of the most challenging periods encountered by not only the Indian economy and the paper sector but also Orient Paper.

The growth of the Indian economy slowed from 6.1% in FY18-19 to 4.2% in FY19-20 and to a multi-quarter low of 3.1% during the fourth quarter of the year under review. The global economy also slowed, aggravating challenges from the export markets.

During the latter part of the financial year, the world was affected by the COVID-19 pandemic, which resulted in lockdowns and widespread demand destruction. During this challenging period, most Indian industries 'lost' the opportunity to generate revenues while continuing to be expensed in full.

The Indian paper industry faced the additional threat from increased imports particularly from countries of South-East Asia with whom India entered into Free Trade Agreements, which permitted duty-free imports.

### Our performance

At Orient Paper, our performance was also affected by the slowdown in Indian economy coupled with a pressure on price realisations due to increased duty-free imports based on a steep drop in international pulp and paper prices and the disruption caused by the COVID-19 pandemic across the world.

Additionally, our recovery boiler suffered a break-down, which forced us to take an unscheduled shut down in March 2020. Though we could attend to the boiler in record time, we were forced to shut the whole plant again owing to the nation-wide lock down from 22nd March.

These factors affected the Company's performance particularly during the last quarter of the year, which

**This passion on our shop-floor helped us to enhance our resilience in the face of sectoral adversity and in strengthening our relative performance.**

pulled down the annual paper production volume for the year by 8.3% compared to the preceding year. Even tissue paper volumes, which were increasing until the third quarter, were also impacted in the last quarter.

The Company's average sales realisation for paper declined by nearly 3% compared to the previous year, while the Company's caustic soda realisations declined by as much as 18%.

Further, the Company experienced an unexpected increase in the cost of pulpwood, following NGO activism against the movement of wood in Madhya Pradesh during the second and third quarters of the year, compelling the Company to increase sourcing from distant locations, which, in turn, increased procurement costs. However, this disruption was overcome in the fourth quarter when the restriction caused by the introduction of transit permits eased.

### Our counter-initiatives

We recognised that the most effective counter-initiative in the prevailing circumstances was not hoping for things to improve, but embarking on initiatives to moderate our costs and enhance our long-term sustainability.

As part of these efforts, we commissioned a concrete water reservoir that would ensure perennial water availability leading to operational sustainability in the future.

We strengthened our caustic soda facility by commissioning a new rectifier transformer to generate an additional 4 TPD of caustic lye and a new 3 MVA auxiliary transformer to improve plant reliability. Further, we installed a 1 MW solar power plant and a new sewage treatment plant besides additional balancing facilities to improve the quality and output of our tissue paper plants.

The Company also undertook several kaizen-inspired actions involving relatively low investment and quick payback aimed at lower material and power consumption.

This passion on our shop-floor helped us enhance our resilience in the face of sectoral adversity and in strengthening our relative performance.

### The COVID-19 impact

Towards end of the year under review, the COVID-19 pandemic disrupted the business climate, culminating in the nation-wide lockdown in India and several other parts of the globe. Your Company was no exception and was affected by the consequent demand destruction both in India and abroad.

### Outlook

We reckon that the current challenges are likely to last for some time. Therefore, our focus will be on a continuous rationalisation of costs and managing our cash flows most prudently.

In this respect, the Company is well-placed to face the impact of the pandemic on account of a relatively strong Balance Sheet. Your Company had only ₹3.57 cr in long-term debt at the year-end, while operating in a capital-intensive business. Therefore, we are relatively better-placed to duck the storm and be ready for demand revival when the slowdown and pandemic impacts wane.

Your management reiterates its commitment to protect the interests of all stakeholders during these trying times and capitalise on the rebound with the objective of returning the Company to its erstwhile profitability.

The entire team at Orient Paper looks forward to your continuous support and encouragement in our march ahead.

Thank you

**ML Pachisia,**  
Managing Director

# Our long-term sustainability initiatives

Despite the challenges faced during the year, we continued to focus on long-term sustainability through the following initiatives

1

Built an RCC barrage on the Sone River for long-term water security

2

Installed a 1 MW solar power plant

3

Commissioned a new cooling tower for the chlorine dioxide plant

4

Installed a 3 MVA auxiliary transformer at the caustic soda unit

5

Commissioned a new rectifier transformer at the caustic soda unit to enhance capacity

6

Set up a new sewage treatment plant

7

Installed a calendar and additional rewinder in the tissue machines to augment tissue paper capacity and quality

3MVA auxiliary transformer at the caustic soda unit

1 MW solar power plant

Calendar stack at tissue

RCC barrage on river Sone River for long-term water security



New rectifier transformer at caustic unit



New cooling tower at the ClO2 plant



New sewage treatment plant



# Deepening our social investments

At Orient Paper, our mission extends beyond ensuring good growth and profitability. In keeping with the ethos of the CK Birla group, we believe in serving the community around us. As a part of this commitment we spent ₹2.19 cr on CSR activities, which was more than our CSR obligation. Our CSR initiatives during FY19-20 included various initiatives

## Community uplift

- We constructed a modern cremation facility (Mukti Dham) for use of the entire community around our plant at Amlai.

## Education and youth welfare

- OPM Shikshan Kendra (set up by the Company) provided subsidised education to children from the local community.
- The facilities in the school were further upgraded through the introduction of computer education and provision of a modern laboratory.

## Water and sanitation

- The Company constructed a 1,25,000 litre overhead water tank in Lakhan Dafai village to provide running water to the entire village.
- The Company regularly provided drinking water to the villages of Bargawan, Indra Nagar, Intta Bhatta, Bakaho, Jhagarha, Rawal Market, Bakahi and Batura through stainless steel tankers, ensuring hygiene.
- The Company built toilet facilities in schools and villages and built drinking water facilities in these peripheral communities.

- The Company constructed drinking water tanks in Lukampur village in Bicchiya panchayat.

- The Company constructed a water storage tank and four toilets at OPM Shikshan Kendra

- The Company contributed to the 'Namami Narbade' programme by constructing toilets and donating dustbins to this major event

## Water harvesting

- The Company constructed rain water harvesting ponds in four villages (Khamrod, Batura, Lukampur and Kudaili), benefiting 35 farmers across 88 acres through 240 trenches and 52 water percolation tanks

## Health care

- The Company's hospital, manned by a qualified doctor and para-medics, meets primary health care needs of the local community by aiding them with free consultation, health check camps and free medicines.

- The Company conducted six medical health check camps during the year

## Helping the differently able

- The Company donated a customised moped to a differently-abled person to help him become self-dependent.

## Soil erosion management and moisture conservation

- The Company commissioned water harvesting infrastructure inside its premises in addition to water harvesting pits, ponds and check dams on proximate farms, raising the local water table.
- The Company also facilitated bio-diversity by planting *bargad* and *neem* trees.

Community toilet at Sai Mandir Parisar



Stainless steel water tank inauguration



OPM Higher Secondary School



Waiting area at Mukti Dham



Mukti Dham

# Recognitions & Awards

Recognitions and awards received in FY19-20 that reflect our commitment to the conservation of natural resources and adherence to the best quality standards



Certificate of Accreditation from NABL for our research lab



Our plant is accredited with Occupational Health and Safety Assessments Series certification



Accredited with FSC certification confirming compliance with the chain of custody and a controlled wood system



Accredited with the energy management certification for its caustic soda unit



Accredited with the ISO 9001 certification for quality management system



Accredited with the ISO 14001 certification for environment management system



Accredited with a Leadership Award in water efficiency



Accredited with the Greentech Environment Award



Accredited with the Growcare Environment Award



Accredited with the Growcare Water Conservation Award

# Profile of Board of Directors

Particulars	Age	Date of Joining	Other Directorship
<b>Shri Chandra Kant Birla</b> 24, Dr. A. P. J. Abdul Kalam Road New Delhi 110 011 Chairman Industrialist, Indian	65	29-09-1978	1 Orient Cement Limited 2 National Engineering Industries Limited 3 AVTEC Limited 4 HIL Limited 5 Birla Brothers Pvt. Limited 6 Orient Electric Limited 7 Birlasoft Limited 8 NeoSymb Industry Limited 9 Birlasoft Inc., USA 10 Birlasoft (U.K.) Ltd., London 11 ASS AG, Switzerland
<b>Ms. Gauri Rasgotra</b> House No.C-1/3, Tilak Marg New Delhi-110001 Director Advocate, Indian	52	26.09.2014	1 HIL Limited
<b>Shri Srinivasan Vishvanathan</b> 560, SFS Flats Mandakini Enclave, Alaknanda New Delhi-110019 Director Retired Bank official, Indian	66	25.03.2019	1 Axis Bank Limited 2 AVTEC Limited 3 The Clearing Corporation of India Limited
<b>Shri Ashwin Bishnoi</b> Tower 25, Flat No.404 Commonwealth Village, New Delhi-110092 Director Advocate, Indian	39	01.08.2019	1 National Engineering Industries Limited
<b>Shri Raj Kumar Agrawal</b> U-6, Green park Extension New Delhi-110016 Director Chartered Accountant, Indian	63	27.01.2020	1 Vachaspati Real Estate Pvt. Limited
<b>Shri Manohar Lal Pachisia</b> 4, Alipore Park Place, 3rd floor Kolkata - 700 027 Managing Director Service, Indian	75	23.09.1997	1 National Engineering Industries Limited 2 GMMCO Limited 3 Gwalior Finance Corporation Limited 4 Birla Buildings Limited 5 Soorya Vanijya & Investment Limited 6 National Bearing Co. (Jaipur) Limited 7 Special Engineering Services Limited

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Shri Chandra Kant Birla (Chairman)  
Ms. Gauri Rasgotra  
Shri Srinivasan Vishvanathan  
Shri Ashwin Bishnoi  
Shri Raj Kumar Agrawal  
Shri Manohar Lal Pachisia, Managing Director

## BOARD COMMITTEES

### AUDIT COMMITTEE

Shri Srinivasan Vishvanathan (Chairman)  
Ms. Gauri Rasgotra  
Shri Ashwin Bishnoi  
Shri Raj Kumar Agrawal

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Ms. Gauri Rasgotra (Chairperson)  
Shri Srinivasan Vishvanathan  
Shri Manohar Lal Pachisia

### NOMINATION & REMUNERATION COMMITTEE

Shri Srinivasan Vishvanathan (Chairman)  
Shri Ashwin Bishnoi  
Shri Raj Kumar Agrawal

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Ms. Gauri Rasgotra (Chairperson)  
Shri Ashwin Bishnoi  
Shri Manohar Lal Pachisia

## AUDITORS

Price Waterhouse & Co. Chartered Accountants LLP  
Chartered Accountants  
Plot no. 56 & 57  
Block - DN, Sector - V, Salt lake  
Kolkata - 700091

## REGISTERED OFFICE

Unit-VIII, Plot No.7  
Bhoinagar  
Bhubaneswar-751 012 (Odisha)

## PLANTS

Amlai, Madhya Pradesh  
Brajrajnagar, Odisha

## SHARE TRANSFER AGENT

KFin Technologies Private Limited  
Selenium Tower B  
Plot 31-32, Gachibowli  
Financial District, Nanakramguda  
Hyderabad-500 032

# Directors' Report

*Dear Shareholders*

We are pleased to present the annual report along with the audited accounts of your company for the year ended 31st March, 2020.

## Financial results

The financial performance of the Company for the year ended 31st March, 2020 is summarised below:

	(₹ in crores)	
Particulars	2019-20	2018-19
Revenue from Operations	606.56	710.04
Other Income	11.78	33.71
Total Income	618.34	743.75
<b>Earnings before Interest, Depreciation, Amortisation &amp; Taxation</b>	<b>59.33</b>	<b>171.64</b>
Interest/Finance costs	5.23	9.97
<b>Profit before Depreciation and Taxation</b>	<b>54.10</b>	<b>161.67</b>
Depreciation	33.16	31.61
<b>Profit before Taxation</b>	<b>20.94</b>	<b>130.06</b>
Taxation	1.01	28.41
<b>Profit for the year</b>	<b>19.93</b>	<b>101.65</b>
Other Comprehensive Income	(127.10)	(6.07)
<b>Total Comprehensive Income</b>	<b>(107.08)</b>	<b>95.58</b>
<b>Statement of retained earnings</b>		
At the beginning of the year	910.21	839.84
Add: Profit for the year	19.93	101.65
Add: Transfer from FVOCI – sale of equity investments (net of taxes)	-	0.29
Less: Other Comprehensive Loss (net of taxes)	2.15	3.43
Dividend on Equity shares	12.73	23.34
Corporate dividend tax	2.62	4.80
At the end of the year	912.64	910.21
<b>EPS (₹)</b>	<b>0.94</b>	<b>4.79</b>

## Operational and Financial Performance

Our performance for the year was impacted adversely by a combination of following factors:

1. General slow-down in the economy
2. Loss of production due to maintenance requirements of our recovery boiler which has now been attended to ensure uninterrupted operations during the coming year.
3. Reduction in price realisation due to lower demand and heightened competition from imports
4. Impact of COVID-19 and consequent lock downs both in India and abroad.

Despite these challenges, your company has continued to take steps to cut down on costs and improve efficiencies. Details of these actions are covered in the Management discussion & analysis chapter of this report. Many more actions in this direction are currently under implementation which should help the Company to come out stronger once normalcy returns.

## Share Capital

There was no change in the share capital of the Company during the financial year 2019-20.

## Dividend

Subject to the shareholders' and other requisite approvals, your Directors recommend payment of a dividend of ₹0.50 (50%) per equity share of ₹1/- each.

As per Finance Bill 2020, the dividend declared / paid from 1st April, 2020 will be taxable in the hands of the shareholders and hence payment of dividend distribution tax on the dividend, if approved, will not arise.

## Economic climate and Company's performance

India's economy which was growing at close to 7%, slowed down considerably during the year and was further impacted by the COVID-19 pandemic in the 4th quarter resulting in likely growth of only around 4.5%. This will be the lowest level in the last few years.

The Indian paper industry also experienced challenges of slow-down in demand which was further compounded by heightened imports following steep drop in International price of Pulp and Paper.

The caustic industry also faced similar pressures due to slowdown in consuming industries and imports.

Most of the World economies also registered slower growth and disruptions, particularly in the 4th quarter of the year caused by the COVID-19 pandemic.

In addition to these factors our performance was also impacted adversely due to production loss resulting from break downs and repair of our recovery boiler during the 4th quarter. The boiler has since been attended to.

While we expect the COVID-19 pandemic to impact the Company's performance in the short term but are convinced that based on actions already taken and in hand, the Company will continue to achieve a healthy growth in the long run.

## Sustainable Development and Environment

We have always considered environment protection and sustainable development as integral part of our business philosophy. We are happy to report that we meet or exceed all the latest environmental standards including Zero liquid discharge.

We have also been contributing to greening of our environment and assistance to the farmers around our plants by aggressively promoting farm forestry.

Our efforts towards conservation of water and energy have been widely recognized by several institutions as reflected by a number of awards and recognitions shown elsewhere in this report.

## Cash Flow Analysis

In conformity with the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 2(40) of the Companies Act, 2013, the cash flow statement for the year ended 31st March 2020 is included in the annual accounts.

## Corporate Governance

Your Company is in full compliance with the Corporate Governance requirements in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance and a certificate from the auditors confirming compliance with the Corporate Governance requirements are attached.

## Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached.

## Deposits

The Company has not accepted any deposit from public falling within the ambit of Section 73 of the Companies Act, 2013 and the Company's (Acceptance of Deposits) Rules, 2014.



## Particulars of Loans, Guarantee and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## Corporate Social Responsibility

Pursuant to the requirement of Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee was constituted. Details of the CSR activities as required under Section 135 of the Companies Act, 2013 are given in the CSR Report as Annexure I.

## Extract of Annual Return

Pursuant to the provisions of Section 92 of the Companies Act, 2013 and rules framed thereunder, the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure II and forms part of this report. The extract of Annual Return has also been placed at the Company's website [www.orientpaperindia.com](http://www.orientpaperindia.com).

## Directors and Key Managerial Personnel

### Directors

#### (i) Cessation

During the year Shri Michael Bastian (DIN: 00458062), an Independent director of the company ceased to be a director with effect from 5th August, 2019 upon attaining the age of 75 years. The Board of Directors place on record their deep appreciation for his immense and valuable contribution to the growth and development of the Company during his long tenure as a Director of the Company.

During the year, Shri Narendra Singh Sisodia (DIN:06363951), an Independent Director of the Company ceased to be a director with effect from 14th January, 2020 upon attaining the age of 75 years. The Board of Directors place on record their deep appreciation for his immense and valuable contribution to the growth and development of the Company during his long tenure as a Director of the Company.

#### (ii) Appointment

The Board of Directors of the Company at its meeting held on 1st August 2019 appointed Mr. Ashwin Bishnoi (DIN:06862466) as an Additional Director and an Independent Director for a period of five years effective from 1st August, 2019, subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

The Board of Directors of the Company at its meeting held on 27th January 2020 appointed Mr. Raj Kumar Agrawal (DIN:00177578) as an Additional Director and an Independent Director for a period of five years effective from 27th January, 2020, subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

#### (iii) Re-appointment

The term of appointment of Mr. Manohar Lal Pachisia (DIN:00065431) as the Managing Director of the Company ended on 31st March, 2020. The Nomination & Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 27th January, 2020 approved the re-appointment of Mr. Manohar Lal Pachisia as Managing Director (a Key Managerial Personnel) from 1st April 2020 to 31st March, 2021, subject to the approval of shareholders of the Company.

#### (iv) Retirement by rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Chandra Kant Birla (DIN: 00118473), Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

#### (v) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, the Board has carried out an annual performance evaluation of its own performance, of the directors individually as well as the evaluation of its various Committees. The process of evaluation has been explained in the Corporate Governance Report.

#### (vi) Board Meetings

The details of meetings of the Board and its various committees are given in the Corporate Governance Report.

None of the Directors are disqualified under Section 164(2) of the Companies Act, 2013.

All the Independent Directors have given their declaration confirming that they meet the criteria of independence in terms of Section 149(6) of the Companies Act, 2013 and regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Auditors & Audit Reports

#### (i) Statutory Auditors

The Shareholders of the Company at the Annual General Meeting held on 9th August, 2017 appointed M/s. Price Waterhouse & Co. Chartered Accountants LLP (FRN 304026E/E-300009) as the Auditors of the Company for a period of 5 years.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark. Further, in terms of section 143 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, as amended, notifications/circulars issued by the Ministry of Corporate Affairs from time to time, no fraud has been reported by the Auditors of the Company where they have reason to

believe that an offence involving fraud is being or has been committed against the Company by officers or employees of the Company.

Note No. 51 (c) appearing in the Notes to Financial Statements referred to in the Auditors' Report is self-explanatory.

#### (ii) Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 and rules made there under, Mr. Somnath Mukherjee, Cost Accountant (Membership no. M/5343) was appointed for the financial year ending 31st March 2020 to conduct cost audit for the products covered under the said rule. The Board of Directors of the Company, on the recommendation of the Audit Committee has further appointed Shri Somnath Mukherjee, Cost Accountant as Cost Auditor for auditing the cost accounts of the Company for the financial year 2020-21. The Auditor has confirmed his eligibility under Section 141 of the Companies Act, 2013 and the rules framed there under for appointment as Cost Auditor of the Company.

#### (iii) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Mr. A. K. Labh, Company Secretary in Practice (CP Regn. No. 3238) to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Report of the Secretarial Auditor is annexed to this report as Annexure III. The comments mentioned in the Secretarial Audit Report are self-explanatory.

The Board of Directors of the Company have further appointed Mr. A. K. Labh, Company Secretary in Practice to undertake the Secretarial Audit of the Company for the financial year 2020-21.

### Conservation of energy, technology absorption, foreign exchange earnings and outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached herewith as Annexure IV.

### Directors' responsibility statement

Directors' responsibility statement pursuant to section 134(3)(c) of the Companies Act, 2013 is attached herewith as Annexure V.

### Information of employees

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

### Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year were in the ordinary course of business and on arm's length basis.

All the Related Party Transactions are presented to the Audit Committee and the Board. Prior omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee and Board of Directors on a quarterly basis specifying the nature, value and terms & conditions of the transactions. Particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 are given in the prescribed form AOC -2 as Annexure VII. Web link for the policy on the website is <https://orientpaperindia.com/codes-policies>.

### Remuneration Policy

The Board has, on the recommendation of its Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report. Web link for the policy in the website is <https://orientpaperindia.com/codes-policies>.

### Risk Management

Pursuant to Section 134 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a risk management policy. The policy comprises of a robust business risk management framework to identify, evaluate and mitigate potential business risks. The business risk framework defines the risk level including documentation and reporting.

### Whistle Blower Policy

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. In line with these objectives, the Company has a Vigil Mechanism named Whistle Blower Policy to deal with instances of fraud and mismanagement.

Details of the Whistle Blower Policy are stated in the Corporate Governance Report. Web link for the policy on the website is <https://orientpaperindia.com/codes-policies>.

### Prevention of Sexual Harassment of Women at Workplace

It has been an endeavour of your Company to support women professionals through a safe, healthy and conducive working environment by creating and implementing proper policies to tackle issues relating to safe and proper working conditions for them.

The Company as required under the provisions of the “the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013” has framed a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto.

The Company has not received any complaint under the said policy during the year. Web link for the policy in the website is <https://orientpaperindia.com/codes-policies>.

### **Internal Financial Controls with reference to Financial Statements**

The Company has adequate internal financial control procedures commensurate with its size and nature of business. The Company has identified and documented all key internal financial controls, which impact the financial statements, as part of its Standard Operating Procedures (SOP). The SOPs are designed for all critical processes across all its plants and offices wherein financial transactions are undertaken. The Financial controls are tested for operating effectiveness through ongoing monitoring and review process by the management and independently by the Internal Auditors. In our view the Internal Financial Controls, affecting the financial statements are adequate and are operating effectively.

### **Material Changes and Commitment Affecting Financial Position of the Company**

There are no material changes and commitment affecting financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31st March 2020 and the date of this Report.

### **Business Responsibility Report**

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report is presented in a separate section forming part of the Annual Report.

### **Significant and Material Orders Passed by the Regulators or Courts**

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

### **Acknowledgements**

Your Directors place on record their sincere gratitude to the shareholders, customers, bankers, financial institutions, government agencies, supply chain partners and the employees for their valuable contribution, co-operation and support in the Company's endeavours to achieve continuous growth and progress.

By Order of the Board of Directors

**C. K. Birla**  
*Chairman*

New Delhi, 26th June, 2020

(DIN: 00118473)

## Annexure I

# CSR Report

**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 has framed a CSR Policy as required under section 135 of the Companies Act, 2013 and brief outline of the policy has been given in the Corporate Governance Report. The policy is available on the website of the Company <http://orientpaperindia.com/codes-policies#>

**2. The Composition of the CSR Committee**

The composition of the CSR Committee is provided in the Corporate Governance Report.

**3. Average net profit of the company for last three financial years.**

₹8503 lacs

**4. Prescribed CSR Expenditure for the financial year 2019-20 (two per cent of the amount as in items 3 above)**

₹170.06 lacs

**5. Details of CSR spent during the financial year:**

(a) Total amount to be spent for the financial year 2019-20: ₹187.66 lacs (including ₹17.60 lacs relating to previous year)

(b) Amount spent: ₹219.03 lacs

(c) Amount unspent: Nil

(d) Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or programs wise (₹ in lacs)	Amount spent on the projects or programs sub-heads: (1) Direct expenditure on projects or programs (2) overheads: (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent Direct or through implementing agency
1	Maintenance of Hospital	Promoting preventive healthcare and sanitation	Amlai, MP (Local Area)	60.00	66.32	327.41	Directly
2	Supply of Free Water & sewing machines	Rural Development	Amlai, MP (Local Area)	40.00	79.62	122.01	Directly
3	Contribution towards maintenance of School	Promoting Education	Amlai, MP (Local Area)	30.00	40.32	109.79	Directly
4	Contribution to Rajiv Gandhi Water Shed programme and others	Rural community development in collaboration with the State Govt.	Shahdol district, MP (Local area)	-	3.06	17.91	Directly

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or programs wise (₹ in lacs)	Amount spent on the projects or programs sub-heads: (1) Direct expenditure on projects or programs (2) overheads: (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent Direct or through implementing agency
5	Planting trees of nature species like bergad, neem, etc.	Conservation of Natural resources and maintaining quality of soil, water	Amlai, MP (Local Area)	-	3.29	10.28	Directly
6	Construction of toilet and dust bin	Promoting preventive healthcare and sanitation	Shahdol district, MP (Local area)	20.00	25.21	25.21	Directly
7	Assistance to physically disabled person etc.	Eradication of hunger and poverty	Shahdol district, MP (Local area)	-	1.21	1.21	Directly
<b>TOTAL</b>				<b>150.00</b>	<b>219.03</b>	<b>613.82</b>	<b>Directly</b>

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.

Yes, the CSR Committee affirms that the expenditure incurred is in compliance with CSR objectives and policy of the Company.

**Manohar Lal Pachisia**  
Managing Director  
(DIN: 00065431)  
Kolkata, 26th June 2020

**Gauri Rasgotra**  
Chairperson CSR Committee  
(DIN: 06862334)  
New Delhi, 26th June 2020

## Annexure II

# Extract of Annual Return

as on the financial year ended 31st March 2020

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

FORM NO. MGT 9

## I. Registration and other details

(i)	CIN	L21011OR1936PLC000117
(ii)	Registration Date	25th July, 1936
(iii)	Name of the Company	ORIENT PAPER & INDUSTRIES LIMITED
(iv)	Category /Sub-Category of the Company	Company having share capital
(v)	Address of the Registered Office and Contact details	Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar-751012, (Odisha) 0674-2396930
(vi)	Whether listed company	Yes
(vii)	Name, address and contact details of Registrar and Transfer Agent	KFin Technologies Private Limited Plots 31-32, Financial District Nanakramguda Selenium Tower B Hyderabad-500 032 Toll free no. 18003454001 Email: einward.ris@kfintech.com www.kfintech.com

## II. Principal Business Activities of the Company

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

Sr. No.	Name & description of main products/services	NIC Code of the product/service	% to total turnover of the company
(i)	Pulp & 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
	NIL				

## 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				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. (1) Promoters Indian									
(a) Individual/HUF	7604945	-	7604945	3.58	7604945	-	7604945	3.58	0.00
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt.	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	74128349	-	74128349	34.94	74588349	-	74588349	35.15	0.22
(e) Banks/Fl	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total(A)(1)	81733294	-	81733294	38.52	82193294	-	82193294	38.74	0.22

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Foreign</b>									
(2)									
(a) NRIs-Individual	-	-	-	-	-	-	-	-	-
(b) Other-Individual	-	-	-	-	-	-	-	-	-
(c) Bodies-Corporate	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoters (A)=(A)(1)+(A)(2)</b>	<b>81733294</b>	-	<b>81733294</b>	<b>38.52</b>	<b>82193294</b>	-	<b>82193294</b>	<b>38.74</b>	<b>0.22</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds/UTI	27419470	-	27419470	12.92	22954565	-	22954565	10.82	(2.10)
(b) Banks/FI	3847760	94460	3942220	1.86	2918086	93160	3011246	1.42	(0.44)
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt.	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FII/Foreign Portfolio Investor	906070	-	906070	0.43	1297855	-	1297855	0.61	0.18
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	2605464	-	2605464	1.23	2807466	-	2807466	1.32	0.09
<b>Sub-total(B)(1)</b>	<b>34778764</b>	<b>94460</b>	<b>34873224</b>	<b>16.44</b>	<b>29977972</b>	<b>93160</b>	<b>30071132</b>	<b>14.17</b>	<b>(2.27)</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate	37423273	13980	37437253	17.64	33885638	7980	33893618	15.97	(1.67)
(b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	38808733	801823	39610556	18.67	49036168	694076	49730244	23.44	4.77
ii) Individual shareholders nominal share capital in excess of ₹1 lakh	10969343	-	10969343	5.17	8335879	-	8335879	3.93	(1.24)
(c) Others									
i) NRI	1031633	-	1031633	0.49	1363081	-	1363081	0.64	0.15
NRI non-repatriation	790395	-	790395	0.37	752100	-	752100	0.35	(0.02)
ii) OCB	3813748	-	3813748	1.80	3813748	-	3813748	1.80	0.00
iii) NBFC	38674	-	38674	0.02	46500	-	46500	0.02	0.00
iv) Clearing members	273004	-	273004	0.13	327525	-	327525	0.15	0.02
v) Trusts	806940	4000	810940	0.38	807440	4000	811440	0.38	0.00
vi) IEPF	803438	-	803438	0.38	846941	-	846941	0.40	0.02
vii) Qualified Foreign investor	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2)</b>	<b>94759181</b>	<b>819803</b>	<b>95578984</b>	<b>45.05</b>	<b>99215020</b>	<b>706056</b>	<b>99921076</b>	<b>47.09</b>	<b>2.05</b>
<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	<b>129537945</b>	<b>914263</b>	<b>130452208</b>	<b>61.48</b>	<b>129192992</b>	<b>799216</b>	<b>129992208</b>	<b>61.26</b>	<b>(0.22)</b>
<b>TOTAL(A)+(B)</b>	<b>211271239</b>	<b>914263</b>	<b>212185502</b>	<b>100.00</b>	<b>211386286</b>	<b>799216</b>	<b>212185502</b>	<b>100.00</b>	<b>0.00</b>
C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A)+(B)+(C)</b>	<b>211271239</b>	<b>914263</b>	<b>212185502</b>	<b>100.00</b>	<b>211386286</b>	<b>799216</b>	<b>212185502</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/or encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/or encumbered to total shares	
1	Central India Industries Limited	52559648	24.77	-	52559648	24.77	-	-
2	Shekhavati Investments & Traders Limited	12760895	6.01	-	13220895	6.23	-	0.22
3	Nirmala Birla	3606410	1.70	-	3606410	1.70	-	-
4	Chandra Kant Birla	3405893	1.61	-	3405893	1.61	-	-
5	Hindusthan Discounting Co. Limited	2310678	1.09	-	2310678	1.09	-	-
6	Gwalior Finance Corporation Limited	1649375	0.78	-	1649375	0.78	-	-
7	Amer Investments (Delhi) Limited	1422000	0.67	-	1422000	0.67	-	-
8	Universal Trading Co. Limited	912280	0.43	-	912280	0.43	-	-
9	National Engineering Industries Limited	537400	0.25	-	537400	0.25	-	-
10	Rajasthan Industries Limited	690035	0.33	-	690035	0.33	-	-
11	Ashok Investment Corporation Limited	683038	0.32	-	683038	0.32	-	-
12	Amita Birla	328000	0.15	-	328000	0.15	-	-
13	Jaipur Finance & Dairy Products Pvt. Limited	208000	0.10	-	208000	0.10	-	-
14	India Silica Magnesite Works Limited	200000	0.09	-	200000	0.09	-	-
15	Bengal Rubber Co. Ltd.	195000	0.09	-	195000	0.09	-	-
16	Avani Birla	130000	0.06	-	130000	0.06	-	-
17.	Avanti Birla	134642	0.06	-	134642	0.06	-	-
	Total	81733294	38.52	-	82193294	38.74	-	0.22

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

Sl.	Name	Shareholding at the beginning of the year April 1, 2019		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	Central India Industries Limited	52559648	24.77	-	-	-	52559648	24.77
2	Shekhavati Investments & Traders Limited	12760895	6.01	23-08-2019	106465	Purchase	12867360	6.06
				30-08-2019	353535	Purchase	13220895	6.23
3	Nirmala Birla	3606410	1.70	-	-	-	3606410	1.70
4	Chandra Kant Birla	3405893	1.61	-	-	-	3405893	1.61
5	Hindusthan Discounting Co. Limited	2310678	1.09	-	-	-	2310678	1.09
6	Gwalior Finance Corporation Limited	1649375	0.78	-	-	-	1649375	0.78
7	Amer Investments (Delhi) Limited	1422000	0.67	-	-	-	1422000	0.67
8	Universal Trading Co. Limited	912280	0.43	-	-	-	912280	0.43
9	National Engineering Industries Limited	537400	0.25	-	-	-	537400	0.25



Sl.	Name	Shareholding at the beginning of the year April 1, 2019		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
10	Rajasthan Industries Limited	690035	0.33	-	-	-	690035	0.33
11	Ashok Investment Corporation Limited	683038	0.32	-	-	-	683038	0.32
12	Amita Birla	328000	0.15	-	-	-	328000	0.15
13	Jaipur Finance & Dairy Products Pvt. Limited	208000	0.10	-	-	-	208000	0.10
14	India Silica Magnesite Works Limited	200000	0.09	-	-	-	200000	0.09
15	Bengal Rubber Co. Limited	195000	0.09	-	-	-	195000	0.09
16	Avani Birla	130000	0.06	-	-	-	130000	0.06
17.	Avanti Birla	134642	0.06	-	-	-	134642	0.06
	Total	81733294	38.52	-	460000	-	82193294	38.74

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.	Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	L & T Mutual Fund Trustee Limited	10737820	5.06	10737820	5.06
2	Reliance Capital Trustee Company Limited	10000000	4.71	10390000	4.90
3	Birla Institute of Technology & Science	3519850	1.66	3519850	1.66
4	Rukmani Birla Educational Society	3472140	1.64	3472140	1.64
5	Shri Jagannath Educational Institute	3170000	1.49	3170000	1.49
6	Sri Govinddeo Educational Institute	3005000	1.42	3005000	1.42
7	Shri Venkateshwara Educational Institute	2851860	1.34	2851860	1.34
8	National Insurance Co Limited	2506096	1.18	2506096	1.18
9	Globe Capital Market Limited	1345026	0.63	2389028	1.13
10	R. R. Bamfield Investments Limited	1906874	0.90	1906874	0.90

- The shares of the Company are traded on daily basis and hence the date wise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

v) Shareholding of Directors and Key Managerial Personnel

Sl.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	<b>Mr. C.K. Birla, Chairman</b>				
	At the beginning of the year	3405893	1.60	3405893	1.60
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	3405893	1.60	3405893	1.60
2.	<b>Mr. M. Bastian, Director (ceased to be director w.e.f. 05.08.2019)</b>				
	At the beginning of the year	26733	0.013	26733	0.013
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	26733	0.013	26733	0.013
3.	<b>Mr. N. S. Sisodia, Director (ceased to be director w.e.f. 14.01.2020)</b>				
	At the beginning of the year	-	-	-	-
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	-	-	-	-

Sl.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4.	<b>Ms. Gauri Rasgotra, Director</b>				
	At the beginning of the year	-	-	-	-
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	-	-	-	-
5.	<b>Mr. S. Vishvanathan, Director</b>				
	At the beginning of the year	-	-	-	-
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	-	-	-	-
6.	<b>Mr. A. Bishnoi, Director (appointed w.e.f. 01.08.2019)</b>				
	At the beginning of the year	-	-	-	-
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	-	-	-	-
7.	<b>Mr. R. K. Agrawal, Director (appointed w.e.f. 27.01.2020)</b>				
	At the beginning of the year	-	-	-	-
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	-	-	-	-
8.	<b>Mr. M. L. Pachisia, Managing Director</b>				
	At the beginning of the year	37948	0.018	37948	0.018
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	37948	0.018	37948	0.018
9.	<b>Mr. P. K. Sonthalia, CFO</b>				
	At the beginning of the year	15920	0.007	15920	0.007
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	15920	0.007	15920	0.007
10.	<b>Mr. R. P. Dutta, Company Secretary</b>				
	At the beginning of the year	205	-	205	-
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	205	-	205	-

## V. Indebtedness

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(₹ in crores)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	28.49	-	10.12	38.61
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.03	-	-	0.03
<b>Total (i+ii+iii)</b>	<b>28.52</b>	<b>-</b>	<b>10.12</b>	<b>38.64</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	7.49	-	-	7.49
Reduction	-	-	0.71	0.71
<b>Net Change</b>	<b>7.49</b>	<b>-</b>	<b>-0.71</b>	<b>6.78</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	35.96	-	9.41	45.37
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.05	-	-	0.05
<b>Total (i + ii + iii)</b>	<b>36.01</b>	<b>-</b>	<b>9.41</b>	<b>45.42</b>

## VI. Remuneration of Directors and key managerial personnel

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

(₹ in Lacs)

Sl No.	Particulars of Remuneration	M. L. Pachisia (Managing Director)
	<b>Gross Salary</b>	
1	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act,1961.	289.10
	(b) Value of perquisites under Section 17(2) Income tax Act,1961	97.27
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act,1961	-
2.	Stock Options	-
3.	Sweat Equity	-
4.	Commission	-
	- As % of profit Others specify	
5.	Others, please specify:	-
	Total (A)	386.37
	Ceiling as per the Act	124.94

Note: The above remuneration does not include contribution to gratuity / provident fund.

### B. Remuneration to other Directors:

#### (i) Independent Directors

(₹ in Lacs)

Sr. No.	Particulars of remuneration	Mr. M. Bastian*	Mr. N. S. Sisodia**	Ms. G. Rasgotra	Mr. S. Vishvanathan	Mr. A. Bishnoi***	Mr. R. K. Agrawal****	Total
1.	Fee for attending Board/Committee meetings	5.50	4.50	11.00	12.50	8.00	1.00	42.50
2.	Commission	1.72	3.93	5.00	5.00	3.33	0.89	19.87
3.	Others, please specify	-	-	-	-	-	-	-
	Total (B)(i)	7.22	8.43	16.00	17.50	11.33	1.89	62.37

\*Ceased w.e.f. 05.08.2019

\*Ceased w.e.f. 14.01.2020

\*\*\*Appointed w.e.f. 01.08.2019

\*\*\*\*Appointed w.e.f. 27.01.2020

#### (ii) Other Non-Executive Directors

(₹ in Lacs)

Sl No.	Particulars of Remuneration	Mr. C. K. Birla
1.	Fee for attending Board/Committee meetings	5.00
2.	Commission	5.00
3.	Others, please specify	-
	Total (B)(ii)	10.00
	Total B (i+ii)	72.37
	Total Managerial Remuneration (A+B)	458.74
	Overall ceiling as per the Act	274.94

## C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(₹ in Lacs)

Sl.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	235.21	27.10	262.31
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	31.87	0.15	32.02
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of profit			
	- Others specify			
5.	Others, please specify:	-	-	-
	Total	267.08	27.25	294.33

Note : The above remuneration does not include contribution to gratuity / provident fund.

### VII. Penalties /Punishment/Compounding of offences

There were no penalty/punishment/compounding of offences for the year ended 31st March, 2020.

## Annexure III

# SECRETARIAL AUDIT REPORT

For the financial year ended 31.03.2020

[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  
**Orient Paper & Industries Limited**  
Unit VIII, Plot No. 7  
Bhoinagar, Bhubaneswar – 751 012  
Odisha

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Orient Paper & Industries Limited** having its Registered Office at Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751 012, Odisha (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

### **Auditors' Responsibility**

Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers' and the agents of the Company during the said audit.

We have followed the audit practices and processes as were appropriate to the best of our understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

We have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. We have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statutes as mentioned hereinafter.

Wherever required we have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

We have relied upon the accuracy of the documents and information as shared by the Company with us through appropriate Information Technology tools to assist us in completing the secretarial audit work during lock down period due to unprecedented situation prevailing in the Country due to CoVID-19 virus pandemic and the same is subject to physical verification by us post normalization of the situation.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of compliance procedures on test basis.

Our report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

**We report that**, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2020 according to the provisions of (as amended) :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;

- (ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**We further report that,** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Acts :

1. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;
2. The Petroleum Act, 1934 and The Petroleum Rules, 2002;
3. Explosives Act, 1884;
4. The Indian Forest Act, 1927;
5. The Forest (Conservation) Act, 1980;
6. Paper and Paper Board Cess Rules, 1981

to the extent of its applicability to the Company during the financial year ended 31.03.2020 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the

Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

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

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company :

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

**We further report that :**

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

- (d) There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that :**

- a) The name of Registrar and Share Transfer Agent of the Company has been changed from M/s. Karvy Fintech Private Limited to M/s. KFIN Technologies Private Limited w.e.f. 5th December, 2019.
- b) The Paper Plant of the Company at Amlai, Madhya Pradesh was shut for approx. 10 days w.e.f. 10th March, 2020 for the purpose of maintenance of Recovery Boiler.
- c) Unspent amount of ₹17.60 Lacs towards CSR during the financial year 2018-2019 due to non-completion of on-going projects has been spent during the financial year under report. There is no unspent amount of CSR during the reported financial year.
- d) In the light of heightened concern on spread of Covid-19 across the nation and as per the notifications issued by the Central / State Government(s), the Company had temporarily

shut down operations at its Paper and Caustic Plant with effect from 23.03.2020 till such time as has been specified in such notifications. However, the Company had partially restarted production of Tissue Paper and Caustic w.e.f. 7th April, 2020 since being declared as essential commodities. The Company had started normal production at its Paper Plant with effect from 17th April, 2020 in compliance of the directives issued and permissions granted by Central/ State Government(s) Authorities.

**For A. K. LABH & Co.**  
Company Secretaries

**(CS A. K. LABH)**  
Practicing Company Secretary  
FCS – 4848 / CP No.- 3238  
UDIN : F004848B000387318

Place : Kolkata  
Dated : 26.06.2020

## Annexure IV

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

#### (A) CONSERVATION OF ENERGY

Energy conservation measures taken in FY 2019-20:

S. No.	Description of Proposal Implemented	Qty.
1	Converted HT power at PB2 ID fan drive to LT with 225 KW VFD in Power House.	01 No.
2	Installed 55 KW VFD at Over Fire Fan No. 2 in Power House.	01 No.
3	Installed 55kW VFD at BHD Tower Dilution Pump in Pulp Mill.	01 No.
4	Installed 90 KW VFD at Machine Chest Pump in Paper Machine.	01 No.
5	Installed 75 KW VFD at Stock Chest No. 2 Pump in Paper Machine.	01 No.
6	Installed 75 KW VFD at Refiner Feed Pump in Paper Machine.	01 No.
7	Installation of Transparent sheets at Roof tops and side walls of Workshop, Paper M/c and Finishing H/s for reduction in lighting load	150 Nos.
8	Installation of control valve to control Steam Pressure at Deaerator of Power Boiler	01 No.

#### (B) ADDITIONAL INVESTMENT & PROPOSAL, IF ANY BEING IMPLEMENTED FOR REDUCING CONSUMPTION OF ENERGY

S. No.	Energy Conservation Proposal	Estimated Investments in next 3 years (₹ Lacs )
1.	Installation of energy efficient Vacuum system at main machine.	250.0
2.	Installation of VFD at various locations: 10 Nos.	100.0
3.	Installation of LT motor with VFD at in place of HT motor at Paper Machine fan Pump.	35.0
4.	Conversion of approach flow of Main mc to Double dilution system for Energy conservation	150.0
5.	Installation of LED light fittings.	10.0
6.	Fixing of transparent sheets in place of asbestos sheets for utilization of Natural sun light.	10.0
7.	Electricals accessories Transformers & Circuit breakers and cables for Solar plant of 1MW ( OPEX) model (Phase 2)	25.0
8.	Installation of Capacitor banks for Power Factor correction	20.0
9.	Replacement of old energy inefficient motors with IE3 motors	50.0
10.	Installation of New Energy Efficient Evaporator street & new Recovery Boiler	18500.0
	TOTAL INVESTMENTS	19150.0

#### (C) IMPACT OF MEASURES (A) ABOVE FOR REDUCTION OF ENERGY AND CONSEQUENT IMPACT ON COST OF PRODUCT

S No.	Energy Form	Unit	2017-18	2018-19	2019-20
1	Power (Excl. colony,Aux. & export power)*	KWH/MT of paper	1760	1814	1859*
2	Steam (excl. Own cons.)	MT/MT of paper	16.91	17.09	17.03
3	Water (excl. Own cons.)	M3/MT of paper	47	49	47
4	Coal*	MT/MT of paper	2.2	2.2	2.27*

\*2019-20 consumptions per ton of paper have been impacted by the maintenance shutdowns due to Recovery Boiler Breakdowns.



CO2 Emissions & Sequestered for last Five (5) Years:

		UOM	2015-16	2016-17	2017-18	2018-19	2019-20
1	CO2 Sequestrate	tCO2/MT of Paper	15.88	17.67	15.40	17.61	19.22
2	CO2 Emission through OPM	tCO2/MT of Paper	3.84	3.74	3.41	3.49	3.74
3	Carbon Positive	tCO2/MT of Paper	12.05	13.92	11.99	14.12	15.47

## (D) TECHNOLOGY ABSORPTION

### RESEARCH & DEVELOPMENT

#### I. Specific area in which R&D carried out by the company

- Moisture determination of all the incoming fibrous raw materials received in the mill through Rakes, Trucks (ADMT and as such) to ensure its receipt on B.D basis.
- All the individual species received through the Rakes or trucks like Bamboo, Eucalyptus, and Acacia wood from the various locations of U.P, M.P, Assam, and West Bengal to evaluate the required characteristics of the pulp for their suitability in the plant.
- Evaluation of the Bamboo sample collected from Gujarat to develop the new source and location of the procurement of bamboo.
- Optimization of fibrous Raw material (Hard wood & Bamboo) in different proportionate ratio to achieve the desire quality of pulp without compromising the strength properties of the final products.
- Comparative pulping studies of all the species received in the mill for the evaluation of better quality of pulp required for paper making.
- Evaluation of the pulping characteristic of the silo mixed chips loaded to the digester in the plant in lab to ensure the pulp quality and its suitability for paper manufacturing.
- Bleaching study done on 4th press unbleached pulp, collected from Pulp Mill and maintained the similar conditions like maintaining in the Pulp Mill to optimize the chemical doses.
- Refining / Beating of ClO<sub>2</sub> pulp in PFI mill and Valley beater received from the Pulp Mill.
- Evaluation of physical and optical properties of the Imported pulp consignments received in the Mills to ascertain the quality of the imported pulp.
- Comparative studies of the fibre morphology of different source of Pulp samples (Imported pulp as well as own Mill pulp).
- Fiber classification of the ClO<sub>2</sub> pulp done on Bauer Mcnett fiber classifier to ascertain the sizes of fibers through specific screen sizes & also get the data of fines generation which is useful to optimize the refining process of the pulp at Paper Machine and Tissue machines.
- Determine the Chemical Oxygen demand of unbleached pulp from Post ODL process to ensure the efficiency of washing during the process & chemical carry out with the pulp in bleaching section.
- To ensure the healthiness of the system of various locations at Paper Machine, Tissue Machine #1,2 & 3 and White Water Clarifier, micro-biological analysis is being done on regular basis to check the bacterial growth in the systems.
- Measurement of SR (Schopper Reigler) of pulp at all the machines through freeness tester to check the freeness of pulp.
- Analysis of AOX in the Effluent samples as well as discharge according to guide line of MPPCB and CPCB.
- Analysis of effluent parameters on daily basis to fulfill the norm of MPPCB according to standard method & intimate reports to environment dept. for their necessary action.
- To comply the charter norms of MPPCB, we are regularly testing the piezo samples on monthly to ensure the ground water quality inside the mill & nearby the mills.
- Analysis of soil samples of nearby area for various parameters as per the guideline by MPPCB.
- Regular analysis of effluent treated water which is being used in HRTS.
- Analysis of heavy metal in treated effluent samples by Atomic absorption spectrophotometer instrument.
- Regular analysis and monitoring of the quality of Drinking water as per the Indian standard IS 10500:2012.
- Analysis of Drain samples from washing stage, digester house and soda recovery.
- Evaluation of the White water clarifier inlet and outlet water is being tested in lab to ensure the proper functioning of the White water clarifier.
- Analysis of the Reverse Osmosis and De-mineralized water on daily basis.
- To comply the MPPCB charter norms and to ensure the air quality inside and nearby the Mill area regular monitoring of Ambient Air in all the four directions and emission stack at different locations in the mills.
- Monitoring of Dust emission in all the four direction of the Mill as per the following points as Chipper House, Power House, and Coal Yard and Soda Recovery area.

27. Well water, treated effluent and drinking water samples jointly collected by MPPCB and OPM technical team analysed in R&D lab on continuous basis as and when required.
  28. Generation of monthly report for Effluent water , Piezometric samples, Ambient Air, Stack Emission for submission to MPPCB .
  29. Regular analysis of STP samples.
  30. Analysis of seepage water samples from different locations of plant.
  31. Analysis of Mill water Samples from plant for Silica & Fluoride analysis.
  32. Colour removal experiment done on treated Effluent samples by using number of chemicals received from distinguished suppliers.
  33. NABL documentation on regular basis to fulfill the compliance to continue the Accreditation.
  34. Internal audit of NABL ISO: 17025-2005 of environmental lab was conducted for the year 2019-20 for compliance of NABL requirement.
  35. NABL External Audit of Environmental Lab, Research Division for ISO: 17025-2017.
  36. Recognition of In-House R&D unit by the Department of Scientific and Industrial Research.
- II. Benefit derived as a result of above efforts i.e. product improvement, cost reduction, product development, and import substitution**
1. First and final weight are being feed in the SAP system without any manual intervention for moisture calculations of all Fibrous Raw material received in Mill.
  2. Comparative studies of various bamboo done in the lab for better decision making in plant. Assam Bamboo has better yield (44.8 %) lower kappa no.(21.6) and higher unbleached viscosity (25 cps) compare to west Bengal(yield-43.3%,kappa No. 25.0 & viscosity-22.3cps),M.P Bamboo(yield-41%,Kappa No.24,Unbleached viscosity-20.8cps) & Gujarat Bamboo(yield-41.8%,Kappa No.26.4,unbleached viscosity-21.4cps). Eucalyptus (U.P) has higher unbleached viscosity 14.7cps compare to Acacia which is 13.1 cps.
  3. Based on our studies it is found that Bamboo from Gujarat state does not qualify our requirement.
  4. Optimization of raw material furnish mix to get the desired quality of pulp.
  5. Comparative studies of various Raw material received to search the alternate source of raw material for cost reduction and sustainability.
  6. Pulping characteristic of the silo chips on a regular time interval for better control on the process parameters.
  7. Bleaching study of 4th press pulp done to optimize the chemical doses in bleaching process and evaluation of environment load of effluent generated during process.
  8. Refining and Beating of ClO<sub>2</sub> to ensure the strength index of pulp required for good quality of Writing & Printing paper and Tissue paper.
  9. To ensure the Imported pulp consignments properties for procurement of the better quality of pulp in terms of softness and strength properties required for Tissue paper manufacturing.
  10. To understand the furnish component in our competitors Tissue manufacturer we conducted comparative studies of fibre morphology which is helpful to our benchmarking for the Tissue paper.
  11. Fiber classification of the ClO<sub>2</sub> pulp guide us to detect fiber loss during the paper making process.
  12. Measurement of the unbleached pulp COD of the composite sample (24 hours) of the 4th press give the better control to wash plant to reduce the Alkali loss and chemical carry-over in pulp.
  13. For the smooth running of all the Tissue machines and writing and Printing machine micro-biological analysis of various locations help to ascertain the bacterial growth in the system.
  14. SR (Schopper Reigler) measurement of pulp for the water holding capacity of pulp received through the Tissue 1&2. Results helps in plant for better control on the process parameters to get the right quality of the final product.
  15. Measurement the AOX level in the treated effluent to own plantation site helps for optimization in the ETP performance.
  16. To analyse the Effluent parameter characteristics help in recycling effluent in our HRTS system.
  17. Peizometric samples of nearby Mill periphery locations guide about the ground water quality.
  18. Soil analysis of various location of Mill surrounding helps to determine the effectiveness of HRTS System.
  19. Analysis of treated effluent used in HRTS to ensure quality of water for plantation.
  20. Heavy metal analysis of Raw and treated effluent results given to ETP for better control.
  21. Analysis of Drinking water on regular basis according to IS standard 10500:2012 ensure the efficacy of the fresh water treatment system and give the guidance to plant for maintaining the drinking water quality as per the standard.
  22. Digester House, Washing Plant and bleaching plant and soda recovery drain samples analysis confirm the individual section effluent load on ETP. Accordingly, analysis report sent to all the concerning department head for taking the corrective necessary action accordingly.

23. Analysis of white water clarifier samples & its characteristics give the guideline for better usage this water in the various sections of the Paper machine and Pulp Mill which reduce the fresh water consumption in the plant.
24. Reverse Osmosis and De-mineralized water is carried out for effective boiler operations.
25. Regular monitoring of Ambient Air and Stack at different locations to comply CPCB & MPPCB regulation.
26. Dust emission monitoring in Chipper House, Power House, Coal Yard and Soda Recovery area for controlling of pollution load in plant.
27. Analysis of samples of well water, effluent & drinking water collected jointly by MPPCB & our environment Deptt to maintain the compliance according to norms.
28. Data collection for preparing the monthly report of treated effluent, Piezometric sample, Stack and ambient air for PCB submission for liaising purpose.
29. Analysis of various parameter of STP samples to comply CPCB & MPPCB regulation.
30. Analysis of seepage water samples helps better ETP operation.
31. Silica and fluoride determination help to check the quality of water.
32. Colour removal experiment help to obtain optimum chemical doses to remove the colour of effluent.
33. NABL documentation on regular basis to fulfill the compliance to continue the Accreditation. Desktop Audit of year 2019-20 has successfully completed.
34. Internal audit of NABL ISO: 17025-2005 of environmental lab was conducted for the year 2019-20 for compliance of NABL requirement.
35. NABL External Audit of Environmental Lab, Research Division for ISO: 17025-2017 successfully completed & we have received re-certification for accreditation of ISO: 17025-2017 for our Environmental Lab, Research Division from National Accreditation Board for Testing and Calibration Laboratories (NABL), Gurgaon (A Constituent Board of Quality Council of India) from 04.02.2020 to 03.02.2022.
36. Our In-House R&D unit has been recognized by Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, New Delhi from 29.04.2019 to 31.03.2022.

### III. Training

Laboratory Personnel has attended Training Programme on Laboratory Quality Management System & Internal Audit align with NABL IS/ISO 17025:2017 in the year 2019-2020.

### IV. Papers published during the year 2019-2020.

None

- V. Future plan of action: To continue research in the above areas and to work out to implement other new emerging technologies for the benefits of the pulp & paper industry.

### VI. Expenditure on R&D

S. No.	Details	2019-2020
a)	Salary (₹ In lacs)	136.80
b)	Others (₹ In lacs)	8.93
	Total R&D (₹ In lacs)	145.73

### VII. Technology absorption and Innovation:

Efforts in brief made towards absorption, adoption and innovation:

#### Raw Material Development

- Maintain the FIFO in yard to get the standard raw material furnish mix (Fresh Vs stacked material) and supplied to chipper house to get the uniform mixing of raw material to get best properties in the pulp.
- Spray showers on chipper feed conveyor modified for better chips washing and uniform chips moisture to get the better cleanliness of the pulp and for getting the uniform pulping.

#### Pulp Mill

- To improve the pulp whiteness by optimizing of H<sub>2</sub>O<sub>2</sub> dose in Pulp Mill to reduce the yellowness in final bleached pulp vis-à-vis to reduce the usage of costlier Optical whitening agent at paper machine and to get the permanency of the paper in terms of shade and brightness.
- Washing efficiency further increased by 0.5% by reducing the soda losses to get the minimum chemical carry-over for achieving the consistent bleached pulp quality.

#### Chemical Recovery, Chlorine Dioxide plant & Lime Kiln

- Improve Active Alkali content in White liquor by 2.0 gpl (from 78.0 to 80.0 gpl) to improve the strength index of the unbleached pulp.
- Sulphidity of the white liquor increased by 1.0% to get the higher strength index of pulp.
- Installed New outlet & bypass damper at ESP of RB to improve running life of RB between two passage cleaning from 30 days to 45 days.
- Installed & Commissioned new Lime mud filter at causticizing section to give increase lime mud dryness by 5 % (from 58 % to 63 %)

### Paper Machine

- New pressure screen installed and commissioned at main machine to improve the paper quality in terms of cleanliness of the paper.
- Mounted new 600 rpm motor at finishing refiner at main machine and stopped one TDR 30" to give power savings of 250 kwh.
- VFD installed in refiner feed pump to get the uniform refining of the pulp which improved the paper surface and strength properties of the paper.
- Drum roll coating done at main machine rewinder to get the better reel quality in terms of uniform and tight binding of the reels.
- Epoxy flooring done at the operating floor at main machine rewinder to eliminate any dust accumulation on the paper surface.

### Tissue Machine #1&2

- Replaced the suction press roll with grinding one at Tissue machine #1, to get the improvement in the roll build-up at Pope reel and achieve uniform moisture in paper which improve the quality of paper and reduce the rejection at rewinder.
- Introduce the laminated press felt at Tissue #1 to increase the paper moisture.
- Improve the moisture content in paper by 1.0% at Tissue #2 after introducing the laminated felt which eliminate the suction roll impression in paper which reduce the rejection and improve the quality of paper.
- Low GSM Napkin Grade in 14 GSM manufactured at Tissue Machine #2.
- Strength properties in Towel grade paper review and improved further as per the market requirement.

### Tissue Machine # 3

- Installed and commissioned the calendar at Toscotec rewinder for producing the ultra-soft paper.
- Installed and commission secondary and tertiary pressure screen in approach flow at T#3 to improve the paper quality in terms of cleanliness.
- In-house fabricated and installed baffle in the Wet end burner air flow system to eliminate the carbon particle generated during the combustion of propane gas to improve the paper quality and enhance the paper productivity.
- Optimized and standardized the pulp furnish (Imported vis-à-vis Own Mill Pulp) at Tissue machine #3 especially in Toilet and Facial grade quality to get the better hand-feel of the paper in terms of softness.
- Optimized the chemical doses at Tissue machine #3 to achieve the required strength properties of the paper with better hand-feel.

- Modified the dust collection system at pope reel at Tissue machine #3 to arrest the dust in paper.

### Finishing House:

- Introduced HDPE pallets in place of conventional MS pallets at main machine finishing house to avoid any bending/curling in the paper and to improve the cut quality of paper.
- Introduce bundles labels for better tracking of the finished goods.
- Consistent quality maintained at all the machines resulted there is reduction trend in the quality complaint from the market, that too in such a unfavorable condition of the market.
- Epoxy flooring done at Tissue machine #3 reel packing area to avoid any dust accumulation on the surface of the reels.
- 50 microns thickness stretch film introduced to avoid any dust accumulation on the packed tissue reels.

### Power House:

- Commissioned Cost / Energy reduction initiative of installing LT motor with VFD at Power Boiler # 2 to save 80 kwh of power.
- Installed & commissioned steam control valve at de-aerator to save 12 tpd of steam.
- Installed 4 nos. VFDs as a part of Energy conservation initiative to save 80 kwh of power.

### Effluent Treatment Plant:

- Installed and commissioned online Continuous Water Quality Monitoring System at River Sone (Zero Liquid Discharge Point) for monitoring of River Water Quality.
- Installed and commissioned Sewage Treatment Plant (Cap.-1000 m3/Day) for treatment of domestic waste water.
- Installed & commissioned one set of Ambient Air Quality Monitoring system (AAQMS) at OPM Higher Secondary School for monitoring of ambient air quality.
- Installed and commissioned online Continuous Emission Monitoring System (CEMS) at Power Boiler No. # 2 for monitoring of stack emissions.
- Rejuvenation of HRTS sites with green belt at north gate is under progress for utilization of treated effluent and reduction of carbon foot print.
- Successfully Environmental Clearance obtained for Installation of Energy Efficient Multiple Falling Film Evaporator and Energy Efficient Recovery Boiler (600 BD-TPD black liquor solids firing capacity).
- Maintaining Zero Liquid discharge to river to comply the norms laid down by state pollution board.

### Water conservation measures:

- Constructed RCC barrage (2.926 MCM capacity) on river Sone under National Initiative to conserve rain water.

#### New Product Development:

- Developed Napkin Grade Tissue Paper in 14 gsm for domestic market.
- Developed Toilet grade Tissue Paper in 14 gsm both for overseas as well as domestic market

#### Caustic Soda Unit (CSU):

- Replaced 2 mva auxiliary transformer with 3 mva transformer to reduce the running temperature & breakdown and also to meet the upcoming SBP project requirement.
- Installed new Vapour Absorption Machine to the increased the chilled water requirement for upcoming SBP project, Sodium Hypo plant and Vacuum de-chlorination project.
- Old Instrument air pipe line replaced with new one to avoid the leakages in various sections and saved air 700 nm<sup>3</sup>/day.
- Replaced 20" FRP CL2 Gas Line to enhance the plant safety.
- Fire safety Steam purging arrangement provided at 2nd Stage Hydrogen holder.
- Structure strengthening of 30 TPD HCL Plant.
- Digital relays installed in 5mvar capacitor bank to enhance system protection.
- Renovation of 3nos old 11kv SF6 circuit breakers done and kept as spare to enhance the plant stability. This has also resulted in saving of 12lacs.
- Salt godown building covering done to reduce the salt loss during rain.
- Construction of SBP plant building is in progress.

#### Awards & Certification:

1. Madhya Pradesh CSR Leadership award for CSR on 31st May'19 at Indore.
2. Platinum Award in Environment on 12th July'19 at Delhi by Greentech Foundation Delhi.
3. Leadership Award for Water Efficiency 2019 on 16th Aug'19 at Singapore.

4. Platinum award for Environment Management at Goa by Apex Foundation Delhi on 24th Sep'19.
5. Gold award for Safety at Goa by Apex Foundation Delhi on 24th Sep'19.
6. Safety Award-2019 in Gold Category by Grow Care India Delhi on 12 Dec'19 at Delhi.
7. CSR award -2019 in Gold Category by Grow Care India on 12 Dec'19 at Delhi.
8. Successful surveillance audit FSC CW & COC, done by the auditors from M/s Nepcon certification agency. Estonia.
9. Successful re-certification for accreditation of ISO: 17025-2017 for our Environmental Lab, Research Division from National Accreditation Board for Testing and Calibration Laboratories (NABL), Gurgaon from 04.02.2020 to 03.02.2022 and certification received for the same.
10. Successful recertification for IMS (ISO9001:2015, ISO:14001:2015, ISO 45000:2018) and surveillance audit of EnMS ISO: 50001: 2011 was done by external auditors from M/s Rina Services Italy.
11. Successful recertification for Responsible Care-14001 management system was done by M/s BSI America and certification received which is valid from 02.02.2020 to 01.02.2023.

#### (F) Foreign Exchange Earnings & Outgo

The Foreign Exchange earned in terms of actual inflows during the year is ₹9908.43 lacs and the Foreign Exchange outgo during the year is ₹4134.36 lacs.

In case of imported technology (imported during the last five years reckoned from the beginning of financial year), following information may be furnished.

- (a). Technology imported
  - (b). Year import
  - (c). Has technology been fully absorbed
  - (d). if not absorbed, areas where this has not taken place
- Reasons therefore and future plan of action.

} Not applicable

## Annexure V

# Directors' responsibility statement

On the basis of compliance certificates received from various executives of the Company and subject to disclosures in the annual accounts, as also on the basis of the discussion with the statutory auditors of the Company from time to time, the Board of Directors state that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the Company for this period;
- (c) the directors had 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;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**C. K. Birla**  
Chairman  
(DIN: 00118473)

## Annexure VI

### Particulars of Employees as required under section 134 of the Companies Act, 2013 and forming a part of the Directors' Report for the year ended 31st March, 2020.

(a) Qualification (b) Designation/Nature of duties (c) Age (years) (d) Remuneration (in ₹) (e) Experience (years) (f) Date of Joining (g) Particulars of last employment

#### A. Top ten employees in terms of remuneration drawn during the year

1	Pachisia M.L.	(a) B.Com (b) Managing Director (c) 75 (d) 40587408 (e) 59 (f) 1 April 1991 (g) Hindustan Motors Ltd., President (Corporate Projects)
2	Sonthalia P.K.	(a) B.Com (H), FCA, FCMA (b) President (Finance) & CFO (c) 62 (d) 28251278 (e) 40 (f) 15 April 1980 (g) None
3	Gupta A.	(a) B.Tech (Pulp & Paper) (b) Chief Executive Officer – Amlai Paper Mills (c) 55 (d) 18420609 (e) 31 (f) 22 January 2014 (g) Ballarpur Industries Ltd, Assistant Vice President (Operations)
4	Saha N.K.	(a) B.E. (Chem), MS (Pulp & Paper) (USA), M.I.E. (India) (b) Sr. Vice President (Projects & Development)-Paper (c) 69(d) 12335500 (e) 47 (f) 11 March 1982 (g) The Titagarh Paper Mills Co. Ltd., Sr. Engineer (Projects)
5	Mullick G.	(a) B.Sc. (H), MBA (b) Executive Vice President (Paper Marketing) (c) 63 (d) 12258048 (e) 40 (f) 7 October 1998 (g) The Andhra Pradesh Paper Mills Ltd, General Manager (Marketing)
6	Mohta R.K.	(a) B.Com, ACA, CS (Inter) (b) Sr. Vice President (Commercial)-Amlai Paper Mills (c) 65 (d) 8529432 (e) 42 (f) 1 June 2007 (g) Truwoods Group Of Companies, Chief Executive Cum CFO
7	Kuila A.	(a) B.Sc., FCA (b) General Manager (Internal Audit) (c) 67 (d) 5599489 (e) 41 (f) 1 August 2006 (g) Exide Industries Ltd., Chief - Internal Auditor
8	Biyani S.	(a) B.Com (H), LLB (b) General Manager (Paper Marketing) (c) 50 (d) 5024220 (e) 22 (f) 6 November 2009 (g) Century Pulp And Paper, General Manager (Marketing)
9	Ghosh S.	(a) B.Sc (H), M.Sc, MBA (b) General Manager (Paper Marketing) (c) 50 (d) 4413918 (e) 26 (f) 16 October 2015 (g) KCT Trading Pvt Ltd, Sr General Manager (Sales & Marketing)
10	Khare D. K.	(a) M.Sc, PGDFM (b) Vice President (RMP & RMD) (c) 55 (d) 4197144 (e) 30 (f) 2 May 2017 (g) International Paper APPM Ltd, VP (Forestry & Sustainability)

#### B. Employed throughout the financial year and were in receipt of remuneration not less than Rupees one crore and two lacs per annum

1	Pachisia M.L.	(a) B.Com (b) Managing Director (c) 75 (d) 40587408 (e) 59 (f) 1 April 1991 (g) Hindustan Motors Ltd., President (Corporate Projects)
2	Sonthalia P.K.	(a) B.Com (H), FCA, FCMA (b) President (Finance) & CFO (c) 62 (d) 28251278 (e) 40 (f) 15 April 1980 (g) None
3	Gupta A.	(a) B.Tech (Pulp & Paper) (b) Chief Executive Officer – Amlai Paper Mills (c) 55 (d) 18420609 (e) 31 (f) 22 January 2014 (g) Ballarpur Industries Ltd, Assistant Vice President (Operations)
4	Saha N.K.	(a) B.E. (Chem), MS (Pulp & Paper) (USA), M.I.E. (India) (b) Sr. Vice President (Projects & Development)-Paper (c) 69(d) 12335500 (e) 47 (f) 11 March 1982 (g) The Titagarh Paper Mills Co. Ltd., Sr. Engineer (Projects)
5	Mullick G.	(a) B.Sc. (H), MBA (b) Executive Vice President (Paper Marketing) (c) 63 (d) 12258048 (e) 40 (f) 7 October 1998 (g) The Andhra Pradesh Paper Mills Ltd, General Manager (Marketing)

#### C. Employed for part of the financial year and were in receipt of remuneration not less than Rupees eight lacs fifty thousand per month:

NONE	NOT APPLICABLE
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#### Notes:

- Remuneration includes actual payments and /or taxable value of perquisites and the Company's contribution to provident and other funds but excludes gratuity.
- Nature of appointment: Appointment of Mr. M. L. Pachisia, Managing Director, is contractual.
- Other terms and conditions: As per rules of the Company.
- The Managing Director is not a relative of any Director of the company.
- None of the employees was in receipt of remuneration in excess of that drawn by Managing Director.

### Other Details pertaining to remuneration

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of the Director/KMP and Designation	Remuneration of Director/ KMP for Financial Year 2019-20 (₹ in Lacs)	% increase in remuneration in the financial year 2019-20	Ratio of remuneration of Each Director/ to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1	Mr. C.K. Birla, Chairman	10.00	NIL	2.21	-
2	Mr. Michael Bastian, Director (Ceased w.e.f. 05-08-2019)	7.22	NIL	1.60	-
3	Mr. Narendra Singh Sisodia, Director (Ceased w.e.f. 14-01-2020)	8.43	NIL	1.86	-
4	Ms. Gauri Rasgotra, Director	16.00	NIL	3.54	-
5	Mr. S. Vishvanathan, Director	17.50	Not comparable*	3.87	-
6	Mr. Ashwin Bishnoi, Director (Appointed w.e.f. 01-08-2019)	11.33	N.A.	2.51	-
7	Mr. Raj Kumar Agrawal, Director (Appointed w.e.f. 27-01-2020)	1.89	N.A.	0.42	-
8	Mr. M.L. Pachisia, Managing Director	405.87	NIL	89.79	19.39%
9	Mr. P. K. Sonthalia, President (Finance) & CFO	282.51	22.87%	N.A.	13.49%
10	Mr. R.P. Dutta, Company Secretary	28.67	12.79%	N.A.	1.37%

\*Not comparable as appointed w.e.f. 25-03-2019.

- (ii) The median remuneration of employees of the Company during the financial year was ₹4.52 lacs p.a.
- (iii) In the financial year, there was an increase of 9.71% in the median remuneration of employees.
- (iv) There were 1502 permanent employees on the rolls of Company as on March 31, 2020.
- (v) Average percentile increase made in the salaries of the employees other than the managerial personnel in the last financial year i.e., 2019-20 was 10.96% whereas the percentile increase in the managerial remuneration for the same financial year was Nil.
- (vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Personnel and other employees.



## Annexure VII

# FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for Disclosure of particulars of contract/arrangement/entered into by the company with related parties referred to in sub-section 188 of the Companies Act, 2013 including arms length transaction under third proviso thereto.

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

The Company has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or at arm's length during FY 2019-20. The Company has laid down policies and procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee and Board of Directors.

(₹ in Lacs)

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transaction	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Nil							

2. Details of material contracts or arrangement or transaction at arm's length basis:

(₹ in Lacs)

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements / transaction	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions	Salient terms of the contracts or arrangements or transaction including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advance, if any
Nil*						

\* During the financial year 2019-20 no 'Material' contracts or arrangements or transactions were entered into with any related party of the Company, as per Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Related Party Policy of the Company.

C. K. Birla  
Chairman  
(DIN: 00118473)

# Management discussion and analysis

## Overall economy

Indian economy, which was growing at close to 7% until the previous year started to slow down during the year and was further impacted by the Corona virus outbreak towards the end of the year. Resultantly, the Indian economy is estimated to have registered a growth of only about 4.5%, which is India's lowest growth rate in last several years.

The Government of India and the Reserve Bank of India have announced several measures to help the agriculture and MSME segments in particular.

We are greatly encouraged by the Hon. Prime Minister's call of ATMA NIRBHAR BHARAT and do hope that some sector specific measures will be announced by the Government of India to boost demand and to provide required relief to the industries which are facing twin threats of lower demand and increased imports.

## Indian paper industry – structure & development

International prices of pulp and consequently paper came down sharply during the year. This resulted in huge increase in import of finished papers particularly from countries covered by FTA agreements which permit duty free imports. Consequently, price realization for the Indian paper industry both in domestic as well as export markets also remained depressed.

The world-wide crisis created by the COVID-19 pandemic dealt a further blow to the Industry in the last quarter of the year.

The Paper industry has submitted several representations to the relevant authorities seeking specific measures against duty free imports. We do hope that these will receive the Government's serious consideration.

## Writing & Printing Papers

While domestic demand for writing & printing papers increased at the normal pace of around 5-6%, price realizations came down due to competitive pressures from imports.

## Tissue papers

The domestic demand for Tissue papers continued to grow by double digit percentages. However, competitive pressures both in domestic and export markets resulted in lower price realization for tissue papers as well.

## Review and analysis of our performance

The Company's performance was impacted by lower volumes due to loss of production caused by break-down and maintenance requirement of recovery boiler during 1st & 4th quarters and the Nation-wide lockdown in March 2020. In line with rest of the paper

industry our price realization also came down quarter on quarter by almost 10% between 1st quarter and 4th quarter.

We have now been able to fully attend to the recovery boiler and expect steady operations now. The Company has ordered for a new recovery boiler with higher capacity & efficiency which will help increase our pulping capacity which should ultimately result in increase of our paper capacity.

## Opportunities & Threats:

### Tissue papers

Orient is the largest producer of Tissue papers in India and has been successfully exporting a significant proportion of its Tissue paper production to a number of countries. A number of new overseas markets including USA have been added to our markets during the year.

Tissue paper demand in the domestic market continues to grow at a healthy pace and export markets also provide huge scope in the long run.

Recent devaluation of Rupee vs. US dollars is also expected to reduce the threat from imports in the domestic market and provide better realization from exports.

We therefore see a major growth opportunity in the tissue paper segment.

### Writing & Printing papers

While the Writing & Printing segment is likely to face some challenges in the short term, we believe that the import threat should reduce with more favourable exchange rate and the current emphasis on "ATMA NIRBHAR BHARAT".

### Pulping Capacity & efficiency

We are also in the process of increasing our pulping capacity which will reduce our dependency on imported pulp and also provide a scope for increasing our tissue paper capacity.

Simultaneously we are taking several steps to cut down both our direct and overhead costs which will provide us with lasting benefits even after normalcy returns.

Therefore, while there are likely to be some challenges in the short term, we expect to come out stronger once normalcy returns.

### Resource augmentation

Pulp wood availability in India is another continuing challenge. We have been working towards ensuring virtual self-sufficiency in procurement of pulpwood from areas close to our plant to achieve twin objectives of helping the environment and lowering landed

cost of pulpwood. Toward this objective, we have set up a world class clonal development center to produce high yielding clones for distribution to the farmers at a low cost and have so far already covered around 63289 hectares of land with plantations. This is expected to result in increasing quantum of wood year on year.

### Water security

We had faced a problem of water scarcity during summer months. To mitigate this risk, we have during this year constructed a permanent RCC barrage to increase our water storage capacity to 4.546 million cubic meters, which is expected to eliminate the risk of water scarcity related plant stoppage in future.

### Our performance for 19-20

As a result of the challenges faced during the year, our turnover for the year was lower at ₹606.56 crores compared to ₹710.04 crores last year

We achieved a PBITD of ₹59.33 crores and cash profit of ₹54.10 crores.

Our PBT for the year was ₹20.94 crores.

Net profit after tax was ₹19.93 crores this year.

We invested ₹58.08 crores on capital projects during the year.

Significant ratios:

	2019-20	2018-19
(i) Debtors Turnover Ratio	21.11	21.16
(ii) Inventory Turnover Ratio	7.97	10.43
(iii) Interest Coverage Ratio	11.34	17.21
(iv) Current Ratio	0.80	0.98
(v) Debt Equity Ratio	0.01	0.01
(vi) Operating Profit Margin (%)	9.78	24.17
(vii) Return on Net Worth (%)	2.94	12.70

Reasons for significant changes in ratios have been explained in relevant sections above.

### Environment protection & compliance

We take pride in the fact that we comply with all the environmental norms and are the only integrated paper plant to have achieved zero liquid discharge to the river. This was made possible by utilizing 100 % of the effluent treated water in our own plantation spread over 600 acres of land, for wood log washing and peripheral sprays for dust suppression inside the plant & colony premise.

Our efforts in this direction have been well recognized by several organizations who have bestowed on us a number of awards and certifications as shown elsewhere in this report.

### CSR

Corporate Social Responsibility has always been an integral part of our operating philosophy irrespective of the statutory requirement.

As in the past, we have this year also undertaken several activities. Detailed report of CSR initiatives FY 19-20 is attached in a separate section forming part of this report

### Human resources and industrial relations

Orient Paper's workforce represents its foundation The Company continues its policy of continuous training and motivation to achieve greater efficiencies and competencies. The total number of permanent employees as on 31 March 2020 was 1502.

Industrial relations were harmonious. Safety, welfare and training at all levels of our employees continue to be the areas of major focus for the Company.

### Internal control systems and their adequacy

The Company has established adequate internal control systems, which provide reasonable assurances with regard to safeguarding Company's assets, promoting operational efficiencies and ensuring compliance with various statutory provisions. In addition to its own internal audit department, the company has retained Ernst & Young (EY) to regularly review internal control systems in business processes and verify compliance with the laid down policies and procedures. Reports of these internal audits are reviewed by the senior management and are also placed before and comprehensively discussed in meetings of the Audit committee. The Audit Committee reviews the adequacy of internal control systems, audit findings and suggestions. The internal audit group also keeps a track of and monitors the progress on implementation of suggestions for improvements.

The Company's statutory auditors regularly interact with the Audit Committee to share their findings and the status of further improvement actions under implementation.

### Cautionary statement

Statements in this report on Management discussion and analysis relating to the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based upon certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, selling prices, raw material costs and availability, changes in government regulations and tax structure, general economic developments in India and abroad, factors such as litigation, industrial relations and other unforeseen events.

The Company assumes no responsibility in respect of forward-looking statements made herein which may undergo changes in future on the basis of subsequent developments, information or events

# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good Corporate Governance is essential for achieving long-term corporate goals and enhancing stakeholders' value. The Company's business objective and that of its management and employees is to manufacture and market the Company's products in such a way so as to create value that can be sustained on a long-term basis for all its stakeholders, including shareholders, employees, customers, government and the lenders. In addition to compliance with the regulatory requirements, the Company endeavours to ensure the highest standards of ethical conduct throughout the organization.

## 2. BOARD OF DIRECTORS

### 2.1 Board's Composition, Category and other relevant details of Directors

The Board of Directors comprises six members, consisting of five Non-Executive Directors who account for more than 80% of the Board's strength as against the minimum requirement of 50% as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Out of six directors, four are Independent Directors. The Non-Executive Directors are eminent professionals with rich experience in business and industry, finance, law and public enterprises. Board's Composition, Category and other relevant details are as under:

Name of the Director	Category of the Director	Number of other Directorship(s) held* (including the Company)	Number of Board Committee (s) of which he/she is a member** (including the Company)	Number of Board Committee (s) of which he/she is a Chairman** (including the Company)
Mr. Chandra Kant Birla (DIN 00118473)	Promoter, Non-Executive Chairman	8	-	-
Mr. Michael Bastian (DIN 00458062) (ceased w.e.f. 05.08.2019)	Non-Executive Independent	-	-	-
Mr. Narendra Singh Sisodia (DIN 06363951) (ceased w.e.f. 14.01.2020)	Non-Executive Independent	-	-	-
Ms. Gauri Rasgotra (DIN 06862334)	Non-Executive Independent	2	2	2
Mr. Srinivasan Vishvanathan (DIN 02255828)	Non-Executive Independent	4	5	1
Mr. Ashwin Bishnoi (DIN 06862466) (Appointed w.e.f. 01.08.2019)	Non-Executive Independent	2	-	-
Mr. Raj Kumar Agrawal (DIN 00177578) (Appointed w.e.f. 27.01.2020)	Non-Executive Independent	1	1	-
Mr. Manohar Lal Pachisia (DIN 00065431)	Executive- Managing Director	8	4	-

\* Excluding Directorships in private limited companies, foreign companies and section 8 companies.

\*\* Includes the membership/chairmanship only of Audit Committee(s) and Stakeholders' Relationship Committee(s).

## 2.2 The names of the other listed entities where directors of the Company are directors are as follows:

Name of the Directors	Name of the other Listed Companies	Category of directorship
Mr. Chandra Kant Birla	Orient Cement Ltd.	Promoter, Non-executive Director
	Orient Electric Ltd.	Promoter, Non-executive Director
	HIL Ltd.	Promoter, Non-executive Director
	Birlasoft Ltd	Non-executive Director
Ms. Gauri Rasgotra	HIL Ltd.	Independent Director
Mr. Srinivasan Vishvanathan	Axis Bank Ltd.	Independent Director
Mr. Ashwin Bishnoi	-	-
Mr. Raj Kumar Agrawal	-	-
Mr. Manohar Lal Pachisia	-	-

## 2.3 Details of sitting fee, remuneration, among others, paid to Directors:

- a) The Non-Executive Directors were paid sitting fees of ₹1,00,000/- for attending meeting of the Board/Audit Committee and sitting fees of ₹50,000/- was paid for attending meeting of other committees.

Sl. No.	Name of the Director	Remuneration paid during 2019-20 for attending meetings of the Board and/or Committees thereof (amount in ₹)		
		Fee	Commission	Total
1.	Mr. Chandra Kant Birla	5,00,000	5,00,000	10,00,000
2.	Mr. Michael Bastian*	5,50,000	1,72,131	7,22,131
3.	Mr. Narendra Singh Sisodia**	4,50,000	3,93,443	8,43,443
4.	Ms. Gauri Rasgotra	11,00,000	5,00,000	16,00,000
5.	Mr. Srinivasan Vishvanathan	12,50,000	5,00,000	17,50,000
6.	Mr. Ashwin Bishnoi***	8,00,000	3,33,333	11,33,333
7.	Mr. Raj Kumar Agrawal****	1,00,000	88,798	1,88,798
	Total	47,50,000	24,87,705	72,37,705

\* Commission paid for the period from 01.04.2019 to 04.08.2019 since ceased to be a director w.e.f. 05.08.2019.

\*\* Commission paid for the period from 01.04.2019 to 13.01.2020 since ceased to be a director w.e.f. 14.01.2020.

\*\*\* Commission paid for the period from 01.08.2019 to 31.03.2020 since appointed as director w.e.f. 01.08.2019.

\*\*\*\* Commission paid for the period from 27.01.2020 to 31.03.2020 since appointed as director w.e.f. 27.01.2020.

- b) The details of remuneration of Mr. Manohar Lal Pachisia, Managing Director:

Particulars	Remuneration (Amount in ₹) *
Salary	1,50,00,000
Perquisites & other benefits	1,40,37,408
Ex-gratia **	75,00,000
Contributions to P.F./ Superannuation Fund	40,50,000
Total	4,05,87,408

\* The above remuneration does not include contribution to Gratuity Fund.

\*\* As decided by the Nomination & Remuneration Committee and Board of Directors of the Company based upon performance.

The appointment of Managing Director is contractual in nature. Term of appointment of the Managing Director has ended on 31.03.2020 and he has been re-appointed for a period of 1 year w.e.f. 1st April 2020, as approved by the Board of Directors of the Company and is terminable by either side on three months' notice. No severance fee is payable to the Managing Director upon termination of his employment.

## 2.4 Number of Board Meetings held and attended by Directors

- (i) Five meetings of the Board of Directors were held during the year ended 31st March 2020 on 2nd May, 2019, 1st August 2019, 13th August, 2019, 13th November, 2019 and 27th January, 2020.
- (ii) The attendance record of each of the Directors at the Board Meetings during the year ended 31st March, 2020 and of the last Annual General Meeting is as under:

Name of the Director	Number of Board Meeting attended	Attendance at the last AGM
Mr. Chandra Kant Birla	5	No
Mr. Michael Bastian (ceased w.e.f. 05.08.2019)	2	Yes
Mr. Narendra Singh Sisodia (ceased w.e.f. 14.01.2020)	2	No
Ms. Gauri Rasgotra	4	No
Mr. Srinivasan Vishvanathan	5	No
Mr. Ashwin Bishnoi (Appointed w.e.f. 01.08.2019)	4	-
Mr. Raj Kumar Agrawal (Appointed w.e.f. 27.01.2020)	1	-
Mr. Manohar Lal Pachisia	5	Yes

## 2.5 Disclosure of relationships between directors inter-se

There is no relationship between directors inter-se.

## 2.6 Details of shares held by Directors

Name of the Director	Number of shares held
Mr. Chandra Kant Birla	3405893
Mr. Michael Bastian (ceased w.e.f. 05.08.2019)	26733
Mr. Narendra Singh Sisodia (ceased w.e.f. 14.01.2020)	Nil
Ms. Gauri Rasgotra	Nil
Mr. Srinivasan Vishvanathan	Nil
Mr. Ashwin Bishnoi	Nil
Mr. Raj Kumar Agrawal	Nil
Mr. Manohar Lal Pachisia	37948

## 2.7 Familiarisation Programme

At the time of appointing a Director, a formal letter of appointment is given to the Director, which inter alia explains the role, functions, duties and responsibilities expected from him as a Director of the Company. The Director is also explained in detail the compliances required from him under

the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant Acts, Rules and Regulations. With a view to familiarise him with the Company's operations, the Managing Director has a personal discussion with the newly appointed Director.

At various Board meetings during the year, quarterly presentations are made on operations that include information on business performance, operations, projects, market share, financial parameters, working capital management, fund flows etc.

The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfil his role as a Director of the Company. Details of the familiarisation programme imparted to the Independent Directors are displayed on the website of the Company [www.orientpaperindia.com](http://www.orientpaperindia.com).

## 2.8 The skills/expertise/competence of the Board of Directors requires for the company can be broadly categorised as follows:

• Knowledge of Industry	• Financial Experience	• Risk Management
• Effective leadership	• Corporate Sustainability and Responsibility	• Innovation and Research and Development

The Board is skill-based comprising of directors who collectively have the skills, knowledge and competencies to effectively govern and direct the organisation.

The skills, knowledge and competencies required on the Board will change as the organisation evolves.

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above. All the Directors of the Company have the skills, knowledge and competencies to effectively govern and direct the organization.

## 3. AUDIT COMMITTEE

**3.1** The Board has constituted a well-qualified Audit Committee. The terms of reference of the Audit Committee cover the matters specified for audit committees under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as well as provisions of the Companies Act, 2013 which broadly includes:

- Review of financial reporting processes
- Review of risk management, internal control and governance processes
- Review of quarterly, half yearly and annual financial statements

- (iv) Interaction with statutory, internal and cost auditors
- (v) Review of related party transactions

3.2 The Audit Committee comprises of four Non-Executive Independent Directors, namely:

(1) Mr. Srinivasan Vishvanathan (2) Ms. Gauri Rasgotra (3) Mr. Ashwin Bishnoi (4) Mr. Raj Kumar Agrawal

Mr. Srinivasan Vishvanathan is the Chairman of the Committee. Mr. Michael Bastian who ceased to be director of the Company w.e.f. 5th August, 2019, was the Chairman of the Committee till the Audit Committee meeting held on 1st August 2019.

3.3 Five Audit Committee meetings were held during the year ended 31st March, 2020 on 2nd May, 2019, 1st August 2019, 13th August, 2019, 13th November, 2019 and 27th January, 2020.

3.4 The attendance of each Audit Committee member was as under:

Name of the member	Number of meetings attended
Mr. Srinivasan Vishvanathan	5
Ms. Gauri Rasgotra	5
Mr. Ashwin Bishnoi (Appointed w.e.f. 01.08.2019)	3
Mr. Raj Kumar Agrawal (Appointed w.e.f. 27.01.2020)	-
Mr. Michael Bastian (ceased w.e.f. 05.08.2019)	2
Mr. Narendra Singh Sisodia (ceased w.e.f. 14.01.2020)	2

3.5 At the invitation of the Company, Statutory Auditors, Internal Auditors, Managing Director, President (Finance) and CFO and the Head of internal audit also attend the Audit Committee Meetings to brief the Committee and to answer and clarify queries raised at the Committee meetings. The Company Secretary acts as the Committee's Secretary. In addition, other concerned officers of the Company are also invited to the Audit Committee meetings to brief the Committee and clarify any queries raised by the Committee, as and when required.

3.6 Mr. Somnath Mukherjee, Cost Accountant was appointed as the Cost Auditor of the Company for the financial year 2019-20 and 2020-21. The Company has maintained the cost accounts and records pertaining to the products under audit as required which have been duly audited by the Cost Auditor. Cost audit report for the financial year 2018-19 was filed on 28.08.2019.

## 4. NOMINATION & REMUNERATION COMMITTEE

4.1 The terms of reference of the Committee inter alia, include the following:

- Formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;

- Advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management Personnel;
- Monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- Monitoring and evaluating the application of this Policy;
- Monitoring and evaluating current remuneration structures and levels in the Company.

In reviewing the overall remuneration of the Board of Directors and Senior Management, efforts are made to ensure that remuneration of the Non-Executive Directors and the Executives matches the level in comparable companies, whilst also taking into consideration their required competencies, effort and the scope of the work and/or responsibility as the senior management.

4.2 The Nomination & Remuneration Committee of the Directors of the Company comprises three Independent Directors namely 1) Mr. Srinivasan Vishvanathan, (2) Mr. Ashwin Bishnoi and (3) Mr. Raj Kumar Agrawal.

Mr. Srinivasan Vishvanathan is the Chairman of the Committee. Mr. Narendra Singh Sisodia who ceased to be director of the Company w.e.f. 14th January, 2020, was the Chairman of the Committee till his cessation as Director of the Company. The Company Secretary is the Secretary to the Committee.

4.3 Three Nomination & Remuneration Committee meetings were held during the year on 2nd May, 2019, 1st August, 2019 and 27th January, 2020.

The attendance of each Committee member was as under:

Name of the member	Meetings attended
Mr. Srinivasan Vishvanathan	3
Mr. Ashwin Bishnoi (Appointed w.e.f. 01.08.2019)	1
Mr. Raj Kumar Agrawal (Appointed w.e.f. 27.01.2020)	-
Mr. Michael Bastian (ceased w.e.f. 05.08.2019)	2
Mr. Narendra Singh Sisodia (ceased w.e.f. 14.01.2020)	1

4.4 Remuneration Policy

The Nomination and Remuneration Committee (NRC) has adopted a Nomination and Remuneration Policy which, inter alia, deals with manner of selection and determining remuneration of the directors and executives of the Company. The extracts of the contents of the Policy are as under:

**a) Remuneration to Executive Directors and KMPs:**

Remuneration structure of the Executive Directors and KMPs may include the following components:

Fixed Salary:

- Executive Directors and KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Act, and the rules made thereunder, and / or Listing Regulations, for the time being in force. The monthly remuneration shall include basic salary, special pay, house rent allowance (as per statutory limits) and other components as may be considered appropriate.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, gratuity, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee within the statutory limits, wherever applicable and approved by the shareholders and Central Government, wherever required.

Variable components:

- The Executive Director and KMPs participate in a performance linked variable pay scheme which will be based on the individual and Company's performance for the year, pursuant to which the Executive Director and KMP are entitled to performance-based variable remuneration.

Reimbursement of Expenses:

- The Executive Director and KMPs are also entitled for reimbursement of several work-related expenses, including car, telephones, broadband at home, and work-related newspapers and magazines as per statutory provisions. However, reimbursement of these expenses incurred for official purposes shall not be part of the remuneration.

Subsequent Change / Increments:

- Any subsequent change / increments in the remuneration of Executive Directors shall be approved by the Board in accordance with the recommendation of the Committee, subject to the statutory provisions and the approval of the shareholders and Central Government, wherever required.

**b) Remuneration to Non-Executive Directors:**

Remuneration to Non-Executive Directors (including independent Directors) on the Board may consist of the following components:

Sitting Fees:

- The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act for per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Profit related commission:

- The Non-Executive Directors are entitled to profit related commission at such percentage, not exceeding the limit prescribed in the Act, of the net profits of the Company, as shall be approved by the shareholders of the Company.

However, the Board, on the recommendation of the Committee, shall review and approve the remuneration payable to Non-Executive Directors (including Independent Directors) of the Company within the overall limits approved by the shareholders (excluding sitting fees), wherever such approval is required. The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.

Reimbursement of expenses:

- The Non-Executive Directors shall be reimbursed with the expenses in connection with Board and committee meetings.

**c) Provisions for excess remuneration:**

- If any Director draws or receives, directly or indirectly by way of remuneration any such sum in excess of the limits prescribed under the Act or without approval as may be required under the Act, he/she shall refund such sum to the Company within a period of two years or such lesser period as may be specified by the Board, and until such sum is refunded, hold it in trust for the Company.

**d) Remuneration to Senior Management Personnel:**

- The Board, on the recommendation of the Committee, shall review and approve the remuneration payable to the Senior Management Personnel of the Company, which shall include all remuneration payable, in whatever form.
- Where any insurance is taken by the Company on behalf of its Senior Management Personnel for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- Remuneration to Senior Management Personnel may consist of the following components:



Fixed pay:

- Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by Board on the recommendation of the Committee.

Variable components:

- The Senior Management Personnel participate in a performance linked variable pay scheme which will be based on the individual and Company's performance for the year, pursuant to which the Senior Management Personnel may be entitled to performance-based variable remuneration.

#### Evaluation of Performance of Directors, Board as a whole and Committees thereof

Performance Evaluation criteria of Directors, Board as a whole and Committees thereof is as follows:

- a. At least one meeting of the Independent Directors be held in a financial year.
- b. Independent Directors, in their meeting, shall:
  - i) review the performance of non-independent directors and the Board as a whole;
  - ii) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
  - iii) assess the quality, quantity and timeliness of flow of information between the Company's management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

Independent Directors will do the above evaluation based on structured questionnaires.

- c. Report of performance evaluation done by the Independent Directors to be submitted to the Chairman of the Board / authorised Director / official in sealed envelope.
- d. Board of Directors will evaluate the performance of the Board, its Committees and the Executive, Non-Executive and Independent Directors in the financial year. The Director being evaluated will not participate in his own evaluation process. Set of structured questionnaires to be circulated to the Board / Committee Members. Evaluation to be carried based on responses of individual Directors / Committee Members on the questionnaires.
- e. The final report of performance evaluation as stated above shall be kept either in the custody of the Chairman of the Board or such other official as may be so authorized.

- f. Committee shall review the performance evaluation process.

The policy is also posted on the website of the Company [www.orientpaperindia.com](http://www.orientpaperindia.com).

## 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The scope/terms of reference to the Stakeholders Relationship Committee are as under:

- a. Resolving the grievances of security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- b. Review of measures taken for effective exercise of voting rights by shareholders.
- c. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.
- d. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Committee comprises two Non-Executive Independent Directors, namely, Ms. Gauri Rasgotra, Mr. Srinivasan Vishvanathan and an Executive Director, Mr. M. L. Pachisia. Ms. Gauri Rasgotra is the Chairperson of the Committee. Mr. Michael Bastian who ceased to be director of the Company w.e.f. 5th August, 2019, was the Chairman of the Committee till his cessation as Director of the Company.

Mr. R. P. Dutta, the Company Secretary is the Compliance Officer.

During the year ended 31st March 2020, 102 numbers of complaints received from the shareholders and were attended in time and there were no grievances pending as on 31st March 2020. There were no share transfers pending for registration for more than 15 days as on 31st March 2020.

Two Stakeholders Relationship Committee meeting were held on 2nd May, 2019 and 13th November, 2019. The attendance of each Committee member was as under:

Name of the member	Meetings attended
Ms. Gauri Rasgotra	2
Mr. Srinivasan Vishvanathan	1
Mr. Manohar Lal Pachisia	2
Mr. Michael Bastian (ceased w.e.f. 05.08.2019)	1

## 6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Corporate Social Responsibility ("CSR") at Orient Paper & Industries Limited portrays the deep symbiotic relationship

that the Company enjoys with the communities it is engaged with. As a responsible corporate citizen, we try to contribute for social and economic development on regular basis. We believe that to succeed, an organization must maintain highest standards of corporate behaviour towards its employees, consumers and societies in which it operates. We are of opinion that CSR underlines the objective of bringing about a difference and adding value in our stakeholder's lives.

The Scope of the CSR Committee broadly includes -

- (i) Formulate and review the CSR Policy;
- (ii) Decide the CSR activities to be taken up by the Company in accordance with this Policy;
- (iii) Decide the amount to be allocated for each project or activity;
- (iv) Oversee and monitor the progress of the initiatives rolled out under this Policy; and
- (v) Submit a report, to the Board on all CSR activities undertaken during the financial year.

The CSR Committee comprises two Non-Executive Independent Directors namely Ms. Gauri Rasgotra, Mr. Ashwin Bishnoi and an Executive Director Mr. Manohar Lal Pachisia. Ms. Gauri Rasgotra is the Chairperson of the Committee. Mr. Narendra Singh Sisodia who ceased to be director of the Company w.e.f. 14th January, 2020, was the Chairman of the Committee till his cessation as Director of the Company.

The Company Secretary acts as Secretary to the Committee.

One CSR Committee meeting was held on 2nd May 2019. The attendance of each Committee member was as under:

Name of the member	Meetings attended
Mr. Narendra Singh Sisodia (ceased w.e.f. 27.01.2020)	-
Ms. Gauri Rasgotra	1
Mr. Manohar Lal Pachisia	1
Mr. Ashwin Bishnoi (appointed w.e.f. 27.01.2020)	-

The policy is also posted on the website of the Company [www.orientpaperindia.com](http://www.orientpaperindia.com).

## 7. MEETING OF THE INDEPENDENT DIRECTORS

During the year under review, a meeting of the Independent Directors held on 27th January, 2020, inter alia to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;

- Evaluation of the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors attended the meeting.

Mr. Michael Bastian and Mr. Narendra Singh Sisodia, non-executive Independent Directors of the Company ceased to be director of the Company with effect from 5th August 2019 and 14th January, 2020 respectively upon their attaining the age of 75 years.

On the basis of declarations/certificates received, the board confirms that in its opinion, the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

## 8. WHISTLE BLOWER POLICY

The Company has a Vigil Mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement in line with the objective of strengthening the Governance mechanism and to report to the Audit Committee instances of illegal or unethical practices, behaviour, actual or suspected fraud or violation of the Company's code of conduct.

All stakeholders including directors and individual employee(s) & their representative bodies are eligible to make Protected Disclosures under this Policy. The policy is also posted on the website of the Company [www.orientpaperindia.com](http://www.orientpaperindia.com).

All protected disclosures should be addressed to the designated officer or in exceptional Circumstances to the Chairman of the Audit Committee.

### The contact details of the Designated Officer are:

The Company Secretary  
Orient Paper & Industries Limited  
Birla Building, 9th floor, 9/1, R. N. Mukherjee Road  
Kolkata 700001  
email: [cosec@orientpaperindia.com](mailto:cosec@orientpaperindia.com)

### The contact details of the Chairman of the Audit Committee are:

The Chairman of the Audit Committee  
C/o The Company Secretary  
Orient Paper & Industries Limited  
Birla Building, 9th floor, 9/1, R. N. Mukherjee Road  
Kolkata 700 001

Protection will be given to Whistle Blowers against any unfair practice. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Disclosure. No person was denied access to the Audit Committee.

## 9. APPOINTMENT/RE-APPOINTMENT OF DIRECTOR(S)

- (i) Appointment of Mr. Ashwin Bishnoi as Director/ Independent Director of the Company

Mr. Ashwin Bishnoi, aged 39 years (DIN: 06862466) was appointed as an Additional Director and Independent Director for a period of 5 (Five) years with effect from 1st August, 2019 by the Board of Directors of the Company at its meeting held on that day on the recommendation of the Nomination and Remuneration Committee.

Declarations have been received from the Director that he meets the criteria of Independence prescribed under Section 149 of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of your Board, Mr. Bishnoi fulfills the conditions specified in the Companies Act, 2013 and the Rules thereunder and Listing Regulations, making him eligible for his appointment as Independent Director and is independent of the management of the Company.

In the view of your Board, the rich experience Mr. Bishnoi brings with him would benefit the Company and hence the Board of Directors has recommended his appointment as an Independent Director of the Company for a period of 5 (five) years with effect from 1st August, 2019.

Brief resume of Mr. Bishnoi and additional information pursuant to Regulation 36 of the Listing Regulations is provided below:

Mr. Bishnoi is an Advocate. He is a Partner in Khaitan & Co., Advocates. Prior to joining the firm, Mr. Ashwin worked at several law firms for 4 years in their New York and London offices. He is a leading lawyer in the field of corporate insolvency and restructuring focusing on complex corporate rescues and distress M & A transactions. He has been at the forefront of India's new bankruptcy law, including advising on its evolution and its application across a significant number of the first few corporate rescues under the new law. Mr. Ashwin Bishnoi is ranked as a 'Rising Star Lawyer' by Asia Law.

Presently, he is also on the Board of National Engineering Industries Limited as an Independent Director.

He does not hold any equity shares in the Company. He has no relationship with any other directors of the Company.

- (ii) Appointment of Mr. Raj Kumar Agrawal as Director/ Independent Director of the Company

Mr. Raj Kumar Agrawal, aged 63 years (DIN: 00177578) was appointed as an Additional Director and Independent

Director for a period of 5 (Five) years with effect from 27th January, 2020 by the Board of Directors of the Company at its meeting held on that day on the recommendation of the Nomination and Remuneration Committee.

Declarations have been received from the Director that he meets the criteria of Independence prescribed under Section 149 of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of your Board, Mr. Agrawal fulfills the conditions specified in the Companies Act, 2013 and the Rules thereunder and Listing Regulations, making him eligible for his appointment as Independent Director and is independent of the management of the Company.

In the view of your Board, the rich experience Mr. Agrawal brings with him would benefit the Company and hence the Board of Directors has recommended his appointment as an Independent Director of the Company for a period of 5 (five) years with effect from 27th January, 2020.

Brief resume of Mr. Agrawal and additional information pursuant to Regulation 36 of the Listing Regulations is provided below:

Mr. Agrawal has done his B. Com (Hons) from Shri Ram College of Commerce and Chartered Accountancy from the Institute of Chartered Accountants of India. Mr. Agrawal has been associated with S.R. Batliboi & Co LLP, Chartered Accountants, for more than 43 years in various capacities and retired as a senior partner of the firm on 30th June 2019. He has over 40 years of experience of providing accounting, advisory and other services to companies in various industry sectors, including metal & mining, oil & gas, power, manufacturing, real estate, infrastructure, etc. He has held senior leadership positions as Risk Management Head and Technical Head of the firm.

Presently, he is also on the Board of Vachaspati Real Estate Pvt. Limited as a Director.

He does not hold any equity shares in the Company. He has no relationship with any other directors of the Company.

- (iii) Re-appointment of Mr. Manohar Lal Pachisia as Managing Director of the Company

Mr. Manohar Lal Pachisia, aged 75 (DIN: 00065431), was appointed as a whole time Director of the Company designated as Executive Director for a period of 5 years w.e.f. 23.09.1997. Subsequently, he was re-designated as the Managing Director of the Company and from time to time re-appointed upon expiry of his term.

Mr. Manohar Lal Pachisia is highly experienced and controls the affairs of the Company as a whole. He has successfully and in a sustained way contributed significantly towards improvement in performance of the Company leading to its successful turnaround.

List of other Directorship held (excluding Directorship in Private Limited and Foreign Company) (i) Birla Buildings Ltd. (ii) GMMCO Ltd. (iii) National Engineering Industries Ltd. (iv) National Bearing Co. (Jaipur) Ltd. (v) Soorya Vanijya & Investment Ltd. (vi) Gwalior Finance Corporation Ltd. (vii) Special Engineering Services Ltd.

He is a Member in the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of National Engineering Industries Ltd. and GMMCO Ltd.

He holds 37948 no. of equity shares in the Company. He has no relationship with any other directors of the Company.

Given his expertise, knowledge and experience, the Board considers his re-appointment will be in the interest of the Company and the Board recommends his re-appointment.

(iv) Re-appointment of Mr. Chandra Kant Birla as Director

Mr. Chandra Kant Birla, aged 65 (DIN: 00118473), was appointed as a Director of the Company on 29th September 1978. He is the non-executive Chairman of the Company. He is an industrialist and heads the C.K. Birla Group, which is in various verticals such as cement, paper, chemicals, consumer durables, auto components, precision bearings, building materials, construction, earth moving equipment, information technology, etc.

List of other Directorship held (excluding Directorship in Private Limited and Foreign Company) (i) National Engineering Industries Ltd. (ii) AVTEC Ltd. (iii) HIL Ltd. (iv) Birlasoft Ltd. (v) Neosym Industry Ltd. (vi) Orient Cement Ltd. and (vii) Orient Electric Ltd.

He is a Member of Nomination and Remuneration Committee of National Engineering Industries Ltd., Orient Cement Ltd., Orient Electric Ltd. and HIL Ltd.

He holds 3405893 no. of equity shares in the Company. He has no relationship with any other directors of the Company.

Given his expertise, knowledge and experience, his re-appointment will be in the interest of the Company and the Board recommends his re-appointment.

## 10. GENERAL BODY MEETINGS

10.1 The details of Annual General Meeting held in last three years are as under:

Year	Day	Date	Time	Venue	Whether Special Resolution passed
2016-17	Wednesday	09.08.2017	11.00 a.m.	Unit VIII, Plot no. 7, Bhoinagar, Bhubaneswar 751012 (Odisha)	Yes
2017-18	Thursday	12.07.2018	11.00 a.m.	-do-	Yes
2018-19	Friday	19.07.2019	11.00 a.m.	-do-	Yes

### 10.2 Postal Ballot

The Company has not passed any special resolution through Postal Ballot during the Financial year 2019-20. Special resolution(s), if any requiring postal ballot shall be placed on or before the ensuing Annual General Meeting.

## 11. MEANS OF COMMUNICATION

Quarterly/half yearly and annual financial results are normally published in one English daily newspaper circulating in the whole/substantially the whole of India and in one daily newspaper published in Oriya language and are promptly furnished to the stock exchanges for display on their respective websites. The results are also displayed on the website of the company [www.orientpaperindia.com](http://www.orientpaperindia.com). Management Discussion & Analysis forms part of the Annual Report.

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

## 12. FINANCIAL CALENDAR (FY 2020-21)

First quarterly results	Before 14 August 2020
Second quarterly results	Before 14 November 2020
Third quarterly results	Before 14 February 2021
Audited yearly results for the year ending 31 March 2021	Before end of May 2021

## 13. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

A Code of Conduct as applicable to the Directors and the members of the senior management was approved by the Board and the same is being duly abided by all of them.

Declaration to this effect was obtained from the Managing Director and is annexed herewith.

#### 14. CEO/CFO Certificate

The Managing Director & CEO and Chief Financial Officer have issued certificate pursuant to the Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed herewith.

#### 15. COMPLIANCE CERTIFICATE

Compliance certificate for Corporate Governance from auditors of the Company is annexed herewith.

A certificate from a company secretary in practice 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 the Board/Ministry of Corporate Affairs any such statutory authority is annexed herewith.

#### 16. GENERAL SHAREHOLDER INFORMATION

##### 16.1 Annual General Meeting ("AGM")

Day & Date: Thursday, 27th August, 2020 Time: 11 A.M.

Venue: The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM.

##### 16.2 Financial Year

The Company follows 1st April to 31st March as Financial year.

##### 16.3 Dividend Payment Date

Dividend for the year 2019-20 (subject to approval by the shareholders) : Within 30 days from the date of AGM

##### 16.4 Listing on stock exchanges

The equity shares of the Company are listed at the following stock exchanges:

- (i) BSE Ltd  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001
- (ii) National Stock Exchange of India Ltd.  
"Exchange Plaza", C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

The Annual Listing fee for the year 2019-20 has been paid to the aforesaid stock exchanges. The Company has also paid the Annual Listing fees to the stock exchanges for the year 2020-21.

##### 16.5 Stock code

BSE Ltd.	502420
National Stock Exchange of India Ltd.	ORIENTPPR

##### 16.6 Book Closure

From 21st August, 2020 to 27th August, 2020 (both days inclusive).

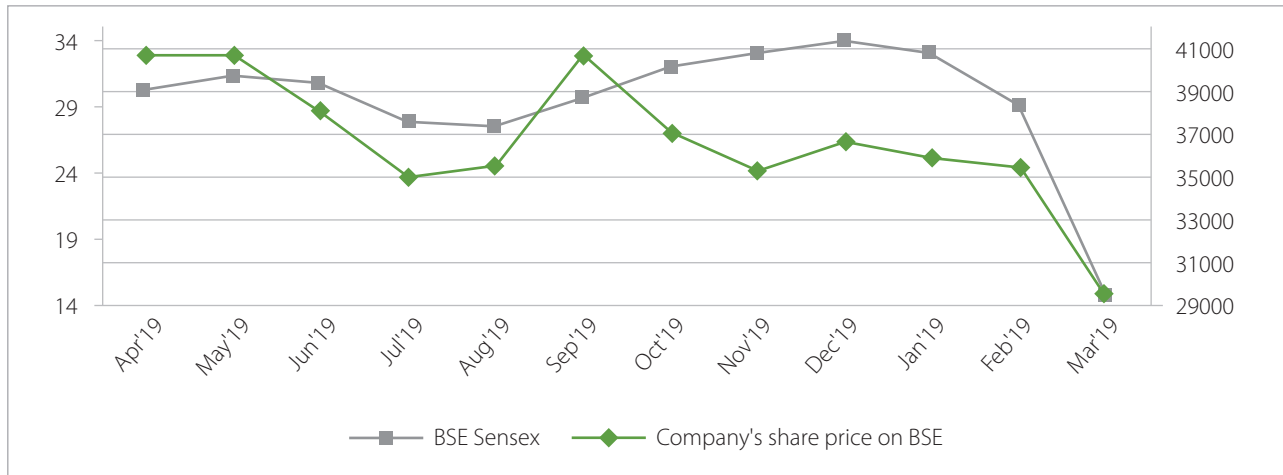
##### 16.7 Market price data

The details of monthly highest and lowest quotations of the Company's equity shares on National Stock Exchange of India Ltd (NSE) and BSE Ltd. during financial year 2019-20 are as under:

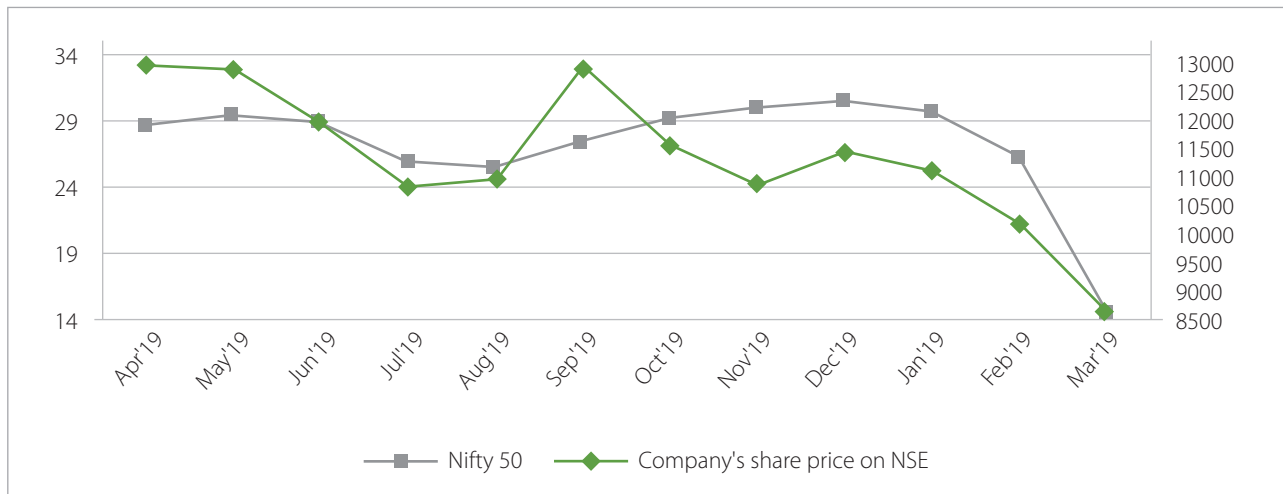
Month	BSE		NSE	
	High	Low	High	Low
April 2019	37.20	32.70	36.90	32.80
May 2019	35.90	30.00	35.90	30.05
June 2019	33.25	28.05	33.25	27.95
July 2019	30.90	23.40	30.90	23.25
August 2019	26.20	19.00	26.20	20.30
September 2019	34.75	23.35	34.90	23.30
October 2019	33.05	22.20	33.00	23.50
November 2019	27.75	23.10	27.75	23.50
December 2019	29.75	23.00	29.70	22.60
January 2020	30.20	24.50	30.20	24.50
February 2020	25.65	22.65	25.65	20.05
March 2020	21.60	11.60	21.70	12.05

## 16.8 Performance in comparison to broad based indices:

### i. Company's share price on BSE vis-à-vis BSE Sensex (Month end closing)



### ii. Company's share price on NSE vis-à-vis Nifty 50 (Month end closing)



## 16.9 Registrar and Share Transfer Agent (RTA)

KFin Technologies Private Limited  
Selenium Tower B  
Plot 31-32, Gachibowli  
Financial District, Nanakramguda  
Hyderabad-500 032  
Toll free no. 18003454001  
Email: einward.ris@kfintech.com  
Website: www.kfintech.com

## 16.10 Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Officers of the Registrars were authorised to approve transfers.

### 16.11 Distribution of shareholding as on 31st March 2020

No. of equity shares	No. of holders	% of holders	No. of shares	% of total shares
1 – 5000	53639	96.57	28318849	13.35
5001 – 10,000	998	1.80	7331106	3.46
10,001 - 20,000	485	0.87	6957692	3.28
20,001 - 30,000	128	0.23	3196952	1.51
30,001 - 40,000	72	0.13	2555308	1.20
4,0001 - 50,000	37	0.07	1713901	0.81
50,001 - 100,000	87	0.16	6098997	2.87
1,00,001 and above	97	0.17	156012697	73.53
<b>Total</b>	<b>55543</b>	<b>100</b>	<b>212185502</b>	<b>100</b>

### 16.12 Shareholding pattern as on 31st March 2020

Category of Shareholder	No. of holders	No. of shares	% of total shares
<b>Promoter and Promoter Group</b>	17	82193294	38.74
<b>Public</b>			
A. Institution			
Mutual funds	5	22954565	10.82
Alternate Investment Funds	3	2807466	1.32
Foreign Portfolio Investors	5	218832	0.10
Banks/Financial Institutions	11	3011246	1.42
Overseas Corporate Bodies	2	3813748	1.80
B. Non-Institutions			
Resident Individuals	52737	55437274	26.13
NBFCs registered with RBI	3	46500	0.02
Trusts	5	811440	0.38
Non-Resident Indians	572	1363081	0.64
Clearing Members	70	327525	0.15
Non-Resident Indian Non Repatriable	264	752100	0.35
Bodies Corporate	527	33893618	15.97
Qualified Institutional Buyer	1	1079023	0.51
IEPF	1	846941	0.40
HUF	1320	2628849	1.24
<b>Total</b>	<b>55543</b>	<b>212185502</b>	<b>100.00</b>

### 16.13 Dematerialisation of equity shares and liquidity

As on 31st March 2020, 211386286 equity shares of the Company (99.62%) stand dematerialized with NSDL (86.36%) and CDSL (13.26%), except 799216 shares were being held in physical form (0.38%). The shares of the Company are traded on BSE and NSE in electronic form. Under the depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE592A01026.

### 16.14 Commodity price risk or foreign exchange risk and hedging activities

The Company is not having much exposure to foreign exchange and there is a natural hedge available in terms of exports made by the Company.

The Company manages fluctuations in raw materials prices through stocking by advance procurement when prices are perceived to be low and also by entering into periodic buying contracts as strategic sourcing initiative to keep raw material availability and prices in check.

### 16.15 Unclaimed Shares

Details in respect of equity shares lying in the suspense account:

Sl. no.	Particulars	No. of shareholders	No. of equity shares of Re.1/- each
a)	Aggregate No. of shareholders and the outstanding shares transferred to the unclaimed suspense account lying at the beginning of the year i.e. as on 01.04.2019	25	246200
b)	No. of shareholders who approached the company for transfer of shares from the said unclaimed suspense account during the period 01.04.2019 to 31.03.2020	-	-
c)	No. of shareholders to whom shares were transferred from the unclaimed suspense account during the said period	-	-
d)	Aggregate no. shareholders and no. of shares transferred to the demat account of the Investor Education and Protection Fund Authority (IEPF) out of the unclaimed equity shares lying in the suspense account of the Company during the period	25	246200
e)	Aggregate No. of shareholders and the outstanding shares in the unclaimed suspense account at the end of the year i.e. as on 31.03.2020	-	-

### 16.16 Payment of fees to the Auditors

Total fees paid to the Statuary Auditor for Audit and other services: ₹28.22 lacs.

### 16.17 Plants (manufacturing units)

1.	Orient Paper Mills, P.O. Amlai, Dist. Shahdol- 484117 (MP)
2.	Orient Paper Mills, P.O. Brajrjnagar, Dist. Jharsuguda -768216 (Odisha)

### 16.18 Address for correspondence

Orient Paper & Industries Limited  
Birla Building, 9th Floor, 9/1, R. N. Mukherjee Road, Kolkata  
– 700001 (WB)  
Email ID: cosec@orientpaperindia.com

### 16.19 Credit ratings

Care Ratings Limited has given the credit rating of CARE AA- (Double A Minus)/Stable for long term bank facilities and CARE A1+ (A One Plus) for short term bank facilities. The details of Credit Ratings are available on the website at <http://www.orientpaperindia.com/rating>

## 17. OTHER DISCLOSURES

- i) There were no related party transactions that may have potential conflict with the Company's interest at large.
- ii) No penalties or strictures were imposed on the Company by stock exchanges or the SEBI or any statutory authority on any matter related to capital markets during the last three years except during the financial year 2018-19, ₹10000/- fine was imposed by both NSE and BSE for alleged non-compliance about the requirement of prior intimation for declaration of interim dividend under regulation 29 of Listing regulations.
- iii) Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a) No. of complaints filed during the year: Nil
- b) No. of complaints disposed during the year: Nil
- c) No. of complaints pending as on end of the financial year: Nil

- iv) The Board of Directors periodically reviews compliance reports pertaining to all laws applicable to the Company and takes steps to rectify instances of non-compliances, if any.
- v) The Company has plans in place for orderly succession for appointment to the Board of Directors and senior management.
- vi) The Company has disseminated all the information on its website [www.orientpaperindia.com](http://www.orientpaperindia.com) in terms of the Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vii) All the information required to be placed in terms of the Part A of Schedule II to the Regulation are regularly placed before the Board of Directors of the Company.
- viii) The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

The above report was placed before the Board at its meeting held on 26th June, 2020 and was approved.



# Declaration Regarding Code of Conduct

The Board of Directors  
**Orient Paper & Industries Ltd.**

This is to confirm that the Company has received affirmation of compliance with "The Code of Conduct for Directors and Senior Executives" from all the Directors and Senior Executives of the Company to whom the same is applicable, for the year ended 31st March, 2020.

Kolkata, 26th June, 2020

**M.L. Pachisia,**  
*Managing Director & CEO*  
(DIN: 00065431)

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## CEO/CFO Certificate

The Board of Directors  
**Orient Paper & Industries Ltd.**

We hereby certify that: -

- a) We have reviewed financial statement and the cash flow statement for the financial year 2019-20 and that to the best of our knowledge and belief: -
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) these statements, present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2019-20 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee
  - i) Significant changes in internal control during the said financial year
  - ii) Significant changes in accounting policies during the said financial year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking you,

Kolkata, 26th June, 2020

**M.L. Pachisia,**  
*Managing Director (CEO)*  
(DIN: 00065431)

**P.K. Sonthalia,**  
*President (Finance) & CFO*  
(PAN: ALQPS6822D)

# 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)

To,  
The Members of  
**Orient Paper & Industries Limited**  
Unit VIII, Plot No. 7  
Bhoinagar, Bhubaneswar – 751 012  
Odisha

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Orient Paper & Industries Limited** having CIN : L21011OR1936PLC000117 and having registered office at Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751 012, Odisha (hereinafter referred to as 'the Company'), produced before us by the Company 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.

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](http://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 for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Chandrakant Birla	00118473	29.09.1978
2.	Manohar Lal Pachisia	00065431	23.09.2008
3.	Gauri Rasgotra	06862334	26.09.2014
4.	Srinivasan Vishvanathan	02255828	25.03.2019
5.	Ashwin Bishnoi	06862466	01.08.2019
6.	Raj Kumar Agrawal	00177578	27.01.2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. 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 **A. K. LABH & CO.**  
Company Secretaries

(CS A. K. LABH)

Place : Kolkata  
Date : 26.06.2020

Membership No.: F – 4848/CP No.: 3238  
UDIN : F004848B000387417

# Auditors' Certificate regarding compliance of conditions of Corporate Governance

To,  
The Members of  
**Orient Paper & Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Orient Paper & Industries Limited for the year ended March 31, 2020 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, 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 SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants  
UDIN: 20056155AAAABH1361

**Avijit Mukerji**  
Partner  
Membership No: 056155

Place: Gurugram  
Date: June 26, 2020

# BUSINESS RESPONSIBILITY REPORT

FOR THE FINANCIAL YEAR 2019-20

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L21011OR1936PLC000117
2.	Name of the Company	Orient Paper & Industries Limited
3.	Registered address	Unit VIII, Plot no. 7, Bhoinagar, Bhubaneswar, Odisha 751012, India
4.	Website	www.orientpaperindia.com
5.	E-mail id	pks@orientpaperindia.com
6.	Financial year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	
	<b>Group</b>	<b>Class</b>
	<b>Sub class</b>	<b>Description</b>
	170	1701
	-	Manufacturer of Pulp, Paper & Paper boards
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	The Company manufactures following :- 1) Writing & Printing grades 2) Tissue papers 3) Caustic soda and its derivatives
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	One
10.	Markets served by the Company – Local/State/National/ International	National & International

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (₹)	21.22 crores
2.	Total Turnover (₹)	618.34 crores
3.	Total profit after taxes (₹)	19.93 crores
4.	Total spending on Corporate Social Responsibility (CSR)	The Company has spent ₹219.03 lacs during the financial year 2019-20 on CSR activities
5.	List of areas in which expenditure in 4 above has been incurred:	
	a. Healthcare	
	b. Community development & Swachh Bharat Abhiyan	
	c. Education	
	d. Supply of drinking water to social community around our plant	
	e. Eradicating hunger, poverty & malnutrition	

## SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	No.
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)	N.A.
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%]	None

## SECTION D: BR INFORMATION

1.	Details of Director/Directors responsible for BR	
	(a) Details of the Director/Director responsible for implementation of the BR policy/policies	
	1. DIN Number: 00065431	
	2. Name: Shri Manohar Lal Pachisia	
	3. Designation: Managing Director	
	(b) Details of the BR head	
	<b>No.</b>	<b>Particulars</b>
	1.	DIN Number (if applicable)
	2.	Name
	3.	Designation
	4.	Telephone number
	5.	e-mail id
		<b>Details</b>
		Shri Pradeep Kumar Sonthalia
		President (Finance) & CFO
		033 2248 3406
		pks@orientpaperindia.com

2. **Principle-wise (as per NVGs) BR Policy/ policies (Reply in Y/N):**
- The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:
- P1 –Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 - Businesses should promote the well-being of all employees.
- P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 - Businesses should respect and promote human rights.
- P6 - Businesses should respect, protect and make efforts to restore the environment.
- P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 - Businesses should support inclusive growth and equitable development.
- P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y Note-3	Y	Y	Y	Y	Note-6	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y		Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y Note-4	Y	Y Note-5	Y	Y		Y Note-7	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Note-1	-	N	Y	N	N		Y	N
5.	Does the Company have a specified committee of Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y		Y	Y

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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
8.	Does the Company have in-house structure to implement the policy/ policies?	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
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y Note-2	Y	N	Y	Y	Y		Y	N

If answer to Sr. No. 1 against any principle is 'No', please explain why (tick up to 2 options) – Not applicable

- The Company has not understood the principles.
- The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.
- The Company does not have financial or manpower resources available for the task.
- It is planned to be done with in next six months.
- It is planned to be done with in next one year.
- Any other reason.

\*Weblink for following policies is <http://orientpaperindia.com/codes-policies#>

Principle 1: Code of Conduct for Directors and Senior Management, Whistle Blower Policy

Principle 2: Quality, Environment & Occupational Health and Safety Policy, Energy Management Policy

Principle 3: HR Manual

Principle 4, 8: CSR Policy

Principle 5: Human Rights Policy

Principle 6: Environment Policy, Sustainability Policy

Principle 9: Customer Care Policy

**Note 1:-** The Code of Conduct for Directors and Senior Management and the Whistle Blower Policy of the Company are approved by the Board of Directors of the Company and are signed by the Managing Director of the Company.

**Note-2:-** Compliance reports from designated employees are evaluated by Auditors and are placed before the Audit Committee / Board of Directors for review.

**Note-3:-** The policy is embedded in the Company's Quality, Environment & Occupational Health & Safety Policy and Energy Management Policy.

**Note-4:-** Quality conforms to ISO standards

**Note-5:-** The policy conforms to guidelines of Companies Act, 2013.

**Note-6:-** Need for a formal policy was not identified.

**Note-7:-** The policy conforms to guidelines of Companies Act, 2013.

3.	<b>Governance related to BR</b>	
(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's BR performance shall be assessed annually.
(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 will publish the Business Responsibility Report in accordance with SEBI guidelines and it will form part of the Annual Report.  The Report shall be made available on the Company's website: <a href="http://www.orientpaperindia.com">www.orientpaperindia.com</a> and will be published annually.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1- 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?

These policies are embedded in the Company's Codes of Conduct (Code of Conduct for Directors and Senior Management), Whistle Blower Policy, HR policies and various HR practices.

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.

The Company received 102 queries/complaints from shareholders of the Company, mainly on account of non-receipt of annual report, non-receipt of dividend etc. during the financial year 2019-20, which were resolved during the year.

### Principle 2- SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT AND SERVICES

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

Orient Paper manufactures mainly two grades of paper viz. Writing & Printing for Note book & Publishing segment while Tissue papers as hygienic products and Caustic soda.

As a responsible corporate, the Company is committed to sustainable development and understands its obligations relating to social and environmental concerns. The Company continually seeks ways to conserve the environment and manage finite resources responsibly.

At Orient Paper, we integrate responsible sustainable practices into business operations that aim at environment sustainability and inclusive growth. We use bio-mass as a fuel in our Recovery boiler to produce steam / power as a by-product while recovering back 95 % of the cooking liquor for use in our pulping operations through a closed loop system. We continuously aim at reducing emissions as well as make investments in efficient and viable technologies that benefit sustainable development. We have achieved major reduction in use of water consumption from 110 m3 per metric ton of finished product to as low as 48 m3 per metric ton of paper.

Orient Paper has been the first mill in the Indian Paper industry to achieve Zero liquid discharge to river which was possible by recycling & reuse of treated effluent back in our own plantations through use of High Respiration Transpiration System (HRTS) patented by National Environment Engineering Research Institute (NEERI, Nagpur).

The Company follows the Integrated Management systems on continuous basis towards goal of sustainability:

- a) Orient Paper Mills, Amlai has been certified with Integrated management systems (Quality- ISO 9001:2015, Environment- ISO 14001:2015 and Energy Management System ISO 50001:2011) and also for new ISO 45001 – 2018 standard for Occupational Safety and Health Management.
- b) Energy conservation initiatives, replacement with energy efficient equipment, optimisation of process parameters, optimum utilisation of resources have been implemented across the plants towards sustainable reduction of GHG emissions.
- c) As regards to the reduction in Carbon reduction footprint, OPM has been engaged in clonal plantation of Eucalyptus as part of its Farm forestry program and till year 2019 has done plantation on around 63289 hectares of land
- d) OPM has been the first mill in the Pulp & Paper Industry in India to achieve "Zero Liquid discharge" by reuse of treated effluent in own plantation using NEERI, Nagpur patent technology of HRTS (High Rate Transpiration System)

2. For each such product, provide the details in respect of resource use (energy, water, raw material etc.), reduction during sourcing/production/distribution achieved since the previous year throughout the value chain and reduction during usage by consumers (energy, water) achieved since the previous year?

Orient Paper has been constantly making efforts towards improving resource efficiency, conservation of energy (electrical & thermal) & water and upkeep of equipment conditions. We are closely monitoring & working on reducing consumption of raw materials, energy consumption, water consumption, resource efficiency and utilization of available biomass (termed as Black Liquor solids mainly consists of lignin which comes out from wood in cooking process of Pulp mill) to fire in Recovery Boiler to reduce fossil fuel consumption. The Company's relentless focus on improving its operating efficiencies has reduced Energy / Coal consumption.

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

Orient Paper Mills (OPM) is situated in Sohagpur coal belt area of South Eastern Coal Field (SECL) which helps us to minimize transportation impact of coal. OPM also invests on farm forestry program to ensure sustainable source of Raw material supplies from areas near the plant with an assured buyback arrangement. This farm forestry program has been promoted on area spread around 200 kms periphery of the plant. Around 45 % of Raw material is sourced through farm forestry program while 100 % of the coal is sourced from local mines of SECL.

**4. Has the Company taken any steps to procure goods and services from local and 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?**

OPM plays an important role in the area of farm forestry to promote local farmers to plant Eucalyptus Clonal saplings being supplied by the company on a subsidized rate on their available unutilized land. This becomes a source of income for these farmers and also generates huge quantum of rural employment. The company has an understanding with these farmers with buy-back assurance of wood produce which also becomes a long-term sustainable source of raw material for the Company. In terms of capacity & capability building, our Raw material development team provides free technical guidance and motivates these farmers to undertake plantations.

Further, OPM has also encouraged & developed local vendors to provide services like AMC's for motor winding, Air-conditioning, coolers & ceiling fans, jobs related to mechanical workshop, Civil Jobs, transportation etc. This also acts as a big source of employment and gives opportunity to the local communities to earn their livelihood.

**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%).**

The company has a full-fledged mechanism of recycling & reuse in place.

The process of Pulp making involves the use of Caustic soda and Sodium sulphate as cooking mediums to cook the wood chips in the steam heated digesters. Overall efficiency of recovering cooking chemicals is around 94 %.

The plant is recycling 90 % of the Lime sludge from Causticizing section to Rotary Lime Kiln for recovery of lime which is reused in the process.

In order to achieve Zero liquid discharge OPM is recycling 100 % treated waste water in our own plantations and other productive and environmentally friendly purposes.

**Principle 3 - EMPLOYEE WELL-BEING**

**1. Number of employees**

The Company had 1502 permanent employees as on 31-3-2020.

**2. Number of employees hired on temporary/ contractual/ casual basis**

The Company had 1800 workers on a temporary/contractual/ casual basis as on 31-3-2020.

**3. Number of permanent women employees**

The Company had 7 permanent women employees as on 31-3-2020.

**4. Number of permanent employees with disabilities**

The Company had 4 permanent employees with disabilities as on 31-3-2020.

**5. Employee association that is recognized by management.**

- Kagaz Karkhana Mazdoor Sangh workmen Union at OPM, Amlai is recognized by the management.
- INTUC workmen Union at OPM- Caustic Soda Unit is recognized by the management.

**6. Percentage of permanent employees that are members of this recognized employee association**

All the permanent workmen at OPM, Amlai are members of the recognized employee association

**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.	Category	No. of complaints at the beginning of the financial year	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
a.	Child labour/ forced labour/ involuntary labour	Nil	Nil	Nil
b.	Sexual harassment	Nil	Nil	Nil
c.	Discriminatory employment	Nil	Nil	Nil



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

a.	Permanent Employees	100%
b.	Permanent Women Employees	100%
c.	Casual/Temporary/Contractual Employees	100%
d.	Employees with disabilities	100%

Orient paper undertakes significant efforts to enhance its workforce skills levels through various learning and development programs. Various trainings provided to the employees include functional, behavioral as well as health, safety and environment trainings. Further, Specific safety trainings are provided to employees, including the temporary and contractual workforce at their work place.

**Principle 4- STAKEHOLDER ENGAGEMENT**

**1. Has the Company mapped its internal and external stakeholders?**

Yes, for Orient Paper, maintaining healthy relationship with stakeholders is a business imperative.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes.

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

Orient Paper has made conscious effort to engage with such stakeholders, identify their needs/concerns and address them in a phased manner. Based on the needs identified, Orient paper undertakes several programs to provide health care, rural education, skill development, construction of community toilets, safe drinking water supplies etc. in villages around Amlai. Some of these efforts are detailed in the CSR section of this report.

**Principle 5- PROMOTION OF 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 respects and promotes human rights of all stakeholders. The Company is committed to ensuring that people are treated with dignity and respect. We have adopted Human Rights Policy to uphold human rights in our organisation and we continue to make our contractors, customers, suppliers, etc. aware of human rights-related issues.

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

There were no complaints received regarding breach of human rights during the reporting period.

**Principle 6- ENVIRONMENTAL PROTECTION**

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

Orient Paper has a dedicated well-defined Environment policy and is in compliance with Environment Management System as per ISO 14001:2015 certification. Its efforts have received wide spread recognitions and awards. It has been well communicated to all the vendors, consultants, contractors and others.

**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, Orient Paper firmly believes on three pillars of sustainability - Economic, Social and Environmental. We constantly identify and implement practices that satisfy the goals of sustainability in a holistic manner.

We strive to integrate responsible environmental practices into business operations that aim at environmental improvement, social development and financial profitability. We are aiming for responsible use of natural resources, reduction in air emissions, reduction in waste generation, reduction in energy consumptions; targeted investments in viable technologies that promise sustainable growth that extend beyond mere compliance with the law.

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

Yes. The Company is following ISO 14001:2015 standards to mitigate potential environmental risks. Recently OPM has upgraded its Occupational Health Management safety system from OHSAS 18001 to ISO 45001:2018.

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?

We have not applied for CDM certification.

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

Yes, Orient Paper has taken many initiatives towards improving energy efficiency, clean and green technology and renewable energy perspective. Some of these include: -

- Identification & Implementation of the Energy efficiency initiatives/ activities in the plant and monitoring these activities are a continuous process. Please refer to Annexure IV of the Directors' Report of the Annual Report for conservation of energy initiatives. The same is also available on Company's website: [www.orientpaperindia.com](http://www.orientpaperindia.com).
- Process optimization and improvement initiatives on consistent basis across all plants.
- Re-Use of Bio-mass firing in Recovery boiler.
- The Company utilizes waste from Wood logs chippers as alternative fuel for power generation
- Company has supported farmers around its plant to construct rainwater harvesting ponds to make their land fertile and improve their output.
- Orient Paper has constructed a RCC barrage on river Sone for collection and conservation of water during the monsoon season. Apart from meeting the plant's requirement, this reservoir charges the ground water table of surrounding areas and supports growth of local flora and fauna.
- The Company is continuously concentrating on improving its productivity in terms of production, reduction in power consumption and thermal energy consumption through various steps including installation of Variable Frequency Drives (VFDs).

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

Yes.

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

No show cause/ legal notice from CPCB/ SPCB have been received by OPM, Amlai during the financial year.

#### Principle 7- RESPONSIBLE PUBLIC POLICY ADVOCACY

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.

Orient Paper is a member of CII, FICCI, Indian Paper Makers Association (IPMA) & Indian Pulp & Paper Technical Association (IPPTA) and Alkali Manufacturers Association of India (AMAI)

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

Yes, the broad areas are Economic Reforms, Environment and Energy issues and Sustainable Business Principles.

#### Principle 8- INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

We believe in being a good corporate citizen by helping local communities and supporting their progress. Beyond constantly creating value through our operations and initiatives, we are committed to the socio-economic development of communities around us. Details of our programs and initiatives are covered in our Corporate Social Responsibility report.

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

Orient Paper has a Board level CSR Committee constituted under the Companies Act, 2013 which assists the Board in discharging social responsibilities. It formulates and monitors implementation framework of "Corporate Social Responsibility Policy", observes practices of Corporate Governance at all levels and provides remedial measures wherever necessary.

Under the framework of its CSR Policy, the Company undertakes social programs/ projects on an ongoing basis. The programs/ projects are undertaken through in-house teams along with involvement of the communities around us.

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

The Company monitors the impact of its CSR initiatives on an ongoing basis and has noted positive outcomes and benefits for the people in and around the Company's plants as confirmed by the communities during a recently held public hearing.

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

During the year under review, the Company has spent an amount of ₹219.03 lacs on community development projects as per details provided in the CSR chapter.

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.

Orient Paper takes initiatives based on the need of the community with a consultative approach. Many of the community development projects like building of toilets, water supply facilities etc. are undertaken by the Company and handed over to the community

#### Principle 9 – PROVIDING VALUE TO CUSTOMERS

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

Although there are no major customer complaints, the feedbacks received are addressed in a timely manner.

A dedicated customer care number is provided on the product packaging for any product related assistance.

The company received 41 customer feedbacks during the financial year 2019-20 which were all resolved.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Yes, as per packing registration certificate under rule # 27, chapter VI of Legal Metrology Act 2011.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

NONE.

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

To gauge the satisfaction levels of our customers, to understand the developments / changes in the market dynamics and to find out customer expectations informal surveys are conducted regularly by our internal teams which have shown reasonable satisfaction levels.

By Order of the Board of Directors

C. K. Birla  
Chairman

(DIN:00118476)

New Delhi, 26th June, 2020



**FINANCIAL  
STATEMENTS**

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Orient Paper & Industries Limited Report on the audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of Orient Paper & Industries Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of Profit and Loss (including Other Comprehensive Income), the 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 significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its total comprehensive income (comprising profit and other comprehensive income), its changes in equity and its cash flows for the year then ended.

### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of

the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules 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

4. We draw your attention to Note 53 to the financial statements which explains the uncertainties and management's assessment of the financial impact due to the lockdown / restrictions related to the COVID-19 pandemic imposed by the Governments, for which a definitive assessment of the impact is dependent upon future economic conditions. Our opinion is not modified in respect of this matter.

### Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Existence of inventory of raw materials</b></p> <p><b>Refer Note 52 to the financial statements</b></p> <p>The Company maintains significant stock of bulk raw material in form of bamboo and wood at its paper unit. The Company has systems and processes which includes inventory management system to record inventory movements and conducts physical verification procedures by internal team every month. Apart from monthly stock count by internal team, the management also engage an independent third party to conduct physical verification of inventories on quarterly basis. In addition to physical verification, there are judgements applied in assessing the level of moisture contents based on lab testing as well as past trend and accordingly requires necessary adjustments to be carried out from time to time.</p> <p>Following an abnormal shortage of 12,578 tons noticed during physical verification of wood inventory during the quarter ended June 30, 2019, the Management appointed a forensic expert to ascertain the reasons thereof. Forensic expert findings identified</p>	<p><b>We performed the following procedures in this regard:</b></p> <ul style="list-style-type: none"> <li>• Obtained the understanding and evaluated the design and tested the operating effectiveness of control around physical verification of inventory, new consumption strategy adopted by the management and around production.</li> <li>• Discussed with forensic experts to understand the findings in their report. We also independently validated the forensic findings and assessed that the impact of same is not considered to be material in respect of prior years.</li> <li>• Obtained and tested evidence of management's process remediation in response to the inventory shortfall such as independent physical verification and strengthening internal controls.</li> </ul>

Key Audit Matter	How our audit addressed the key audit matter
<p>manipulation of stock records and recording of incorrect material consumption by an employee of the Company to be the underlying factors. In this regard Management had taken remedial action such as independent physical verification and strengthening internal controls and also terminated the services of the employee.</p> <p>The inventory count for the year ended March 31, 2020 was performed post the year end i.e. in May 2020 owing to lockdown due to outbreak of the COVID – 19 pandemic. The management has performed a detailed roll back procedure by taking the cut-off date of May 31, 2020 and by taking into account all the receipts, issues to arrive at the March 31, 2020 inventory position and noted no material differences.</p> <p>We considered this as a key audit matter basis above facts focusing on the appropriate measurement of raw material inventory at paper unit.</p>	<ul style="list-style-type: none"> <li>• Observed Management’s physical verification of inventory post year end due to restriction of movement on account of COVID-19.</li> <li>• Carried out roll back procedures to arrive at inventory from date of physical verification till year end.</li> <li>• We have tested the adjustment of the inventory shortfall and related disclosure in the annual financial statements.</li> </ul> <p>Based on the above procedures performed, management’s assertion on existence of physical verification of inventory carried in books of accounts seems reasonable.</p>
<p><b>Assessment in relation to impairment of Property, plant and equipment, Right –of- use assets, intangible assets (other than goodwill) and Capital work –in- progress</b></p>	<p>Our procedures in relation to management’s impairment assessment of property, plant and equipment, right of use and capital work included:</p>
<p>Refer to Note 49 to the financial statements Property, plant and equipment. Right- of- use assets, intangible assets (other than goodwill) and capital work in progress represents 81 % of total assets on the balance sheet.</p> <p>Management has identified paper unit as single Cash Generating Unit (CGU) and has calculated the recoverable amount of the CGU as the higher of value in use and fair value less costs of disposal.</p> <p>Value in use is based on discounted future cash flow forecasts, requiring management to make judgements on certain key inputs including, for example, discount rates and long-term growth rates.</p> <p>The impairment assessment performed by Management based on value in use method involved significant estimates towards future results of the business, in particular, the key assumptions on growth rate and discount rates used in the future cash flow forecasts.</p> <p>Impairment assessment was considered to be a key audit matter in view of high uncertainty associated with Covid-19 which resulted into temporary interruption in the operations of the Company.</p>	<ul style="list-style-type: none"> <li>• Understanding and evaluating the controls and testing the operating effectiveness of the controls related to estimating the fair value of the assets.</li> <li>• Understanding the methodologies used by the management to estimate values in use.</li> <li>• Assessing the growth rate used by management by comparing to current industry trends.</li> <li>• Verified the discount rates used by Management by comparing the same as being used in comparable industry.</li> <li>• Along with auditor’s expert performed sensitivity analysis of possible changes to the key assumptions including assessment of impact of Covid-19 on cash flow projections, discount and growth rates etc.</li> <li>• Assessing the appropriateness of the presentation and disclosures in the financial statements.</li> </ul> <p>Based on the above procedures Management’s assessment in relation to impairment of Property, plant and equipment, Right –of- use assets, intangible assets (other than goodwill) and capital work in progress is considered to be reasonable.</p>

**Management's assessment relating to litigation in respect of levy of tax on excess usage of water and in respect of demand towards unauthorised use of Power and impact on the financial statements**

Refer Note 51(c) and Note 51(d) to the financial statements in respect of Water Tax and Unauthorised use of Power litigation matters respectively. Amount of ₹112,522 lacs (including interest and penalty of ₹111,095 lacs) and ₹2,407 lacs has been disclosed as 'contingent liability' in the financial statements which represents excess water consumption charges and demand towards unauthorised use of power levied by regulatory authorities (period upto April 2009) and (period from April 2012 to June 2012) respectively against the Company. The Company is contesting the said demand and had filed writ petition in the High Court of Madhya Pradesh and obtained interim stay.

The Company has obtained external legal opinions to support their assessment around the outcome of the above litigations which have led to the management's conclusion that no provision is required to be made against the demand.

We considered above to be a key audit matter as the final outcomes of these litigations, in case decided against the Company, are likely to have significant financial impact.

We performed the following procedures in this regard:

- Understood and evaluated the design and tested the operating effectiveness of controls around the assessment of the matters.
- Discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the management.
- We also evaluated the independence and competency of the management's legal expert.
- Obtained and tested evidence to support the management assessment with regard to non-provisioning against the demand.
- Assessed the appropriateness of disclosures made under the head 'contingent liabilities' in the financial statements.

Based on the above procedures, management's assessment with regard to litigation in respect of levy of tax on excess usage of water and demand towards unauthorised use of power under contingent liabilities is considered reasonable.

**Other Information**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information in the Director's Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view

of the financial position, financial performance, 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.

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

### Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. 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.
12. 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.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. 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 Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply



with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2020 on its financial position in its financial statements – Refer Note 51 to the financial statements;
- ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses.

The Company did not have any derivative contract as at March 31, 2020.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

**Avijit Mukerji**

Partner

Membership Number 056155

UDIN: 20056155AAAABG1292

Gurugram  
26th June, 2020

# Annexure A to Independent Auditors' Report

**Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Orient Paper & Industries Limited on the financial statements for the year ended March 31, 2020**

## Report on the Internal Financial Controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to the financial statements of Orient Paper & Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial control 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 Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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 with reference to financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with reference to the financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements of

future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company

considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.(Also refer paragraph 4 of our main audit report).

### For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Chartered Accountants

### Avijit Mukerji

Partner

Gurugram

26th June, 2020

Membership Number 056155

UDIN: 20056155AAAABG1292

## Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Orient Paper & Industries Limited on the financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on property, plant and equipment and Note 4 on investment properties to the financial statements, are held in the name of the Company, except for the cases below:

Asset Category	Gross Block as at March 31, 2020 (in lacs)	Net Block as at March 31, 2020 (in lacs)	Remarks
Freehold Land	243.33	243.33	Correction in land records in Company's name is pending
Leasehold Land	2.17	2.17	Correction in land records in Company's name is pending
Investment properties	432.94	432.94	Registration in the name of the Company is pending

- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. Discrepancies amounting to ₹806 lakhs, noticed on physical verification of inventory by Management, as compared to book records were material and have been appropriately dealt with in the books of accounts. (Also refer Note 52 to the financial statements and paragraph (x) below)
- 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of Industrial License Fees under Orissa Municipal Act, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 47 (iv) to the financial statements regarding management's assessment on certain matters relating to provident fund.

Further, for the period 1 March 2020 to 31 March 2020, the company has paid Goods and Service Tax and filed GSTR 3B (after the due date but) within the timelines allowed by Central Board of Indirect Taxes and Customs under the Circular No. 136/06/2020-GST dated April 3, 2020 on fulfilment of conditions specified therein.

The extent of the arrears of statutory dues outstanding as at March 31, 2020, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (₹ In lacs)	Period to which the amount relates	Due date	Date of Payment
Orissa Municipal Act	Industrial License Fees	33.76	1996-97 to 2019-20	Beginning of the respective years	Not yet paid

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, duty of customs and goods and service tax which have not been deposited on account of

any dispute. The particulars of dues of income tax, sales tax, duty of excise, value added tax and energy development cess including surcharge as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.50	1986-87	High Court
		6.27	1995-96	Sales Tax Tribunal
		83.27	2001-02, 2007-08 and 2010-11 to 2012-13	Appellate and Revision Board
		0.12	1979-80 to 1982-83	Sales Tax Commissioner
		12.22	1985-86 and 1999-2000	Assistant Commissioner
		0.85	2013-14	Additional Commissioner
88.80	2016-17	Additional Commissioner		
West Bengal Value Added Tax, 2003	Value Added Tax	40.82	2007-08	West Bengal Commercial Taxes Appellate and Revision Board
Bihar Finance Act, 1981	Sales Tax	39.74	1994-95 to 1996-97	Commissioner of Commercial Tax
		7.90	1994-95 to 1997-98	Joint Commissioner of Commercial Taxes
Orissa Sales Tax Act, 1947	Sales Tax	2.06	1985-86 and 1986-87	High Court
		0.02	1983-84	Assistant Commissioner
Madhya Pradesh VAT Act, 2002	Value Added Tax	14.63	2006-07 to 2009-10	High Court
		11.11	2008-09	Commercial Tax Appellate Board
M.P. Commercial Tax Act, 1994	Sales Tax	7.00	2001-02	High Court
M.P. Sales Tax Act, 1961	Sales Tax	14.65	1998-99	High Court
		1.07	1986-87	Commercial Tax Appellate Board
Central Excise Act, 1944	Excise Duty	878.93	1975-76, 1976-77, 1982-83, 1989-90, 1994-95, 1995-96, 2005-06 to 2008-09, 2011-12	Customs, Excise & Service Tax Appellate Tribunal
		23.45	2007-08, 2010-11, 2011-12 and 2014-15	Commissioner (Appeals)
		46.21	1975-76 to 1978-79 and 1986-87 to 1997-98	Assistant Commissioner
Income Tax Act, 1961	Income Tax	40.66	2016-17	Commissioner of Income Tax (Appeals)
Madhya Pradesh Upkar (Sanshodan) Adhiniyam 2004	Energy Development Cess including Surcharge	11,686.65	2001-02 to 2019-20	Supreme Court

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for manipulation and suppression of difference between physical stock and book stock arising due to incorrect recording of material consumption by a staff of the Company resulting in cumulative inventory shortfall of ₹806 lakhs, as indicated in Note 52 to the financial statements and in para (ii) above, in respect of which the Management has taken appropriate steps for remediation, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- Also refer paragraph 16 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- 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. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

**Avijit Mukerji**

Partner

Gurugram

Membership Number 056155

26th June, 2020

UDIN: 20056155AAAABG1292

# Balance Sheet

as at 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

	Note No.	As at 31st March 2020	As at 31st March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,30,932.22	1,32,314.79
Right-of-use assets	3A	647.36	-
Capital work-in-progress		5,338.65	1,770.93
Investment properties	4	624.73	629.10
Intangible assets (other than goodwill)	5	62.98	106.72
Biological assets other than bearer plants	44	39.52	33.02
<b>Financial assets</b>			
(i) Investments	6	14,778.36	28,943.44
(ii) Loans	7	263.66	261.52
(iii) Other financial assets	8	32.94	2.30
Non-current tax assets (net)	9	315.92	509.13
Other non-current assets	10	1,936.06	1,283.75
<b>Total non-current assets</b>		<b>1,54,972.40</b>	<b>1,65,854.70</b>
<b>Current assets</b>			
Inventories	11	7,669.06	7,549.22
Biological assets other than bearer plants	44	285.52	186.62
<b>Financial assets</b>			
(i) Trade receivables	12	2,733.16	3,012.82
(ii) Cash and cash equivalents	13	330.26	296.04
(iii) Other bank balances	14	197.23	154.20
(iv) Loans	15	119.30	133.20
(v) Other financial assets	16	54.49	16.20
Current tax assets	17	515.53	-
Other current assets	18	2,627.20	3,320.94
<b>Total current assets</b>		<b>14,531.75</b>	<b>14,669.24</b>
<b>Total assets</b>		<b>1,69,504.15</b>	<b>1,80,523.94</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	19	2,121.96	2,121.96
Other equity	20	1,24,147.59	1,36,390.66
<b>Total equity</b>		<b>1,26,269.55</b>	<b>1,38,512.62</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	21	-	1,014.88
(ii) Lease liabilities	3A	603.86	-
Employee benefit obligations	22	1,210.08	959.65
Deferred tax liabilities (net)	23	23,199.43	25,120.30
<b>Total non-current liabilities</b>		<b>25,013.37</b>	<b>27,094.83</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	24	2,517.49	1,089.77
(ii) Lease liabilities	3A	118.12	-
(iii) Trade payables	25		
- total outstanding dues of micro and small enterprises		46.71	16.88
- total outstanding dues of creditors other than micro and small enterprises		9,758.67	8,378.61
(iv) Other financial liabilities	26	2,815.48	2,683.81
Employee benefit obligations	27	1,069.86	1,049.72
Current tax liabilities (net)	28	67.69	232.30
Other current liabilities	29	1,827.21	1,465.40
<b>Total current liabilities</b>		<b>18,221.23</b>	<b>14,916.49</b>
<b>Total liabilities</b>		<b>43,234.60</b>	<b>42,011.32</b>
<b>Total equity and liabilities</b>		<b>1,69,504.15</b>	<b>1,80,523.94</b>

The accompanying notes are an integral part of these financial statements.

This is the Statement of Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants

**Avijit Mukerji**

Partner

Membership No.: 056155

Place: Gurugram

Date: 26th June, 2020

For and on behalf of the Board of Directors of  
Orient Paper & Industries Limited

**C.K.Birla**

Chairman

(DIN 00118473)

Place: New Delhi

**P. K. Sonthalia**

(President Finance & CFO)

(PAN ALQPS6822D)

Place: Kolkata

Date: 26th June, 2020

**M.L.Pachisia**

Managing Director

(DIN 00065431)

Place: Kolkata

**R. P. Dutta**

(Company Secretary)

(M.NO. 14337)

Place: Kolkata

# Statement of Profit and Loss

for the year ended 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

	Note No.	31st March 2020	31st March 2019
<b>Income</b>			
Revenue from operations	30	60,656.36	71,004.48
Other income	31	1,178.11	3,370.87
<b>Total income (I)</b>		<b>61,834.47</b>	<b>74,375.35</b>
<b>Expenses</b>			
Cost of materials consumed	32	19,840.70	19,668.10
Changes in inventories of finished goods and work-in-progress, etc.	33	(638.67)	337.95
Employee benefits expense	34	8,428.73	8,427.14
Finance costs	35	523.41	997.18
Depreciation and amortisation expense	36	3,316.02	3,161.38
Other expenses	37	28,270.73	28,777.88
<b>Total expenses (II)</b>		<b>59,740.92</b>	<b>61,369.63</b>
<b>Profit before tax (I - II)</b>		<b>2,093.55</b>	<b>13,005.72</b>
<b>Income tax expense</b>	<b>38</b>		
Current tax		227.19	2,961.75
Deferred tax		(126.43)	(121.00)
<b>Total income tax expense</b>		<b>100.76</b>	<b>2,840.75</b>
<b>Profit for the year</b>		<b>1,992.79</b>	<b>10,164.97</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of post employment defined benefit plans	47	(330.42)	(343.46)
Equity instruments through other comprehensive income	20	(14,165.07)	(409.11)
Income tax relating to these items	38	1,794.43	145.24
<b>Total other comprehensive income for the year, net of tax</b>		<b>(12,701.06)</b>	<b>(607.33)</b>
<b>Total comprehensive income for the year</b>		<b>(10,708.27)</b>	<b>9,557.64</b>
<b>Earnings per equity share</b>	<b>48</b>		
<b>(Nominal value ₹1/- per share) (in ₹)</b>			
Basic and diluted earnings per equity share		0.94	4.79

The accompanying notes are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants

For and on behalf of the Board of Directors of  
Orient Paper & Industries Limited

**Avijit Mukerji**  
Partner  
Membership No.: 056155

**C.K.Birla**  
Chairman  
(DIN 00118473)  
Place: New Delhi

**M.L.Pachisia**  
Managing Director  
(DIN 00065431)  
Place: Kolkata

Place: Gurugram  
Date: 26th June, 2020

**P. K. Sonthalia**  
(President Finance & CFO)  
(PAN ALQPS6822D)  
Place: Kolkata  
Date: 26th June, 2020

**R. P. Dutta**  
(Company Secretary)  
(M.NO. 14337)  
Place: Kolkata



# Statement of Changes in Equity

for the year ended 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

## A. Equity share capital

Particulars	Amount
As at 1st April 2018	2,121.96
Changes in equity share capital	-
<b>As at 31st March 2019</b>	<b>2,121.96</b>
As at 1st April 2019	2,121.96
Changes in equity share capital	-
<b>As at 31st March 2020</b>	<b>2,121.96</b>

## B. Other equity

Particulars	Notes	Reserves and surplus				Equity instruments through other comprehensive income	Total other equity
		Investment subsidy	Securities premium account	General reserve	Retained earnings		
<b>As at 1st April 2018</b>		<b>15.00</b>	<b>4,697.49</b>	<b>11,006.84</b>	<b>83,983.82</b>	<b>29,943.68</b>	<b>1,29,646.83</b>
Profit for the year		-	-	-	10,164.97	-	10,164.97
Other comprehensive income, net of tax		-	-	-	(343.46)	(263.87)	(607.33)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>9,821.51</b>	<b>(263.87)</b>	<b>9,557.64</b>
<b>Transactions with owners in their capacity as owners:</b>							
Dividend paid	41	-	-	-	(2,334.04)	-	(2,334.04)
Dividend distribution tax paid	41	-	-	-	(479.77)	-	(479.77)
Transfer from equity instruments through other comprehensive income to retained earnings on sale of equity shares	20	-	-	-	29.45	(29.45)	-
<b>As at 31st March 2019</b>		<b>15.00</b>	<b>4,697.49</b>	<b>11,006.84</b>	<b>91,020.97</b>	<b>29,650.36</b>	<b>1,36,390.66</b>

Description	Note	Reserves and surplus				Equity instruments through other comprehensive income	Total other equity
		Investment subsidy	Securities premium account	General reserve	Retained earnings		
<b>Balance at 1st April 2019</b>		<b>15.00</b>	<b>4,697.49</b>	<b>11,006.84</b>	<b>91,020.97</b>	<b>29,650.36</b>	<b>1,36,390.66</b>
Profit for the year		-	-	-	1,992.79	-	1,992.79
Other comprehensive income, net of tax		-	-	-	(214.96)	(12,486.10)	(12,701.06)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,777.83</b>	<b>(12,486.10)</b>	<b>(10,708.27)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Dividend paid	41	-	-	-	(1,273.11)	-	(1,273.11)
Dividend distribution tax paid	41	-	-	-	(261.69)	-	(261.69)
Transfer from equity instruments through other comprehensive income to retained earnings on sale of equity shares	20	-	-	-	-	-	-
<b>As at 31st March 2020</b>		<b>15.00</b>	<b>4,697.49</b>	<b>11,006.84</b>	<b>91,264.00</b>	<b>17,164.26</b>	<b>1,24,147.59</b>

The accompanying notes are an integral part of these financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants

**Avijit Mukerji**  
Partner  
Membership No.: 056155

Place: Gurugram  
Date: 26th June, 2020

For and on behalf of the Board of Directors of  
Orient Paper & Industries Limited

**C.K.Birla**  
Chairman  
(DIN 00118473)  
Place: New Delhi

**P. K. Sonthalia**  
(President Finance & CFO)  
(PAN ALQPS6822D)  
Place: Kolkata  
Date: 26th June, 2020

**M.L.Pachisia**  
Managing Director  
(DIN 00065431)  
Place: Kolkata

**R. P. Dutta**  
(Company Secretary)  
(M.NO. 14337)  
Place: Kolkata

# Statement of Cash Flows

for the period ended 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

	Year ended 31st March 2020	Year ended 31st March 2019
(A) Cash flows from operating activities:		
<b>Profit before income tax</b>	<b>2,093.55</b>	<b>13,005.72</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	3,316.02	3,161.38
Interest and finance charges	296.50	743.35
Interest on lease liabilities	122.73	-
Interest expense on income tax	3.15	113.50
Other borrowing costs	101.03	140.33
Net (gain) / loss on disposal of property, plant and equipment	11.18	(1,590.80)
Net gain on disposal of investment properties	-	(602.09)
Bad debts written off	-	4.69
Provision for doubtful debts and advances	-	153.13
Rental income from investment properties	(182.93)	(251.82)
Gain on sale / redemption of units of mutual funds	(2.50)	(21.44)
Unspent liabilities, provisions no longer required and unclaimed balances written back	(127.56)	(300.92)
Unrealised foreign exchange gain (net)	(13.04)	(53.40)
Interest income	(16.87)	(33.60)
Dividend income	(304.06)	(313.33)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>5,297.20</b>	<b>14,154.70</b>
Increase in trade payables, other liabilities and provisions	1,779.22	1,246.21
Increase in inventories	(119.84)	(1,476.96)
Increase in biological assets	(105.39)	(42.99)
(Increase) / decrease in trade receivables, loans and advances and other assets	711.44	(791.11)
<b>Cash generated from operations</b>	<b>7,562.63</b>	<b>13,089.85</b>
Income taxes paid (net)	(714.15)	(3,207.86)
<b>Net cash inflow from operating activities</b>	<b>6,848.48</b>	<b>9,881.99</b>
(B) Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	7.61	208.06
Proceeds from disposal of investment properties	-	1,628.00
Payments for acquisition of property, plant and equipment/intangible assets	(5,088.19)	(2,733.04)
Proceeds on disposal of investments in equity shares	-	356.42
Rental income from investment properties received	182.93	251.82
Purchases of Units of MF	(1,365.00)	(5,170.00)
Proceeds from sale of Units of MF	1,367.50	5,191.44
Interest received	-	29.19
Dividend received	304.06	313.33
Fixed deposits made/ (withdrawn)	(78.52)	(7.45)
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(4,669.61)</b>	<b>67.77</b>

# Statement of Cash Flows

for the period ended 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

	Year ended 31st March 2020	Year ended 31st March 2019
<b>(C) Cash flows from financing activities:</b>		
Repayment of long-term borrowings	(1,402.70)	(4,211.72)
(Repayment) / Proceeds of short-term borrowings	1,427.72	(1,985.07)
Principal element of Lease payments	(100.25)	-
Interest element of Lease payments	(122.73)	-
Interest paid	(302.86)	(745.41)
Interest expense on income tax	(3.15)	(113.50)
Other borrowing costs paid	(101.03)	(140.33)
Dividend paid	(1,277.96)	(2,355.49)
Dividend distribution tax paid	(261.69)	(479.77)
<b>Net cash outflow from financing activities</b>	<b>(2,144.65)</b>	<b>(10,031.29)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>34.22</b>	<b>(81.53)</b>
Cash and cash equivalents at the beginning of the year (Refer note 13)	296.04	377.57
<b>Cash and cash equivalents at the end of the year (Refer note 13)</b>	<b>330.26</b>	<b>296.04</b>

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'. Refer note 43 for debt reconciliation.

The accompanying notes are an integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants

For and on behalf of the Board of Directors of  
Orient Paper & Industries Limited

**Avijit Mukerji**  
Partner  
Membership No.: 056155

**C.K.Birla**  
Chairman  
(DIN 00118473)  
Place: New Delhi

**M.L.Pachisia**  
Managing Director  
(DIN 00065431)  
Place: Kolkata

Place: Gurugram  
Date: 26th June, 2020

**P. K. Sonthalia**  
(President Finance & CFO)  
(PAN ALQPS6822D)  
Place: Kolkata

**R. P. Dutta**  
(Company Secretary)  
(M.NO. 14337)  
Place: Kolkata

Date: 26th June, 2020

# Notes to Financial Statements

as at and for the year ended 31st March 2020

## 1. Company background

Orient Paper & Industries Limited (the 'Company') is a public limited company, incorporated and domiciled in India. The equity shares of the Company are listed on the National Stock Exchange of India Limited and the BSE Limited in India. The registered office of the Company is located at Unit-VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751012, Orissa, India.

The Company is mainly engaged in the business of manufacturing and selling of paper and other products as detailed under Note 30, "Revenue from operations".

The financial statements were approved and authorised for issue in accordance with the resolution of the Company's Board of Directors on 26th June 2020.

## 2. Significant accounting policies

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

### 2.1 Basis of preparation

#### (i) Compliance with Ind AS

The financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

#### (ii) Historical cost convention

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

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit plans - plan assets measured at fair value.
- Biological assets - measured at fair value less costs to sell.

#### (iii) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- Ind AS 116, Leases
- Uncertainty over Income- Tax treatments - Appendix C to Ind AS 12, Income - Taxes
- Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes

The Company had to change its accounting policies following the adoption of Ind AS 116. The above amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (iv) Current versus non-current classification

"The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is classified as current when it is:

- a) expected to be realised or intended to be sold or consumed in the normal operating cycle,
- b) held primarily for the purpose of trading,
- c) expected to be realised within twelve months after the reporting period, or
- d) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in the normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period, or
- d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle of the Company, that is, the time between the acquisition of assets for processing and their realisation in cash or cash equivalent is 12 months.

Deferred tax assets and liabilities are classified as non-current.

# Notes to Financial Statements as at and for the year ended 31st March 2020

## (v) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs and decimals thereof (₹00,000.00) as per the requirement of Schedule III, unless otherwise stated.

## 2.2 Property, plant and equipment

All items of property, plant and equipment are stated at historical cost / deemed cost (fair value as at transition date) less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

### **Depreciation method, estimated useful lives and residual values**

Depreciation is calculated on a pro-rata basis using the straight-line method [except for furniture and fixtures and vehicles with gross carrying amount of ₹1086.09 lacs (31st March 2019: ₹1155.91 lacs) where written down value method is followed] to allocate their cost, net of their estimated residual values, over their estimated useful lives. In accordance with Schedule II to the Act other than certain plant & equipments having useful lives as 3 to 40 years, being estimated by the management, supported by independent assessment by professionals, lives of those assets being lower than those indicated in Schedule II to the Act. Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item.

Estimated useful lives of the property, plant and equipment as estimated by the management are as follows:

Factory buildings	- 30 years
Non-factory buildings	- 5 to 60 years
Railway sidings	- 15 years
Plant and equipments	- 3 to 40 years
Furniture and fixtures	- 8 to 10 years
Computers (included under plant and equipments)	- 3 years
Office equipments	- 5 years
Vehicles	- 8 to 10 years

Leasehold land (other than those in the nature of perpetual leases) are amortised on straight - line basis over the primary lease period or their respective useful lives, whichever is shorter.

The residual values are not more than 5% of the original cost of the asset.

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within 'Other income'/'Other expenses'.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as 'Capital advances' under other non-current assets and the cost of property, plant and equipment not ready to use are disclosed under 'Capital work-in-progress'.

## 2.3 Leases

### **Till 31st March, 2019:**

#### **As a lessee**

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified

# Notes to Financial Statements

as at and for the year ended 31st March 2020

as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Balance Sheet based on their nature.

## With effective from 1st April,2019:

### As a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right of use assets and a corresponding lease liabilities with respect to all lease agreements in which it is the lessee except for short-term leases (defined as leases with a term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees.
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liabilities is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying assets.

Payments associated with short term leases of offices are recognised on a straight line basis as an expense in statement of profit or loss. Short term leases are leases with a term of 12 months or less.

Variable lease payments that depend on output generated are recognised in statement of profit or loss in the period in which the condition that triggers those payments occurs.

### As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

## 2.4 Intangible assets

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

### Computer software

Software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation/system integration services, where applicable.

# Notes to Financial Statements as at and for the year ended 31st March 2020

## **Amortisation method and period**

Computer software is amortised on a pro-rata basis using the straight-line method over its estimated useful life of 3 years from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end.

## **Research and development**

Research costs are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 on 'Intangible assets' are recognised as an expense as incurred.

## **2.5 Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation on investment properties is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management. The estimated useful life of investment properties (buildings) as estimated by the management is 60 years.

On disposal of an investment property, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

## **2.6 Impairment of non-financial assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units).

## **2.7 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on weighted average basis. By-products are valued at net realisable value. Saleable scrap, whose cost is not identifiable, is valued at net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provisions are made to cover slow-moving and obsolete items based on historical experience of utilisation on a product category basis.

## **2.8 Biological assets**

Biological assets are measured at fair value less cost to sell. Costs to sell include the incremental selling costs, including commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes. Eucalyptus plantation are accounted for as biological assets until the point of harvest. Harvested eucalyptus plants are transferred to inventory at fair value less costs to sell when harvested. Changes in fair value of the biological assets are recognised in the Statement of Profit and Loss.

The fair value of growing eucalyptus plantation is determined using a discounted cash flow model based on the expected plant yield by plantation size, the market price for wood and after allowing for harvesting costs and other costs yet to be incurred in getting the plants to maturity.

## **2.9 Investments and other financial assets**

### **(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

# Notes to Financial Statements as at and for the year ended 31st March 2020

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

## (ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other income'.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other income' in the period in which it arises.

### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other income' in the Statement of Profit and Loss.

## (iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 42(A) details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## (iv) Derecognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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



# Notes to Financial Statements as at and for the year ended 31st March 2020

## (v) **Income recognition**

### **Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

### **Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

## (vi) **Fair value of financial instruments**

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include Market Approach (Market Multiples Method), Income Approach (Capitalisation Method) and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

### **2.10 Derivative instruments**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in 'Other income'/'Other expenses'.

### **2.11 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### **2.12 Trade receivables**

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### **2.13 Cash and cash equivalents**

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **2.14 Trade payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **2.15 Borrowings**

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

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

# Notes to Financial Statements

as at and for the year ended 31st March 2020

## 2.16 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

## 2.17 Revenue recognition

### **Sale of goods**

The Company manufactures and sells a range of paper and other products. Revenue from sale of goods is recognised when control of the products has transferred, being when the products are delivered to the customers and the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made against the receipt of advance or security deposit or with an agreed credit period of up to 90 days, which is consistent with the market practices. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 2.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Export incentives are recognised when the right to receive the credit is established and when there does not exist any uncertainty as to its collections.

## 2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

## 2.20 Foreign currency transactions and translation

### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (Rupees or ₹), which is the Company's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs, if any, are presented in the Statement of Profit and Loss, within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net

# Notes to Financial Statements as at and for the year ended 31st March 2020

basis within 'Other income'/'Other expenses'.

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 was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## 2.21 Employee benefits

### (i) Short-term employee benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### (ii) Post-employment benefits

#### Defined benefit plans

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee benefits expense' in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in retained earnings in the Statement of Changes in Equity.

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the Eligible employee and the Company make monthly contributions to the provident fund plan at a percentage of the covered employee's salary. The Company contributes a portion to the Birla Industries Provident Fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in the statement of profit and loss under employee benefits expense.

#### Defined contribution plans

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

### (iii) Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under 'Employee benefit obligations' (current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

## 2.22 Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

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

# Notes to Financial Statements

as at and for the year ended 31st March 2020

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2.23 Provisions and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

## 2.24 Earnings per share

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Company. Refer Note 45 for segment information presented.

## 2.26 Critical estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed

# Notes to Financial Statements as at and for the year ended 31st March 2020

at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

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

## The areas involving critical estimates or judgements are:

- **Employee benefits (estimation of defined benefit obligation) — Notes 2.21 and 47**

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

- **Estimation of expected useful lives of property, plant and equipment — Notes 2.2 and 3**

Management reviews its estimate of the useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

- **Contingencies — Notes 2.23 and 51**

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case/claim, the jurisdiction and the differences in applicable law. In the normal course of business, the Company consults with legal counsel and other experts on matters related to litigations. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

- **Valuation of deferred tax assets — Notes 2.22 and 23**

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

- **Fair value measurements — Notes 2.9(vi) and 40**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques, including market multiples model (Market Approach) and Capitalisation method (Income Approach) which involve various judgements and assumptions.

- **impairment of Property, plant and equipment, Right-of-use assets, intangible assets (other than goodwill) and Capital work-in-progress — Notes 2.6,3,3A & 5**

The Company estimates the value in use of the cash generating unit (CGU) based on future cash flows after considering current economic conditions and trends, estimated future operating results and growth rates and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The cash flows are discounted using a suitable discount rate in order to calculate the present value.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. The Company has identified one CGU - Paper unit at Amlai, Madhya Pradesh.

# Notes to Financial Statements

as at and for the year ended 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

## Note 3: Property, plant and equipment

Particulars	Freehold land (b)	Leasehold land (b)	Factory buildings	Non-factory buildings	Railway sidings	Plant and equipments	Furniture and fixtures	Office equipments	Vehicles	Total
<b>Gross carrying amount</b>										
<b>Cost as at 1st April 2018</b>	<b>30,947.04</b>	<b>58,447.15</b>	<b>5,548.77</b>	<b>2,597.81</b>	<b>62.57</b>	<b>75,844.15</b>	<b>722.76</b>	<b>271.43</b>	<b>274.40</b>	<b>1,74,716.08 (a)</b>
Additions	-	-	174.78	30.17	-	1,586.23	32.10	51.87	117.49	1,992.64
Disposals / deductions	-	-	17.87	11.85	-	275.72	8.16	5.04	28.57	347.21
<b>As at 31st March 2019</b>	<b>30,947.04</b>	<b>58,447.15</b>	<b>5,705.68</b>	<b>2,616.13</b>	<b>62.57</b>	<b>77,154.66</b>	<b>746.70</b>	<b>318.26</b>	<b>363.32</b>	<b>1,76,361.51 (a)</b>
Additions	-	-	58.05	909.04	6.76	1,403.03	30.83	0.99	38.48	2,447.18
Disposals / deductions	-	-	-	-	0.58	139.79	0.96	1.59	32.24	175.16
Transfer to Right - of - use assets	-	-	-	-	-	859.10	-	-	-	859.10
<b>As at 31st March 2020</b>	<b>30,947.04</b>	<b>58,447.15</b>	<b>5,763.73</b>	<b>3,525.17</b>	<b>68.75</b>	<b>77,558.80</b>	<b>776.57</b>	<b>317.66</b>	<b>369.56</b>	<b>1,77,774.43 (a)</b>
<b>Accumulated depreciation</b>										
<b>As at 1st April 2018</b>	-	<b>210.77</b>	<b>2,168.33</b>	<b>1,159.82</b>	<b>40.02</b>	<b>36,533.69</b>	<b>492.14</b>	<b>248.02</b>	<b>176.93</b>	<b>41,029.72</b>
Charge for the year	-	137.77	181.65	47.09	2.13	2,650.23	51.77	20.27	20.86	3,111.77 (c)
Disposals / deductions	-	-	11.14	3.95	-	40.54	7.73	4.05	27.36	94.77
<b>As at 31st March 2019</b>	-	<b>348.54</b>	<b>2,338.84</b>	<b>1,202.96</b>	<b>42.15</b>	<b>39,143.38</b>	<b>536.18</b>	<b>264.24</b>	<b>170.43</b>	<b>44,046.72</b>
Charge for the year	-	137.77	189.16	65.34	8.56	2,647.73	46.27	18.85	41.87	3,155.55 (c)
Disposals / deductions	-	-	-	-	0.55	126.21	0.79	1.51	27.32	156.38
Transfer to Right - of - use assets	-	-	-	-	-	203.68	-	-	-	203.68
<b>As at 31st March 2020</b>	-	<b>486.31</b>	<b>2,528.00</b>	<b>1,268.30</b>	<b>50.16</b>	<b>41,461.22</b>	<b>581.66</b>	<b>281.58</b>	<b>184.98</b>	<b>46,842.21</b>
<b>Net carrying amount</b>										
<b>As at 31st March 2019</b>	<b>30,947.04</b>	<b>58,098.61</b>	<b>3,366.84</b>	<b>1,413.17</b>	<b>20.42</b>	<b>38,011.28</b>	<b>210.52</b>	<b>54.02</b>	<b>192.89</b>	<b>1,32,314.79</b>
<b>As at 31st March 2020</b>	<b>30,947.04</b>	<b>57,960.84</b>	<b>3,235.73</b>	<b>2,256.87</b>	<b>18.59</b>	<b>36,097.58</b>	<b>194.91</b>	<b>36.08</b>	<b>184.58</b>	<b>1,30,932.22</b>

(a) Includes certain assets held in joint ownership ₹188.09 lacs (31st March 2019: ₹188.09 lacs).

(b) Includes ₹245.50 Lacs (31st March 2019 ₹245.50 lacs) in respect of land whose registration in the Company's name is pending.

(c) Includes depreciation ₹145.87 lacs (31st March 2019: ₹146.03 lacs) on assets at Brairajagar unit, where manufacturing operations were not carried on during the year.

(d) Refer to notes 21 and 24 for information on Property, plant and equipment pledged as security by the Company.

(e) Refer to note 50 for disclosure of contractual commitments for acquisition of property, plant and equipment.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 3A: Right - of - use assets

### (a) The Company as a lessee

The Company has lease contracts for plant and equipment, computer equipment and also non factory building. Lease of plant and equipment have lease terms of 9 Years & 9 Months in total, computer equipment has lease terms of 5 years in total and non factory building have lease term of 2 years and 7 months. Generally the Company is restricted from assigning or subleasing the leased assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants including security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Until March 31, 2019, leases were classified as either finance leases or operating leases. However from April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

### (b) Transition related disclosures

- (i) The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 15.65%.
- (ii) The following is the summary of practical expedients elected on initial application -
  - accounting for operating leases with a remaining lease term of less than 12 months as at 1st April 2019 as short term leases.
  - excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
  - using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

#### (iii) Measurement of lease liabilities

Operating lease commitments disclosed as at March 31, 2019	-
Discounted using the lessee's incremental borrowing rate of at the date of initial application	-
Extension and termination options reasonably certain to be exercised	720.46
<b>Lease liabilities recognised as at April 1, 2019</b>	<b>720.46</b>
New lease recognised as at April 1, 2019	101.77
	<b>822.23</b>
Of which are :	
Current lease liabilities	96.96
Non-current lease liabilities	725.27

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## (c) Following are the changes in carrying value of right of use assets

	Right-of-use plant and equipment	Right-of-use Computer Equipment	Right-of-use Non-factory Building	Total Right-of-use assets
<b>Cost/deemed cost</b>				
Balance as at April 1, 2019	-	-	-	-
Ind AS 116 transition	800.00	59.10	-	859.10
Reclassified on account of adoption of Ind AS 116	-	-	-	-
Revised Opening Balance as at April 1, 2019	<b>800.00</b>	<b>59.10</b>	-	<b>859.10</b>
Additions during the year	-	-	101.77	101.77
Assets disposed / written off during the year	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>800.00</b>	<b>59.10</b>	<b>101.77</b>	<b>960.87</b>
<b>Accumulated depreciation</b>				
	164.60	39.08	-	203.68
Charge for the year	50.67	17.07	42.09	109.83
<b>Accumulated depreciation as at March 31, 2020</b>	<b>215.27</b>	<b>56.15</b>	<b>42.09</b>	<b>313.51</b>
<b>Carrying amount</b>				
<b>Balance as at March 31, 2020</b>	<b>584.73</b>	<b>2.95</b>	<b>59.68</b>	<b>647.36</b>

## (d) Following are the changes in carrying value of lease liabilities

Balance as at April 1, 2019	720.46
Additions during the year	101.77
Finance costs during the year	122.73
Lease payments during the year	(222.98)
<b>Balance as at March 31, 2020</b>	<b>721.98</b>
Current lease liabilities	<b>118.12</b>
Non-current lease liabilities	<b>603.86</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis -

Less than one year	223.28
One to five years	682.60
More than five years	81.00
<b>Total</b>	<b>986.88</b>



# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## (e) Following are the amounts recognised in Statement of profit and loss

(₹ in lacs)

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation expense on right-of-use assets	109.83	-
Interest expense on lease liabilities	122.73	-
Expense relating to short term leases (included in other expenses)	40.04	-
Expense relating to variable lease payments not included in lease liabilities (included in other expenses) #	21.37	-
<b>Total amount recognised in Statement of profit and loss</b>	<b>293.97</b>	<b>-</b>

# The Variable lease payment relates to a new Lease arrangement wherein the lease payment amounts to the payment made in respect of Power generated by Novergy Energy Solutions Pvt Limited. Since the lease payment varies substantially, it has been classified as variable lease payment.

(i) The Company does not have any leases of low value assets and income from subleasing.

(ii) Extension and termination options are included in leases contracts of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by both the Company and lessor.

(iii) There are no residual value guarantees in relation to any lease contracts.

(iv) The Company had a total cash outflows of ₹222.98 lacs for leases for the year ended March 31, 2020.

## Note 4: Investment properties

Particulars	31st March 2020	31st March 2019
<b>Gross carrying amount</b>		
Opening gross carrying amount	642.24	1,712.67
Disposals / deductions	-	(1,070.43)
<b>Closing gross carrying amount</b>	<b>642.24</b>	<b>642.24</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	13.14	45.62
Depreciation charge	4.37	12.04
Disposals / deductions	-	(44.52)
<b>Closing accumulated depreciation</b>	<b>17.51</b>	<b>13.14</b>
<b>Net carrying amount</b>	<b>624.73</b>	<b>629.10</b>

(a) The Company along with other co-owners, has developed a plot of land and constructed a building thereon at 25, Barakhamba Road, New Delhi, where the Company's share is 15%. The registration of the said plot of land of value ₹ 432.94 lacs (31st March 2019: ₹ 432.94 lacs) in the name of the Company is still pending.

(b) Investment properties include buildings held in joint ownership ₹ 624.73 lacs (31st March 2019: ₹ 629.10 lacs).

(c) Fair value of investment properties carried at cost:

Particulars	31st March 2020	31st March 2019
Fair value of investment properties	9,125.21	8,937.22
<b>Net block</b>	<b>9,125.21</b>	<b>8,937.22</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Estimation of fair value

The fair values of investment properties have been determined by independent valuers who hold recognised and relevant professional qualifications. Valuation is based on government rates, market research, market trend and comparable values as considered appropriate.

The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

## (d) Amounts recognised in profit or loss for investment properties:

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Rental income	182.93	251.82
Depreciation expense	4.37	12.04

## Operating lease: Company as lessor

The Company has leased out certain buildings on operating leases. The lease term is for 1-3 years and thereafter renewable. There is escalation clause in the lease agreements. The rent is not based on any contingencies. There are no restrictions imposed by lease arrangements. The leases are cancellable.

## Note 5: Intangible assets (other than goodwill)

Particulars	Computer software
<b>Gross carrying amount</b>	
<b>At 1st April 2018</b>	<b>238.76</b>
Additions	141.34
<b>Deemed cost as at 31st March 2019</b>	<b>380.10</b>
Additions	2.53
<b>As at 31st March 2020</b>	<b>382.63</b>
<b>Accumulated amortisation</b>	
<b>At 1st April 2018</b>	<b>235.81</b>
Charge for the year	37.57
<b>As at 31st March 2019</b>	<b>273.38</b>
Charge for the year	46.27
<b>As at 31st March 2020</b>	<b>319.65</b>
<b>Net carrying amount</b>	
<b>As at 31st March 2019</b>	<b>106.72</b>
<b>As at 31st March 2020</b>	<b>62.98</b>

(a) Refer to note 50 for disclosure of contractual commitments for acquisition of intangible assets.

## Note 6: Investments - non-current

Particulars	31st March 2020	31st March 2019
<b>Investments in equity instruments at FVOCI (fully paid-up)</b>		
<b>Quoted</b>		
12.47 lacs (31st March 2019: 12.47 lacs) equity shares of ₹10 each in Century Textiles & Industries Limited	3,690.96	11,631.31
1.56 lacs (31st March 2019: Nil) equity shares of ₹10 each in Ultra Tech Cement Limited	5,055.96	-
9.06 lacs (31st March 2019: 9.06 lacs) equity shares of ₹10 each in HIL Limited	5,711.88	16,753.61
<b>Unquoted</b>		
0.30 lac (31st March 2019: 0.30 lac) equity shares of ₹10 each in Birla Buildings Limited	108.60	319.20
0.06 lac (31st March 2019: 0.06 lac) equity shares of ₹10 each in GMMCO Limited	210.79	239.15
0.25 lac (31st March 2019: 0.25 lac) equity shares of ₹10 each in Tungabhadra Industries Limited	-	-
200 (31st March 2019: 200) equity shares of ₹10 each in Orissa Textiles Mills Limited	-	-

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

173.99 lacs (31st March 2019: 173.99 lacs) equity shares of K.Sh 20 each in Panafrican Paper Mills (E.A) Limited	-	-
	<b>14,778.19</b>	<b>28,943.27</b>
<b>Investments in government securities at amortised cost</b>		
<b>Unquoted</b>		
6 Years National Savings Certificates (a)	0.17	0.17
	<b>14,778.36</b>	<b>28,943.44</b>
Aggregate amount of quoted investments and market value thereof	14,458.80	28,384.92
Aggregate amount of unquoted investments	319.56	558.52

(a) Lodged with government department as security deposits.

(b) Refer note 40 for information about fair value measurements and note 42 for credit risk and market risk on investments.

## Note 7: Loans - non-current

Particulars	31st March 2020	31st March 2019
<b>Unsecured, considered good</b>		
Trade and other deposits	263.66	261.52
	<b>263.66</b>	<b>261.52</b>

## Note 8: Other financial assets - non-current

Particulars	31st March 2020	31st March 2019
<b>Unsecured, considered good</b>		
Deposits with original maturity of more than 12 months @	32.94	2.30
	<b>32.94</b>	<b>2.30</b>

@ Lodged with government departments/banks as security

## Note 9: Non-current tax assets (net)

Particulars	31st March 2020	31st March 2019
Advance tax [Net of provision for tax ₹270.00 lacs (31st March 2019: ₹3,437.59 lacs)]	315.92	509.13
	<b>315.92</b>	<b>509.13</b>

## Note 10: Other non-current assets

Particulars	31st March 2020	31st March 2019
Capital advances considered good	749.36	364.96
Capital advances considered doubtful	-	153.13
Advances recoverable	219.06	222.60
Deposits against demand under dispute	617.51	522.31
Prepaid expenses	23.15	24.40
Claims and refunds receivable	326.98	149.48
	<b>1,936.06</b>	<b>1,436.88</b>
Less: Allowance for doubtful advances	-	(153.13)
	<b>1,936.06</b>	<b>1,283.75</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

## Note 11: Inventories

Particulars	31st March 2020	31st March 2019
<b>Valued at lower of cost and net realisable value</b>		
Raw materials and components	3,031.79	3,609.67
Work-in-progress	518.15	552.90
Finished goods	986.47	338.72
Stores, chemicals and spare parts, etc.	3,085.49	3,026.45
<b>At estimated net realisable value</b>		
By-products	2.57	3.30
Scrap	44.59	18.18
	<b>7,669.06</b>	<b>7,549.22</b>
The above includes stock in transit:		
Finished goods	2.38	-
Stores, chemicals and spare parts, etc.	82.41	51.24

- (a) Write downs of inventories to net realisable value amounted to ₹54.53 lacs (31st March 2019: ₹51.17 lacs) which were recognised as an expense and included in consumption of stores and spare parts in note 37.
- (b) Inventories are hypothecated against the borrowings obtained by the Company as referred in note 24.

## Note 12: Trade receivables

Particulars	31st March 2020	31st March 2019
Trade receivables	2,781.70	3,079.62
Less: Loss allowance	(48.54)	(66.80)
<b>Total receivables</b>	<b>2,733.16</b>	<b>3,012.82</b>
Current portion	2,733.16	3,012.82
Non-current portion	-	-

### Break-up of security details

Particulars	31st March 2020	31st March 2019
Trade receivables considered good – Secured	430.91	458.31
Trade receivables considered good – Unsecured	2,302.25	2,554.51
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	48.54	66.80
<b>Total</b>	<b>2,781.70</b>	<b>3,079.62</b>
Loss allowance	(48.54)	(66.80)
<b>Total trade receivables</b>	<b>2,733.16</b>	<b>3,012.82</b>

- (a) Trade receivables are non-interest bearing and are generally on term of up to 90 days.
- (b) Refer note 42 for credit risk and market risk on trade receivables.
- (c) Trade receivables are pledged against the borrowings obtained by the Company as referred in note 24.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 13: Cash and cash equivalents

Particulars	31st March 2020	31st March 2019
<b>Cash and cash equivalents</b>		
Balances with banks:		
– On current accounts	321.41	287.83
Cheques on hand	2.29	1.15
Cash on hand	6.56	7.06
	<b>330.26</b>	<b>296.04</b>

## Note 14: Other bank balances

Particulars	31st March 2020	31st March 2019
On unpaid dividend accounts*	43.98	48.83
Deposits with remaining maturity of more than 3 months but less than 12 months**	153.25	105.37
	<b>197.23</b>	<b>154.20</b>

\* Earmarked for payment of unclaimed dividend

\*\* Lodged with government departments/banks as security ₹153.25 lacs (31st March 2019: ₹105.37 lacs)

## Note 15: Loans - current

Particulars	31st March 2020	31st March 2019
<b>Unsecured, considered good</b>		
Loans to employees	11.08	11.62
Trade and other deposits	108.22	121.58
<b>Credit impaired</b>		
Trade and other deposits	10.00	10.00
Less: Loss allowance	(10.00)	(10.00)
	<b>119.30</b>	<b>133.20</b>

## Note 16: Other financial assets - current

Particulars	31st March 2020	31st March 2019
<b>Unsecured, considered good</b>		
Receivable from Orient Electric Limited, a related party (refer note 46)	12.96	-
Interest accrued on loans, deposits, etc.	41.53	16.20
	<b>54.49</b>	<b>16.20</b>

## Note 17: Current tax assets (net)

Particulars	31st March 2020	31st March 2019
Tax refunds receivable	515.53	-
	<b>515.53</b>	<b>-</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 18: Other current assets

Particulars	31st March 2020	31st March 2019
<b>Unsecured, considered good</b>		
Deposits against demand under dispute	1.41	202.51
Balances with government authorities (other than income taxes)	493.34	61.03
Prepaid expenses	423.92	246.39
Export incentives receivable	170.44	331.69
Claims and refunds receivable	306.85	1,605.14
Advances recoverable	1,231.24	874.18
	<b>2,627.20</b>	<b>3,320.94</b>

## Note 19: Equity share capital

Particulars	31st March 2020	31st March 2019
<b>Authorised shares</b>		
75,00,00,000 (31st March 2019: 75,00,00,000) Equity Shares of ₹1/- each	7,500.00	7,500.00
25,00,00,000 (31st March 2019: 25,00,00,000) Preference Shares of ₹ 100/- each	2,500.00	2,500.00

Particulars	31st March 2020	31st March 2019
<b>Issued shares</b>		
21,22,04,712 (31st March 2019: 21,22,04,712) Equity Shares of ₹1/- each	2,122.05	2,122.05
<b>Total issued capital</b>	<b>2,122.05</b>	<b>2,122.05</b>

Particulars	31st March 2020	31st March 2019
<b>Subscribed and paid-up shares</b>		
21,21,85,502 (31st March 2019: 21,21,85,502) Equity Shares of ₹1/- each	2,121.86	2,121.86
Forfeited shares (amount originally paid-up)	0.10	0.10
<b>Total subscribed and paid-up share capital</b>	<b>2,121.96</b>	<b>2,121.96</b>

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the year

#### Equity shares

Particulars	31st March 2020		31st March 2019	
	No. in lacs	Amount	No. in lacs	Amount
At the beginning of the year	2,121.86	2,121.86	2,121.86	2,121.86
<b>Outstanding at the end of the year</b>	<b>2,121.86</b>	<b>2,121.86</b>	<b>2,121.86</b>	<b>2,121.86</b>

### (b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## (c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	31st March 2020		31st March 2019	
	No. in lacs	% holding in the class	No. in lacs	% holding in the class
<b>Equity shares of ₹ 1 each fully paid</b>				
Central India Industries Limited	525.60	24.77%	525.60	24.77%
Shekhavati Investments and Traders Limited	132.21	6.23%	127.61	6.01%
L & T Mutual Fund Trustee Ltd	107.38	5.06%	107.38	5.06%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## Note 20: Other equity

Particulars	31st March 2020	31st March 2019
Reserves and surplus		
Investment subsidy	15.00	15.00
Securities premium account	4,697.49	4,697.49
General reserve	11,006.84	11,006.84
Retained earnings	91,264.00	91,020.97
Equity instruments through other comprehensive income	17,164.26	29,650.36
	<b>1,24,147.59</b>	<b>1,36,390.66</b>

### Investment subsidy

Particulars	31st March 2020	31st March 2019
Opening balance	15.00	15.00
<b>Closing balance</b>	<b>15.00</b>	<b>15.00</b>

### Securities premium account

Particulars	31st March 2020	31st March 2019
Opening balance	4,697.49	4,697.49
<b>Closing balance</b>	<b>4,697.49</b>	<b>4,697.49</b>

### General reserve

Particulars	31st March 2020	31st March 2019
Opening balance	11,006.84	11,006.84
<b>Closing balance</b>	<b>11,006.84</b>	<b>11,006.84</b>

### Retained earnings

Particulars	31st March 2020	31st March 2019
Opening balance	91,020.97	83,983.82
Profit for the year	1,992.79	10,164.97
Item of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment defined benefit plans, net of tax	(214.96)	(343.46)

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

Dividend paid (refer note 41)	(1,273.11)	(2,334.04)
Dividend distribution tax on above (refer note 41)	(261.69)	(479.77)
Transferred from equity instruments through other comprehensive income on sale of equity shares	-	29.45
<b>Closing balance</b>	<b>91,264.00</b>	<b>91,020.97</b>

## Equity instruments through other comprehensive income

Particulars	31st March 2020	31st March 2019
Opening balance	29,650.36	29,943.68
Change in fair value of FVOCI equity instruments during the year	(14,165.07)	(409.11)
Deferred tax for the year	1,678.97	145.24
Transferred to retained earnings on sale of equity shares*	-	(29.45)
<b>Closing balance</b>	<b>17,164.26</b>	<b>29,650.36</b>

\*Represents cumulative gain on disposal (net of tax). Fair value of such investments on the dates of disposal was ₹356.43 lacs.

## Nature and purpose of each reserve

### Investment subsidy

This relates to amount received in earlier years towards investment subsidy.

### Securities premium account

Securities premium is used to record premium received on issue of shares. The reserve may be utilised in accordance with the provisions of the Companies Act, 2013 of India (the "Companies Act").

### General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Companies Act.

## Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of investments in equity securities in other comprehensive income. The changes are accumulated within the 'equity instruments through other comprehensive income' reserve with equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## Note 21: Borrowings - non-current

Particulars	31st March 2020	31st March 2019
<b>Term loans (secured)</b>		
(a) From banks	-	208.24
(b) From others	356.60	830.60
<b>Other loans (secured)</b>		
Finance lease obligations (refer note 3A)	-	720.46
	356.60	1,759.30
Less:- Current maturities disclosed under the head "other financial liabilities - current"(refer note 26)	(356.60)	(744.42)
	-	<b>1,014.88</b>



# Notes to Financial Statements

as at and for the year ended 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

- (a) Term loans of ₹Nil (31st March 2019: ₹208.24 lacs) from banks was secured by first pari-passu charge on the property, plant and equipment (both present and future) pertaining to the Paper plants at Amlai & Brajrajnagar and carries interest @ Nil (31st March 2019: 9.90% p.a.) and has been fully repaid during the year .
- (b) Term loans from others are secured by pari-passu first charge on the Property, plant and equipment (both present and future) pertaining to the Paper plants at Amlai and Brajrajnagar and carries interest @11.25% p.a. (31st March 2019: 11.25% p.a.) and is repayable in 16 equal quarterly instalments starting from 21st March 2017 up to 21st December 2020.
- (c) Finance lease obligations are secured against plant and equipments taken on lease. The gross investments in lease, i.e. lease obligation plus interest, is payable in 117 monthly instalments of ₹13.50 lacs each and 20 quarterly instalments of ₹3.96 lacs each respectively.
- (d) Refer note 42 for information about liquidity risk and market risk on borrowings.

## Note 22: Employee benefit obligations - non-current

Particulars	31st March 2020	31st March 2019
Provision for gratuity (refer note 47)	1,210.08	959.65
	<b>1,210.08</b>	<b>959.65</b>

## Note 23: Deferred tax liabilities (net)

Particulars	31st March 2020	31st March 2019
<b>Deferred tax liabilities</b>		
Property, plant and equipment / intangible assets	26,974.71	29,284.03
<b>Gross deferred tax liabilities</b>	<b>26,974.71</b>	<b>29,284.03</b>
<b>Deferred tax assets</b>		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	1,250.35	1,154.52
On fair valuation of investments	-	449.44
Unabsorbed depreciation and carried forward business loss	12.98	-
Provision for doubtful debts and advances	20.46	80.35
Minimum alternate tax (MAT) credit entitlement	2,491.49	2,479.42
<b>Gross deferred tax assets</b>	<b>3,775.28</b>	<b>4,163.73</b>
<b>Deferred tax liabilities (net)</b>	<b>23,199.43</b>	<b>25,120.30</b>

Refer note 39 for movement in deferred tax (assets / liabilities) balances.

## Note 24: Borrowings - current

Particulars	31st March 2020	31st March 2019
Cash credit / working capital demand loans from banks (secured)	2,517.49	1,089.77
	<b>2,517.49</b>	<b>1,089.77</b>

Cash credit / working capital demand loans from banks are secured against hypothecation of stock-in-trade, work-in-progress, raw materials, stores and chemicals, book debts and other current assets of the Company and second charge on Property, plant and equipment pertaining to Paper plants at Amlai & Brajrajnagar of the Company and are repayable on demand. The above loans carry interest @ 7.85% p.a. to 9.90% p.a. (31st March 2019: 8.65% p.a. to 9.35% p.a. )

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 25: Trade payables

Particulars	31st March 2020	31st March 2019
Trade payables		
- total outstanding dues of micro and small enterprises (refer note 54)	46.71	16.88
- total outstanding dues of creditors other than micro and small enterprises	9,758.67	8,378.61
	<b>9,805.38</b>	<b>8,395.49</b>

Trade payables are non-interest bearing and normally settled within 60 days term. Refer note 42 for information about liquidity risk and market risk on trade payables.

## Note 26: Other financial liabilities - current

Particulars	31st March 2020	31st March 2019
Current maturities of long-term borrowings (refer note 21)	356.60	744.42
Interest accrued but not due on borrowings	4.72	2.63
Payables against purchase of Property, plant and equipment	1,468.78	875.58
Unpaid dividend	43.98	48.83
Trade and other deposits	941.40	1,012.35
	<b>2,815.48</b>	<b>2,683.81</b>

## Note 27: Employee benefit obligations - current

Particulars	31st March 2020	31st March 2019
Provision for gratuity (refer note 47)	361.37	389.41
Provision for leave benefits (refer note 47)	708.49	660.31
	<b>1,069.86</b>	<b>1,049.72</b>

## Note 28: Current tax liabilities (net)

Particulars	31st March 2020	31st March 2019
Provision for taxation [net of advance tax, TDS and refunds receivable ₹2,867.31 lacs (31st March 2019: ₹2,703.80 lacs)]	67.69	232.30
	<b>67.69</b>	<b>232.30</b>

## Note 29: Other current liabilities

Particulars	31st March 2020	31st March 2019
Advance against sale of goods/ property, plant and equipment (refer note 29a & 29b)	384.24	173.30
Statutory dues payable (other than income taxes)	1,437.31	1,280.81
Other payables	5.66	11.29
	<b>1,827.21</b>	<b>1,465.40</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 29a: Contract liabilities

Particulars	31st March 2020	31st March 2019
Contract liabilities- Sale of goods	384.24	173.30
<b>Total contract liabilities</b>	<b>384.24</b>	<b>173.30</b>

## Note 29b: Revenue recognised that was included in the contract liability balance at the beginning of the period

Particulars	31st March 2020	31st March 2019
Sale of goods	144.48	136.91

## Note 30: Revenue from operations

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
<b>Revenue from contracts with customers</b>		
Sale of products	59,813.94	69,396.74
<b>Other operating revenue</b>		
Scrap sales	140.26	302.02
Export incentives	388.01	631.58
Sale of clonal plants	99.05	393.75
Other receipts	215.10	280.39
	<b>60,656.36</b>	<b>71,004.48</b>

## Detail of products sold

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
<b>Finished goods sold</b>		
Paper & Board	50,022.60	56,431.62
C.S.Lye	5,864.56	7,083.51
C.S.Flakes	3,632.74	5,567.86
Liquid Chlorine	101.91	133.68
Hydrochloric Acid	192.13	180.07
	<b>59,813.94</b>	<b>69,396.74</b>

## Reconciliation of revenue recognised with contract price:

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Contract price	61,420.53	71,005.23
Adjustments for:		
Refund liabilities	(764.17)	(0.75)
<b>Revenue from operations</b>	<b>60,656.36</b>	<b>71,004.48</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 31: Other income

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
<b>Interest income</b>		
On financial instruments measured at amortised cost	16.87	33.60
On income tax refund	40.56	40.78
<b>Dividend income</b>		
On financial instruments measured at FVOCI *	304.06	313.33
<b>Others</b>		
Rental income on investment properties	182.93	251.82
Insurance and other claims	229.02	57.99
Rent and hire charges	71.71	64.33
Unspent liabilities, provisions no longer required and unclaimed balances written back	127.56	300.92
Net gain on disposal of investment property	-	602.09
Gain on sale / redemption of units of mutual funds	2.50	21.44
Net gain on disposal of Property, plant and equipment and assets held for sale	-	1,590.80
Miscellaneous income	202.90	93.77
	<b>1,178.11</b>	<b>3,370.87</b>

\* All dividend from equity investments designated at FVOCI relate to investments held at the end of the reporting period except ₹nil (31st March 2019: ₹1.86 lacs) on equity investments sold during the year.

## Note 32: Cost of materials consumed

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Inventory at the beginning of the year	3,609.67	2,350.10
Add: Purchases	19,262.82	20,927.67
	22,872.49	23,277.77
Less: Inventory at the end of the year	(3,031.79)	(3,609.67)
	<b>19,840.70</b>	<b>19,668.10</b>

## Note 33: Changes in inventories of finished goods and work-in-progress, etc.

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
<b>Inventories at the end of the year</b>		
Work-in-progress	518.15	552.90
Finished goods	986.47	338.72
By-products	2.57	3.30
Scrap	44.58	18.18
	<b>1,551.77</b>	<b>913.10</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

Inventories at the beginning of the year		
Work-in-progress	552.90	498.21
Finished goods	338.72	702.75
By-products	3.30	0.45
Scrap	18.18	49.64
	913.10	1,251.05
<b>Changes in inventories</b>	<b>(638.67)</b>	<b>337.95</b>

## Note 34: Employee benefits expense

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Salaries, wages and bonus	7,038.85	6,941.59
Contribution to provident and other funds (refer note 47)	605.28	608.23
Gratuity expense (refer note 47)	220.66	199.87
Staff welfare expenses	563.94	677.45
	<b>8,428.73</b>	<b>8,427.14</b>

## Note 35: Finance costs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest and finance charges #	296.50	743.35
Interest on Lease Liabilities #	122.73	-
Interest expense on income tax	3.15	113.50
Other borrowing costs #	101.03	140.33
	<b>523.41</b>	<b>997.18</b>

# Arising on financial liabilities not at fair value through profit or loss.

## Note 36: Depreciation and amortisation expense

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Depreciation on Property, plant and equipment (refer note 3)	3,155.55	3,111.77
Depreciation on investment properties (refer note 4)	4.37	12.04
Depreciation on Right - of - use assets (refer note 3A)	109.83	-
Amortisation on intangible assets (refer note 5)	46.27	37.57
	<b>3,316.02</b>	<b>3,161.38</b>

## Note 37: Other expenses

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Consumption of stores and spare parts	6,669.32	7,570.76
Handling and other charges to contractors	2,233.45	2,330.35
Power and fuel	11,318.60	9,339.13
Packing, freight and forwarding charges	2,487.35	3,178.79
Rent	41.05	131.05

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

Rates and taxes	240.61	232.99
Insurance	186.57	175.55
Repairs		
Plant and machinery	2,038.06	2,291.34
Buildings	367.22	434.92
CSR expenditure (refer note 37a)	219.04	87.24
Advertising and sales promotion	39.16	43.57
Directors' commission	24.88	88.16
Directors' sitting fees	47.50	48.50
Commission on sales	439.85	424.45
Payment to auditor		
As auditor:		
Audit fee	12.00	12.00
Limited review	9.00	9.00
Tax audit fee	2.00	2.00
For certificates and other services	5.00	6.55
Reimbursement of expenses	3.96	4.35
Payment to cost auditor	0.87	0.75
Net loss on foreign currency transactions and translations	42.39	76.04
Professional and consultancy charges	635.86	551.53
Bad debts / advances written off (net of reversals)	-	4.69
Provision for doubtful debts and advances	-	153.13
Loss on sale of fixed assets (net)	11.18	-
Miscellaneous expenses *	1,195.81	1,581.04
	<b>28,270.73</b>	<b>28,777.88</b>

\* Includes ₹200.00 lacs contributed to Electoral Trust ( 31st March 2019: ₹300.00 lacs)

## Note 37a: Corporate social responsibility expenditure

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Amount required to be spent as per Section 135 of the Act	170.05	104.84
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	219.04	87.24
Amount unspent during the year	-	17.60

## Note 37b: Research and development expenditure

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Capital nature	2.55	-
Revenue nature	143.18	121.03

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 38: Income tax expense

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
<b>(a) Income tax expense recognised in Statement of profit and loss</b>		
Current tax		
Current tax on profits for the year	270.00	2,926.00
Adjustment for current tax of earlier years	(42.81)	35.75
<b>Total current tax expense</b>	<b>227.19</b>	<b>2,961.75</b>
Deferred tax		
Origination / (reversal) of temporary differences	(126.43)	(121.00)
<b>Total deferred tax expense/(benefit)</b>	<b>(126.43)</b>	<b>(121.00)</b>
<b>Total income tax expense recognised in profit and loss</b>	<b>100.76</b>	<b>2,840.75</b>
<b>Income tax expense is attributable to:</b>		
Profit from continuing operations	100.76	2,840.75
<b>(b) Income tax expense recognised in other comprehensive income</b>		
Deferred tax - expense / (benefit)		
Remeasurements of post employment defined benefit plans	(115.46)	(120.02)
Equity instruments through other comprehensive income	(1,678.97)	(25.22)
<b>Total deferred tax benefit</b>	<b>(1,794.43)</b>	<b>(145.24)</b>
<b>Total income tax benefit recognised in other comprehensive income</b>	<b>(1,794.43)</b>	<b>(145.24)</b>

### (c) Numerical reconciliation of income tax expense to prima facie tax payable:

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Profit before income tax expense	2,093.55	13,005.72
	<b>2,093.55</b>	<b>13,005.72</b>
<b>Computed income tax at the rate of 34.944% (31st March 2019 – 34.944%)</b>	731.57	4,544.72
<b>Adjustments:</b>		
Difference on account of tax rate	(365.79)	(502.31)
Income exempt from tax	(96.68)	(109.49)
Expenses not allowed in tax	(35.57)	182.25
Deduction on tax holiday	-	(1,301.16)
Standard deduction on income from house property	-	(32.77)
Miscellaneous items	(89.96)	23.76
Adjustment for current tax of earlier years	(42.81)	35.75
<b>Total income tax expense</b>	<b>100.76</b>	<b>2,840.75</b>

The applicable Indian statutory income tax rate for the year ended 31st March 2020 was 34.944% and for the year ended 31st March 2019 was 34.944%.

Taxation Laws (Amendment) Act, 2019 enacted on December 11, 2019 [Promulgated as the Taxation Laws (Amendment) Ordinance, 2019 on September 20, 2019] amends the Income Tax Act, 1961, and the Finance (No. 2) Act, 2019. The ordinance/act provides domestic companies an option for lower tax rates, provided they do not claim certain deductions. The Company have not opted for the lower tax rate and applied the rate existing prior to the Ordinance/Act in making provision of its tax liability for the financial year.

# Notes to Financial Statements

as at and for the year ended 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

## Note 39: Deferred tax assets/liabilities

Movement in deferred tax (assets)/ liabilities

Particulars	Property, plant and equipment / intangible assets	Fair valuation of investments	MAT Credit entitlement	Unabsorbed depreciation and carried forward business loss	Items allowable on payment basis	Others	Total
<b>At 1st April 2018</b>	<b>29,380.62</b>	<b>(424.25)</b>	<b>(2,470.39)</b>	-	<b>(1,063.64)</b>	<b>(26.84)</b>	<b>25,395.50</b>
Charged/(credited):							
- to profit or loss	(96.59)	-	(9.03)	-	29.14	(53.48)	(129.96)
- to other comprehensive income	-	(25.19)	-	-	(120.02)	(0.03)	(145.24)
<b>At 31st March 2019</b>	<b>29,284.03</b>	<b>(449.44)</b>	<b>(2,479.42)</b>	-	<b>(1,154.52)</b>	<b>(80.35)</b>	<b>25,120.30</b>
Charged/(credited):							
- to profit or loss	(65.45)	-	(12.07)	(12.98)	(95.83)	59.89	(126.44)
- to other comprehensive income	-	(1,678.97)	-	-	(115.46)	-	(1,794.43)
At 31st March 2020	29,218.58	(2,128.41)	(2,491.49)	(12.98)	(1,365.81)	(20.46)	23,199.43

## Note 40: Fair value measurements

Financial instruments by category

Particulars	Notes	31st March 2020		31st March 2019	
		FVOCI	Amortised cost	FVOCI	Amortised cost
<b>Financial assets</b>					
Investments in equity instruments*	6	14,778.19	-	28,943.27	-
Investments in government securities	6	-	0.17	-	0.17
Trade receivables	12	-	2,733.16	-	3,012.82
Cash and cash equivalents	13	-	330.26	-	296.04
Other bank balances	14	-	197.23	-	154.20
Loans to employees	15	-	11.08	-	11.62
Trade and other deposits	7, 15	-	371.88	-	383.10
Deposits with original maturity of more than 12 months	8	-	32.94	-	2.30
Interest accrued on loans, deposits etc.	16	-	41.53	-	16.20
Receivable from Orient Electric Limited, a related party	16	-	12.96	-	-
<b>Total financial assets</b>		<b>14,778.19</b>	<b>3,731.21</b>	<b>28,943.27</b>	<b>3,876.45</b>
<b>Financial liabilities</b>					



# Notes to Financial Statements

as at and for the year ended 31st March 2020

(All amounts in ₹ lacs, unless otherwise stated)

## Note 40: Fair value measurements (contd.)

Borrowings (including current maturities)	21, 24 ,26	-	2,874.09	-	2,849.07
Lease Liabilities	3A	-	721.98	-	-
Trade payables	25	-	9,805.38	-	8,395.49
Other financial liabilities	26	-	2,458.88	-	1,939.39
<b>Total financial liabilities</b>		-	<b>15,860.33</b>	-	<b>13,183.95</b>

\*The Company has made an irrevocable election at date of transition to recognise changes in fair value of investments in equity securities which are not held for trading through OCI rather than profit or loss 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.

### (i) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to level 3, as described below:

**Quoted prices in an active market (level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

**Valuation techniques with observable inputs (level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Company's investments in equity shares which are unquoted or for which quoted prices are not available at the reporting dates.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between level 1 and level 2 fair value measurements during the year ended 31st March 2020 and 31st March 2019.

### (a) Financial instruments

Particulars	31st March 2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Investments in equity instruments	14,458.80	-	319.39	14,778.19
	<b>14,458.80</b>	-	<b>319.39</b>	<b>14,778.19</b>

Particulars	31st March 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Investments in equity instruments	28,384.92	-	558.35	28,943.27
	<b>28,384.92</b>	-	<b>558.35</b>	<b>28,943.27</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 40: Fair value measurements (contd.)

### Fair value measurements using significant unobservable inputs (level 3)

Fair valuation of unquoted equity investments is based on valuation done by management using Market Approach (Market Multiples Method) for GMMCO Limited and Income Approach (Capitalisation Method) for Birla Buildings Limited respectively. A change in significant unobservable inputs used in such valuation (mainly EV / EBITDA and risk adjusted discount rate) is not expected to have a material impact on the fair values of such assets as disclosed above.

Reconciliation of level 3 fair value measurements	Amount
As at 31st March 2019	558.35
Add: Change in value of unquoted equity investments measured at FVOCI	(238.96)
As at 31st March 2020	319.39

### (b) Biological assets other than bearer plants

This section explains the judgements and estimates made in determining the fair values of the biological assets other than bearer plants that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its biological assets other than bearer plants into level 2 in the fair value hierarchy, since no significant adjustments need to be made to the prices obtained from the local markets.

Biological assets other than bearer plants for which fair value (less cost to sell) are disclosed:

Particulars	31st March 2020			31st March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Biological assets other than bearer plants (Refer note 44)	-	325.04	-	-	219.64	-
	-	325.04	-	-	219.64	-

There were no transfers between any levels during the year.

### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using Market Approach & Income Approach for 31st March 2020.

### (iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31st March 2020		31st March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Borrowings - finance lease obligation (Refer note 21)	-	-	720.46	831.95
Lease Liabilities (Refer note 3A)	721.98	1,027.55	-	-
<b>Total financial liabilities</b>	<b>721.98</b>	<b>1,027.55</b>	<b>720.46</b>	<b>831.95</b>

- Investments carried at fair value are generally based on market price quotations. However, in cases, where quoted prices are not available, the management has used relevant valuation techniques.
- Fair value of lease liabilities in table above is estimated by discounting expected future cash flows. The carrying amounts of borrowings with floating rate of interest are considered to be close to their fair value as at 31st March 2020.
- The management assessed that the fair values of remaining financial assets and liabilities at amortised cost approximate to their carrying amounts largely due to the short-term maturities of these instruments.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 40: Fair value measurements (contd.)

- (d) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

## Note 41: Capital management

### (a) Risk management

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return of capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to any externally imposed capital requirements.

The following table summarises the capital of the Company:

Particulars	31st March 2020	31st March 2019
Total borrowings (Refer note 21/ 24 / 26)	2,874.09	2,849.07
Lease Liabilities (refer note 3A)	721.98	-
Less: Cash and cash equivalents (refer note 13)	(330.26)	(296.04)
<b>Net debt</b>	<b>3,265.81</b>	<b>2,553.03</b>
<b>Equity (Refer note 19 &amp; 20)</b>	<b>1,26,269.55</b>	<b>1,38,512.62</b>
<b>Total capital (equity+ net debt)</b>	<b>1,29,535.36</b>	<b>1,41,065.65</b>
<b>Net debt to total capital ratio</b>	<b>2.52%</b>	<b>1.81%</b>

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March 2020 and 31st March 2019.

### Loan covenants:

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants. The Company has complied with the debt covenants throughout the reporting period.

### (b) Dividends paid and proposed

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
<b>(i) Equity shares</b>		
Interim dividend :		
For the year ended 31st March 2019 of ₹0.50	-	1,060.93
Dividend distribution tax on above	-	218.08
<b>Final dividend :</b>		
For the year ended 31st March 2018 of ₹0.60	-	1,273.11

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 41: Capital management (contd.)

For the year ended 31st March 2019 of ₹0.60	1,273.11	-
Dividend distribution tax on above	261.69	261.69
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year-end the board of directors have recommended the payment of a final dividend of ₹ 0.50 (31st March 2019 – ₹ 0.60) per fully paid equity share. The proposed final dividend is subject to the approval of shareholders in the ensuing annual general meeting.	1,060.93	1,273.11
Dividend distribution tax on above *	-	261.69

\* The Finance Act 2020 has omitted the Dividend Distribution Tax (DDT). Companies are now required to pay / distribute dividend after deducting taxes as applicable.

## Note 42: Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of it in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Diversification of customer base
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹)	Cash flow forecasting Sensitivity analysis	Regular monitoring of currency movements
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Diversified debt portfolio Regular monitoring of borrowings
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Regular monitoring of security prices
Market risk – commodity prices	Variable commodity prices	Movement in commodity prices	Regular monitoring of commodity prices and fixed price contracts

### (A) Credit risk

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 40.

#### (i) Trade and other receivables

Customer credit risk is managed by the Company through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying up to 90 days credit terms. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receivables are backed by security deposits. Export receivables are backed by letters of credit.

The Company uses specific identification method in determining the allowances for credit losses of trade receivables considering historical credit loss experience and is adjusted for forward looking information.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 42: Financial risk management (contd.)

The ageing of trade receivables (net of provisions) as of balance sheet date is given below. The age analysis have been considered from the due date:

Particulars	Less than 180 days	More than 180 days	Total
Trade receivables as at 31st March 2020 (gross)	2,552.10	229.60	2,781.70
Less: Provision for impairment loss	-	(48.54)	(48.54)
<b>Trade receivables as at 31st March 2020 (net)</b>	<b>2,552.10</b>	<b>181.06</b>	<b>2,733.16</b>

Particulars	Less than 180 days	More than 180 days	Total
Trade receivables as at 31st March 2019 (gross)	2,985.88	93.74	3,079.62
Less: Provision for impairment loss	-	(66.80)	(66.80)
<b>Trade receivables as on 31st March 2019 (net)</b>	<b>2,985.88</b>	<b>26.94</b>	<b>3,012.82</b>

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

### (ii) Other financial assets and deposits

Credit risk from balances with banks, deposits, etc is managed by the Company's finance department. Investments of surplus funds are made only with approved counterparties in accordance with the Company's policy. None of the Company's cash equivalents with banks, deposits, investments and other receivables were past due or impaired as at 31st March 2020 and 31st March 2019 (except for deposits of ₹10.00 lacs).

### (iii) Reconciliation of impairment provision

Particulars	Trade receivables	Deposits
<b>Opening balance as at 31st March 2019</b>	<b>66.80</b>	<b>10.00</b>
Provision written back during the year ended 31st March 2020 (on account of bad debt)	(18.26)	-
<b>Closing balance as at 31st March 2020</b>	<b>48.54</b>	<b>10.00</b>

The impairment provision as disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions based on the Company's past history, existing market condition as well as forward looking estimates at the end of each reporting period.

## (B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally performed in accordance with practice and limits set by the Company.

### (i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31st March 2020	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Borrowings and interest thereon*	2,897.29	-	-	-	2,897.29

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 42: Financial risk management (contd.)

Lease Liabilities	223.28	358.60	324.00	81.00	986.88
Trade payables	9,805.38	-	-	-	9,805.38
Other financial liabilities	2,454.18	-	-	-	2,454.18
<b>Total financial liabilities</b>	<b>15,380.13</b>	<b>358.60</b>	<b>324.00</b>	<b>81.00</b>	<b>16,143.73</b>

<b>Contractual maturities of financial liabilities 31st March 2019</b>	<b>Less than 1 year</b>	<b>1 - 3 years</b>	<b>3 - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings and interest thereon*	2,035.35	719.25	324.00	388.00	3,466.60
Lease Liabilities	-	-	-	-	-
Trade payables	8,395.49	-	-	-	8,395.49
Other financial liabilities	1,936.76	-	-	-	1,936.76
<b>Total financial liabilities</b>	<b>12,367.60</b>	<b>719.25</b>	<b>324.00</b>	<b>388.00</b>	<b>13,798.85</b>

\*gross of debt origination cost

### (C) Market risk

#### (i) Foreign currency risk

The Company deals with foreign trade payables, trade receivables etc. and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

#### Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rupees lacs (foreign currency amount multiplied by closing rate), are as follows:

#### As at 31st March 2020

<b>Particulars</b>	<b>USD</b>	<b>EUR</b>
<b>Financial assets</b>		
Trade receivables	32.85	143.57
<b>Financial liabilities</b>		
Trade payables	1,014.62	16.13
<b>Net exposure to foreign currency risk</b>	<b>(981.77)</b>	<b>127.44</b>

#### As at 31st March 2019

<b>Particulars</b>	<b>USD</b>	<b>EUR</b>
<b>Financial assets</b>		
Trade receivables	564.09	32.79
<b>Financial liabilities</b>		
Trade payables	946.71	15.09
<b>Net exposure to foreign currency risk</b>	<b>(382.62)</b>	<b>17.70</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 42: Financial risk management (contd.)

### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax	
	31st March 2020	31st March 2019
<b>USD sensitivity</b>		
Rupees appreciates by 5% (31st March 2019 - 5%)@	49.09	19.13
Rupees depreciates by 5% (31st March 2019 - 5%)@	(49.09)	(19.13)
<b>EUR sensitivity</b>		
Rupees appreciates by 5% (31st March 2019 - 5%)@	(6.37)	(0.89)
Rupees depreciates by 5% (31st March 2019 - 5%)@	6.37	0.89

@ Holding all other variables constant

### (ii) Interest rate risk

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. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March 2020 and 31st March 2019, the Company's borrowings at variable rate were mainly denominated in Rupees.

The Company's fixed rate borrowings and deposits with banks are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### (a) Interest rate risk exposure

##### On financial liabilities:

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Particulars	31st March 2020	31st March 2019
Variable rate borrowings	2,874.09	2,128.61
Total borrowings	2,874.09	2,128.61

#### (b) Sensitivity

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates on variable rate borrowings as below:

Particulars	Impact on profit before tax	
	31st March 2020	31st March 2019
Interest expense rates – increase by 50 basis points (50 bps)#	(14.37)	(10.64)
Interest expense rates – decrease by 50 basis points (50 bps)#	14.37	10.64

# Holding all other variables constant

### (iii) Securities price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

#### (a) Exposure

The Company's exposure to securities price risk arises from investments in equity instruments held by the Company and classified in the balance sheet at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company does regular monitoring of security prices. In general, these investments are not held for trading purposes.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 42: Financial risk management (contd.)

### (b) Sensitivity

The table below summarises the impact of increase/decrease of the share prices on the Company's equity.

Particulars	Impact on other components of equity (before tax)	
	31st March 2020	31st March 2019
Share price - Increase by 5%#	722.94	1,419.25
Share price - Decrease by 5%#	(722.94)	(1,419.25)

# Holding all other variables constant

### (iv) Commodities price risk

The Company has in place policies to manage the Company's exposure to fluctuation in the prices of the key materials and commodities used in the operations. Nevertheless, it believes that it has competitive advantage in terms of quality products and by continually upgrading its expertise and range of products to meet the needs of its customers. Commodities price risk exposure is evaluated and managed through operating procedures and sourcing policies. The management does not consider the Company's exposure to commodities price risk significant as on 31st March 2020.

## Note 43: Net debt reconciliation

This section sets out an analysis of debt and the movements in debt during the year

Particulars	31st March 2020	31st March 2019
Current borrowings (refer note 24)	2,517.49	1,089.77
Current maturities of long term debt (refer note 26)	356.60	744.42
Non-current borrowings (refer note 21)	-	1,014.88
Lease Liabilities (refer note 3A)	721.98	-
Interest accrued (refer note 26)	4.72	2.63
<b>DEBT</b>	<b>3,600.79</b>	<b>2,851.70</b>

Particulars	Liabilities from financing activities			
	Non-current borrowings (including current maturities and interest accrued)	Lease obligations	Current borrowings	Total
Net Debt as at 1st April 2018	5,202.01	773.70	3,074.84	9,050.55
Cash flows	(4,158.48)	(53.24)	(1,985.07)	(6,196.79)
Interest expense (refer note 35)	365.46	-	377.89	743.35
Other borrowings costs expense (refer note 35)	-	-	140.33	140.33
Interest paid	(367.52)	-	(377.89)	(745.41)
Other borrowings costs paid	-	-	(140.33)	(140.33)



# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 43: Net debt reconciliation (contd.)

<b>Net Debt as at 31st March 2019</b>	<b>1,041.47</b>	<b>720.46</b>	<b>1,089.77</b>	<b>2,851.70</b>
Recognised on adoption of Ind AS 116 (refer note 3A)	-	101.77	-	101.77
<b>Net Debt as at 1st April 2019 (restated)</b>	<b>1,041.47</b>	<b>822.23</b>	<b>1,089.77</b>	<b>2,953.47</b>
Cash flows	(1,402.70)	(100.25)	1,427.72	(75.23)
Reclassification for Ind AS 116 *	720.46	-	-	720.46
Interest expense (refer note 35)	75.80	122.73	220.70	419.23
Other borrowings costs expense (refer note 35)	-	-	101.03	101.03
Interest paid	(73.71)	(122.73)	(220.70)	(417.14)
Other borrowings costs paid	-	-	(101.03)	(101.03)
<b>Debt as at 31st March 2020</b>	<b>361.32</b>	<b>721.98</b>	<b>2,517.49</b>	<b>3,600.79</b>

\* Corresponding impact on purchases of property, plant and equipment.

## Note 44: Biological Assets other than bearer plant

### Eucalyptus plantations - non-current assets

Particulars	31st March 2020	31st March 2019
<b>As at opening date</b>	<b>33.02</b>	<b>35.58</b>
Increase/(Decrease) due to purchases / physical changes	6.50	(2.56)
<b>As at closing date</b>	<b>39.52</b>	<b>33.02</b>

Particulars	31st March 2020	31st March 2019
Plantation area (in acres)	478	478

### Clonal plants - current assets

Particulars	31st March 2020	31st March 2019
<b>As at opening date</b>	<b>186.62</b>	<b>141.08</b>
Increase due to purchases / physical changes	163.85	330.03
Decrease due to sale	(64.95)	(284.49)
<b>As at closing date</b>	<b>285.52</b>	<b>186.62</b>

Particulars	31st March 2020	31st March 2019
Sale of clonal plants during the year (qty in numbers)	21,64,951	94,81,554

Particulars	31st March 2020	31st March 2019
<b>Closing stock of biological assets</b>		
Quantity (in numbers)	87,31,606	62,20,755

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 45: Segment information

The Company is primarily engaged in single reportable operating segment viz. Paper and hence no segment disclosure is required. However, the Company has reported revenue from external customers based on location of customer in different geographical areas. The performance of the single segment is reviewed by the Managing Director of the Company (Chief Operating Decision Maker - 'CODM').

The amounts reported to CODM are based on the accounting principles used in the preparation of financial statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before tax.

### Entity wise disclosures

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown below:

Year ended 31st March 2020	India	UAE	Rest of the world	Total
Revenue				
Revenue from external customers	51,072.55	4,765.36	4,818.45	60,656.36

Year ended 31st March 2019	India	UAE	Rest of the world	Total
Revenue				
Revenue from external customers	55,756.48	8,852.00	6,396.00	71,004.48

All non-current assets of the Company (excluding financial assets) are located in India.

Revenue of ₹ 6,459.05 lacs (31st March 2019 ₹ Nil) are derived from a single external customer and is more than 10% of revenue from external customer.

## Note 46: Related party disclosures

### Names of related parties and related party relationship

#### Related parties with whom transactions have taken place during the year

Investing Company *	Central India Industries Limited
Members of the Board of Directors / Key Management Personnel (KMP)	Mr. C. K. Birla (Non-executive Chairman) Mr. A. Ghosh (Non-executive Director) (Ceased from 31-01-2019) Mr. Michael Bastian (Non-executive Director) (Ceased from 05-08-2019) Mr. N. S. Sisodia (Non-executive Director) (Ceased from 14-01-2020) Ms. Gauri Rasgotra (Non-executive Director) Mr. S. Vishvanathan (Non-executive Director) Mr. A. Bishnoi (Non-executive Director) (Appointed w.e.f.01-08-2019) Mr. R K Agarwal (Non-executive Director) (Appointed w.e.f. 27-01-2020) Mr. M. L. Pachisia (Managing Director) Mr. P. K. Sonthalia (President Finance & CFO) Mr. Ajay Gupta (CEO-Amlai Paper Mills) Mr. B. S. Gilra (Ceased from 17-04-2018) Mr. R. P. Dutta (Company Secretary)
Public Limited Company in which a director or manager is a director and holds along with his relatives, more than 2% percent of its paid up share capital.	Orient Cement Limited Orient Electric Limited
Relatives of member of board of directors /KMP #	Ms. Nirmala Birla Ms. Amita Birla Ms. Avani Birla Ms. Avanti Birla

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 46: Related party disclosures (Contd.)

Post-employment employee benefit plans

Birla Industries Provident Fund  
Orient Paper & Industries Limited Employees Gratuity Fund  
Orient Paper & Industries Limited Superannuation Fund

Other related entities

Amer Investments (Delhi) Limited  
Ashok Investment Corporation Limited  
Birla Brothers Private Limited  
Birla Buildings Limited  
Bengal Rubber Company Limited  
C K Birla Corporate Services Limited  
GMMCO Limited  
Gwalior Finance Corporation Limited  
HIL Limited  
Hindustan Motors Limited  
Hindusthan Discounting Company Limited  
India Silica Magnesite Works Limited  
Jaipur Finance & Dairy Products Private Limited  
Khaitan & Co. LLP.  
National Engineering Industries Limited  
Origami Cellulo Private Limited  
Rajasthan Industries Limited  
Shekhavati Investment & Traders Limited  
Soorya Vanijya & Investment Limited  
Universal Trading Company Limited

\* shareholding in the reporting entity is more than 20% as investor.

# holding more than 2% of paid up share capital in the Company alongwith Mr. C. K. Birla.

### Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

#### a. Investing Company

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Dividend paid	315.36	578.16

#### b. Transactions with key managerial personnel/directors

##### (i) Key management personnel/directors compensation\*\*

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Short-term employee benefits (including sitting fees and commission)	893.77	1,004.94
Contribution to defined contribution plans	79.87	75.09
	973.64	1,080.03

\*\*No separate valuation is done for key managerial personnel in respect of post-employment benefits and other long-term benefits. The same is included in the note 47-Employee benefits.

##### (ii) Remuneration to key managerial personnel/directors

Particulars	Year ended	Transaction during the year
<b>Short term employee benefits / contribution to defined benefit plans</b>		
<b>Mr. M.L. Pachisia</b>	<b>31-Mar-20</b>	<b>405.87</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 46: Related party disclosures (Contd.)

	31-Mar-19	505.81
<b>Mr. P. K. Sonthalia</b>	<b>31-Mar-20</b>	<b>282.51</b>
	31-Mar-19	229.92
<b>Mr. Ajay Gupta</b>	<b>31-Mar-20</b>	<b>184.21</b>
	31-Mar-19	153.13
<b>Mr. B.S.Gilra</b>	<b>31-Mar-20</b>	<b>-</b>
	31-Mar-19	29.09
<b>Mr. R. P. Dutta</b>	<b>31-Mar-20</b>	<b>28.67</b>
	31-Mar-19	25.42
<b>Sitting fees and directors remuneration</b>		
<b>Mr. C.K.Birla</b>	<b>31-Mar-20</b>	<b>10.00</b>
	31-Mar-19	45.00
<b>Mr. A.Ghosh</b>	<b>31-Mar-20</b>	<b>-</b>
	31-Mar-19	17.42
<b>Mr. Michael Bastian</b>	<b>31-Mar-20</b>	<b>7.22</b>
	31-Mar-19	26.00
<b>Mr. N.S.Sisodia</b>	<b>31-Mar-20</b>	<b>8.44</b>
	31-Mar-19	25.00
<b>Ms. Gauri Rasgotra</b>	<b>31-Mar-20</b>	<b>16.00</b>
	31-Mar-19	22.00
<b>Mr. Srinivasan Vishvanathan</b>	<b>31-Mar-20</b>	<b>17.50</b>
	31-Mar-19	1.24
<b>Mr. A. Bishnoi</b>	<b>31-Mar-20</b>	<b>11.33</b>
	31-Mar-19	-
<b>Mr. R. K. Agarwal</b>	<b>31-Mar-20</b>	<b>1.89</b>
	31-Mar-19	-
<b>Total</b>	<b>31-Mar-20</b>	<b>973.64</b>
	31-Mar-19	1,080.03

**Note:** The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

### (iii) Dividend paid

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Mr. C. K. Birla	20.44	37.46
Mr. A. Ghosh	-	0.04
Mr. Michael Bastian	0.16	0.29
Mr. M. L. Pachisia	0.23	0.42
Mr. P. K. Sonthalia	0.10	0.18
	<b>20.93</b>	<b>38.39</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 46: Related party disclosures (Contd.)

### (iv) Outstanding balances - key managerial personnel

Particulars	As at	Amount owed by related parties	Amount owed to related parties
Remuneration receivable/payable			
<b>Mr. M.L. Pachisia</b>	<b>31-Mar-20</b>	-	<b>45.75</b>
	31-Mar-19	-	112.21

### c. Public Limited Company in which a director or manager is a director and holds along with his relatives, more than 2% percent of its paid up share capital

#### Transactions during the year

Particulars	Year ended	Purchases	Rent receipts	Interest payment
Orient Cement Limited	<b>31-Mar-20</b>	-	<b>12.00</b>	-
	31-Mar-19	-	12.00	-
Orient Electric Limited	<b>31-Mar-20</b>	<b>2.64</b>	<b>12.00</b>	-
	31-Mar-19	9.05	12.00	18.27
<b>Total</b>	<b>31-Mar-20</b>	<b>2.64</b>	<b>24.00</b>	-
	31-Mar-19	<b>9.05</b>	<b>24.00</b>	<b>18.27</b>

#### Outstanding balances - Payables / Receivables

Particulars	Year ended	Amount owed by related parties	Amount owed to related parties
Orient Electric Limited (Other financial assets)	31-Mar-20	12.96	-
	31-Mar-19	-	0.78

### d. Relatives of member of board of directors /KMP

#### Dividend paid

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Ms. Nirmala Birla	21.64	39.67
Ms. Amita Birla	1.97	3.61
Ms. Avani Birla	0.78	1.43
Ms. Avanti Birla	0.80	1.48
	<b>25.19</b>	<b>46.19</b>

### e. Post-employment employee benefit plans Contribution to employees' benefit plans

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Birla Industries Provident Fund	269.89	261.87
Orient Paper & Industries Limited Employees Gratuity Fund	347.11	335.00
Orient Paper & Industries Limited Superannuation Fund	115.78	112.75
	<b>732.78</b>	<b>709.62</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 46: Related party disclosures (Contd.)

### Outstanding balances - Payables

Particulars	31st March 2020	31st March 2019
Birla Industries Provident Fund	118.09	109.40

### f. Other related entities

#### Transactions during the year

Particulars	Year ended	Sale of goods	Purchases	Professional and consultancy charges	Lease rent, Rates & Taxes, Maintenance & service charges	Rent, Dividend & Miscellaneous receipts	Dividend payment
Amer Investments (Delhi) Limited	31-Mar-20	-	-	-	-	-	8.53
	31-Mar-19	-	-	-	-	-	15.64
Ashok Investment Corporation Limited	31-Mar-20	-	-	-	-	-	4.10
	31-Mar-19	-	-	-	-	-	7.51
Birla Brothers Private Limited	31-Mar-20	-	-	-	0.03	-	-
	31-Mar-19	-	-	-	0.03	-	-
Birla Buildings Limited	31-Mar-20	-	-	-	133.35	11.70	-
	31-Mar-19	-	-	-	147.51	14.32	-
Bengal Rubber Company Limited	31-Mar-20	-	-	-	-	-	1.17
	31-Mar-19	-	-	-	-	-	2.14
C K Birla Corporate Services Limited	31-Mar-20	-	-	214.00	-	-	-
	31-Mar-19	-	-	207.37	-	-	-
GMMCO Limited	31-Mar-20	-	-	-	-	4.39	-
	31-Mar-19	-	-	-	-	2.71	-
Gwalior Finance Corporation Limited	31-Mar-20	-	-	-	-	-	9.90
	31-Mar-19	-	-	-	-	-	18.14
HIL Limited	31-Mar-20	-	27.31	-	55.97	203.93	-
	31-Mar-19	-	7.35	-	55.97	226.59	-
Hindustan Motors Limited	31-Mar-20	-	-	-	-	1.20	-
	31-Mar-19	-	-	-	-	1.20	-
Hindusthan Discounting Company Limited	31-Mar-20	-	-	-	-	-	13.86
	31-Mar-19	-	-	-	-	-	25.42
India Silica Magnesite Works Limited	31-Mar-20	-	-	-	-	-	1.20
	31-Mar-19	-	-	-	-	-	2.20
Jaipur Finance & Dairy Products Private Limited	31-Mar-20	-	-	-	-	-	1.25
	31-Mar-19	-	-	-	-	-	2.29
Khaitan & Co. LLP.	31-Mar-20	-	-	23.47	-	-	-
	31-Mar-19	-	-	-	-	-	-
National Engineering Industries Limited	31-Mar-20	-	-	-	37.51	-	3.22
	31-Mar-19	-	-	-	46.90	-	5.91
Origami Cellulo Private Limited	31-Mar-20	9.97	-	-	-	-	-
	31-Mar-19	10.31	-	-	-	-	-
Rajasthan Industries Limited	31-Mar-20	-	-	-	-	-	4.14
	31-Mar-19	-	-	-	-	-	7.59

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 47: Employee benefits (contd.)

<b>Shekhavati Investment &amp; traders Limited</b>	<b>31-Mar-20</b>	-	-	-	-	-	<b>76.57</b>
	31-Mar-19	-	-	-	-	-	140.37
<b>Soorya Vanijya &amp; investment Limited</b>	<b>31-Mar-20</b>	-	-	-	-	-	<b>0.02</b>
	31-Mar-19	-	-	-	-	-	0.04
<b>Universal Trading Company Limited</b>	<b>31-Mar-20</b>	-	-	-	-	-	<b>5.47</b>
	31-Mar-19	-	-	-	-	-	10.04
<b>Total</b>	<b>31-Mar-20</b>	<b>9.97</b>	<b>27.31</b>	<b>237.47</b>	<b>226.86</b>	<b>221.22</b>	<b>129.43</b>
	31-Mar-19	10.31	7.35	207.37	250.41	244.82	237.29

### Outstanding balances

Particulars	As at	Amount owed by related parties	Amount owed to related parties
Birla Buildings Limited (Trade Payable)	31-Mar-20	-	26.10
	31-Mar-19	-	24.82
C K Birla Corporate Services Limited (Trade Payable)	31-Mar-20	-	30.82
	31-Mar-19	-	-

### g. Terms and conditions of transactions with related parties

Transactions relating to dividend were on the same terms and conditions that applied to other shareholders. The sale to and purchases from related parties are made in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. No provisions are held against receivables from related parties. There are no loans outstanding with related parties.

## Note 47: Employee benefits

### (i) Compensated absences

The Company provides for accumulation of leave by certain categories of its employees. These employees can carry forward a portion of the unutilised leave balances and utilise it in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a provision for leave obligations in the period in which the employees render the services that increases this entitlement.

The total provision recorded by the Company towards this obligation was ₹708.49 lacs (31st March 2019: ₹660.31 lacs). The amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take full amount of accrued leave or require payment within the next twelve months. The following amounts reflect leave that is not expected to be taken or paid within the next twelve months.

Particulars	31st March 2020	31st March 2019
Leave provision not expected to be settled within the next twelve months	539.36	501.64

### (ii) Post-employment defined benefit plan

#### Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

The gratuity plan is administered and managed by the Trustees who are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deeds and rules in the best interests of the plan participants.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 47: Employee benefits (contd.)

- (a) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at 1st April 2018</b>	<b>3,856.42</b>	<b>(2,715.07)</b>	<b>1,141.35</b>
Current service cost	190.04	-	190.04
Past service cost - plan amendments	-	-	-
Interest expense/(income)	268.54	(196.71)	71.83
<b>Total amount recognised in profit or loss*</b>	<b>458.58</b>	<b>(196.71)</b>	<b>261.87</b>
<b>Remeasurements</b>			
Return on plan assets lesser than discount rate	-	49.39	49.39
Actuarial loss from change in financial assumptions	62.86	-	62.86
Actuarial loss from unexpected experience	231.21	-	231.21
<b>Total amount recognised in other comprehensive income</b>	<b>294.07</b>	<b>49.39</b>	<b>343.46</b>
Employer contributions	-	(335.00)	(335.00)
Benefits paid	(551.67)	519.60	(32.07)
<b>As at 31st March 2019</b>	<b>4,057.40</b>	<b>(2,677.79)</b>	<b>1,379.61</b>

\* includes ₹60.48 lacs relating to contractual employees debited under other expenses.

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at 1st April 2019</b>	<b>4,057.40</b>	<b>(2,677.79)</b>	<b>1,379.61</b>
Current service cost	198.26	-	198.26
Past service cost - plan amendments	-	-	-
Interest expense/(income)	279.28	(195.10)	84.18
<b>Total amount recognised in profit or loss*</b>	<b>477.54</b>	<b>(195.10)</b>	<b>282.44</b>
<b>Remeasurements</b>			
Return on plan assets lesser than discount rate	-	211.40	211.40
Actuarial loss from change in financial assumptions	68.06	-	68.06
Actuarial loss from unexpected experience	50.96	-	50.96
<b>Total amount recognised in other comprehensive income</b>	<b>119.02</b>	<b>211.40</b>	<b>330.42</b>
Employer contributions	-	(347.11)	(347.11)
Benefits paid	(357.08)	283.18	(73.90)
<b>As at 31st March 2020</b>	<b>4,296.88</b>	<b>(2,725.42)</b>	<b>1,571.46</b>

\* includes ₹61.78 lacs relating to contractual employees debited under other expenses.



# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 47: Employee benefits (contd.)

### (b) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31st March 2020	31st March 2019
Discount rate	6.00%	7.20%
Salary growth rate	Year 2021- Nil and 6.00% - 7.00% thereafter	6.00% - 7.00%
Withdrawal rate	Till age 45 years - 5.00% , Thereafter - 1.00%	Till age 45 years - 5.00% , Thereafter - 1.00%
Mortality rate	Indian assured lives mortality (2006 - 08) (modified) Ult	Indian assured lives mortality (2006 - 08) (modified) Ult

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

### (c) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation			
	31st March, 2020		31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1%)	(223.55)	253.05	(201.15)	226.83
Salary growth rate (-/+ 1%)	250.69	(196.26)	225.49	(203.67)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

### (d) The major categories of plan assets

The defined benefit plans are funded with insurance companies of India.

### (e) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans in the next twelve months are ₹ 325.00 lacs (31st March 2019 - ₹ 360.00 lacs).

The weighted average duration of the defined benefit obligation is 7 years (31st March, 2019 – 8 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

Particulars	Less than a year	Between 1 -2 years	Between 2 -5 years	Over 5 years	Total
<b>31st March, 2020</b>					
Defined benefit obligation (gratuity)	1,184.86	304.61	1,065.95	8,308.91	10,864.33
<b>Total</b>	<b>1,184.86</b>	<b>304.61</b>	<b>1,065.95</b>	<b>8,308.91</b>	<b>10,864.33</b>
<b>31st March, 2019</b>					
Defined benefit obligation (gratuity)	1,095.12	391.96	1,129.33	8,700.51	11,316.92
<b>Total</b>	<b>1,095.12</b>	<b>391.96</b>	<b>1,129.33</b>	<b>8,700.51</b>	<b>11,316.92</b>

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 47: Employee benefits (contd.)

### (iii) Risk exposure

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

#### Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

#### Discount rate risk:

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of the liability.

#### Demographic risk:

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

#### Salary growth risk

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

### (iv) Provident fund

Provident fund for certain eligible employees is managed by the Company through the "Birla Industries Provident Fund", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and there is no shortfall as at year-end.

The Company contributed ₹ 269.89 lacs and ₹ 261.87 lacs during the year ended 31st March 2020 and 31st March 2019 respectively to the above Provident Fund.

Further the Company is also contributing to the provident fund administered by government of India for some of the employees as per regulations. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

The Company contributed ₹ 225.81 lacs and ₹ 226.14 lacs during the year ended 31st March 2020 and 31st March 2019 respectively towards above defined contribution plan.

#### Disclosure relating to Hon'ble Supreme Court Of India

The Hon'ble Supreme Court of India in its judgement dated February 28, 2019 in the matter of Vivekananda Vidyamandir & Others vs The Regional Provident Fund Commissioner (II) West Bengal ('the Order') has laid down principles in relation to inclusion of allowances for determination of wages for the purposes of computing the provident fund contributions.

While further clarification on applicability and operation of the Order is awaited from the Provident Fund authorities, based on estimates by the management and legal advice, the impact of the Order is not expected to be material on the financial statements

### (v) Superannuation fund

The Company operates a superannuation fund scheme with Life Insurance Corporation of India (LIC) for eligible employees for some of its employees towards which the Company contributes up to a maximum of 15% of the employees' basic salary, which is charged to the Statement of Profit and Loss.

The Company contributed ₹ 115.78 lacs and ₹ 112.75 lacs during the year ended 31st March 2020 and 31st March 2019 respectively towards above defined contribution plan of the Company.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 48: Earnings per equity share (EPS)

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

### Earnings per equity share

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
<b>Profit after tax available to equity shareholders:</b>		
Profit for the year	1,992.79	10,164.97
	<b>No. in Lacs</b>	<b>No. in Lacs</b>
Number of equity shares at the beginning of the year	2,121.86	2,121.86
Number of equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	2,121.86	2,121.86
Basic and diluted earnings per equity share (₹)	0.94	4.79

## Note 49: Impairment of Property, plant & equipment, Right - of- use assets, intangible assets (other than goodwill) and Capital work in progress

Due to the uncertainty arising out of Covid 19, the management has estimated the recoverable amount of the Paper unit as a CGU which has been determined using the value-in-use method. The recoverable amount of the Paper unit was determined to be higher than the carrying amount and therefore, no provision for impairment was required to be recognised as at March 31, 2020. Key assumptions used in the determination of the recoverable amount includes the discount rate and the long-term revenue growth rate. Any future reduction in the long-term revenue growth rates or increase in the discount rates in future could result in the recoverable amount being lower than its carrying amount.

## Note 50: Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 8918.48 lacs (31st March 2019: ₹ 3,648.49 lacs) [including ₹ Nil (31st March 2019: ₹ Nil) relating to intangible assets].
- (b) For commitments relating to lease arrangements refer note 42(B).

## Note 51: Contingent liabilities

Particulars	31st March 2020	31st March 2019
a) Demands/claims by various government authorities and others not acknowledged as debts and contested by the Company: (*)		
Excise duty	1,553.74	1,608.12
Sales tax	639.35	651.79
Water tax	21,755.02	17,105.12
Cess on captive power consumption	10,896.99	9,166.30
Krishi Upaj Mandi fees	1,229.51	1,229.51
Income - Tax	40.66	-
Others (includes ₹2,407.00 lacs as mentioned in note (d) below)	5,221.74	3,708.58
	<b>41,337.01</b>	<b>33,469.42</b>

(\*) Based on discussions with the solicitors/ favourable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary.

- b) Outstanding claims from employees not acknowledged as debts, Amount unascertainable including Bonus claims under adjudication and wages for suspension period at Brajrajnagar Unit.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 51: Contingent liabilities (contd.)

- c) In October 1963, the paper division of the Company had applied to the Public Work Department (Irrigation) of the Madhya Pradesh State Government for drawing water without any charge from Sone River up to 1165 Million Cubic Feet (MCF) with the provision for increase up to 2500 MCF on full development of paper mill, the permission for which was granted by the State Government. In August 2000, the Madhya Pradesh State Government issued a notification and decided to levy charges on water consumption from river resources for industrial purposes with retrospective effect from June, 1998, the constitutional validity of which was challenged by the Company by way of a writ petition in the High Court of Madhya Pradesh. During the pendency of the said writ petition, the Water Resource Department (WRD) of the State Government started raising the bill for consumption of water on the basis of assumption of total quantum of water allowed to be drawn by the Company at 2500 MCF whereas, as per the Company, the quantum of water allowed to be drawn was 1165 MCF and the Company had never drawn the water even up to the initial quantity of 1165 MCF since it had not attained full development of the paper mill. One of the major reasons for not being able to achieve full development was frequent and perennial shortage of water. Based on an interim order passed by the Madhya Pradesh High Court in the aforesaid writ petition, the Company started paying water charges based on actual consumption of water (less than 1165 MCF), while the WRD of the State Government continued to raise bills on the basis of assumed consumption of 2500 MCF plus interest and penalty thereon. In January 2009, the High Court of Madhya Pradesh upheld the constitutional validity of August 2000 notification. After the aforesaid judgement, the Company paid ₹908.47 lacs being the difference amount between the assumed quantity of 1165 MCF and the actual consumption, while the WRD of the State Government continued to raise the bills on the basis of assumed quantity of water consumption of 2500 MCF till April 2009, when the Company entered into a new agreement with the WRD of the State Government for water consumption of only 440 MCF effective from May 2009. The total balance demand for the aforesaid period amounts to ₹1,12,522.61 lacs (31st March 2019: ₹ 98,248.03 lacs) [including interest and penalty of ₹ 1,11,095 lacs (31st March 2019: ₹ 96,835.10 lacs)] as at 31st March 2020, for which no provision has been made in the books. The WRD of the State Government issued a notice for recovery of aforesaid demand in February 2015, against which the Company filed a writ petition in the Madhya Pradesh High Court and obtained an interim stay on the recovery. Also, Madhya Pradesh High Court has set aside demand for penal interest in a similar case for another Company. The Company has been legally advised that it has a fit case for quashing the present demand.
- d) (i) The Company's Paper plant and Caustic Soda plant at Amlai were having individual factory license till 2011. The Company had applied for common factory license for both the plants enabling to supply Power to Caustic Soda plant from Paper plant. Simultaneously, it had filed a petition with Madhya Pradesh Electricity Regulatory Commission (MPERC) for direction on the action if common factory license was granted. On 11th May, 2012 the MPERC has directed Company to keep any one connection and surrender the other one. Accordingly, the Company had surrendered its Paper plant connection keeping the Caustic Soda plant connection. However, the Madhya Pradesh Poorv Khestra Vidyut Vitran Company Limited (MPPKVCL) has interpreted the order otherwise and had considered the connection which was retained by Company as unauthorized one. They had issued final order dated 16-06-2012 under Section 126 (3) of Electricity Act 2003 levying ₹ 1,287 lacs as electricity charges from 17-04-2012 (Date of issuance of Common Factory license) applying penal rate. The Company had filed an application with MPERC for clarification on direction dated 11th May 2012. The MPERC vide its order dated 4-08-2012 held that it has given option to the Company to keep any one of the two connection surrendering the second one. They had written in their Order that the order of the MPERC dated 11-05-2012 has been completely mis construed by the MPPKVCL and by a convoluted logic raised claim of unauthorized use of electricity. They had directed respondent to regularize the connection per Company's application and submit compliance within a month. The MPPKVCL has signed a supplementary HT agreement dated 09-11-2012 effective from 17-04-2012 regularizing the connections as per direction of the Commission. However, the Company has filed an appeal with Appellate Authority District Shahdol for quashing the order dated 16-06-2012 of MPPKVCL citing (i) Clarification order of MPERC dated 04-08-2012 and (ii) subsequently regularization of connection by MPPKVCL by signing supplementary HT Agreement.
- (ii) Similarly, on 21-12-2011, a vigilance team of MPPKVCL visited its Paper plant at Amlai for inspection of the usages of Power supplied by them. During their visit, they had observed that Company was erecting a captive Power plant and operating from time to time water pumps for drawing water from river Sone for its factory use. They had considered these uses as unauthorized load of 850 Kva from Power supplied by MPPKVCL and issued a final order dated 21-08-2012 assessing a demand of ₹ 155 lacs. The Company had filed an appeal against this order with the Appellate Authority District Shahdol for quashing the order citing that (i) it is used for production of Paper for which connection was granted, (ii) that the power used for the alleged activity is from its own power generating plant.

However, the Appellate authority has decided both the cases against the Company vide its orders dated 29-11-2019 and the Company has received demand letter No AA/SS/06/HT/1368 dated 09-12-2019 demanding ₹ 2,172 lacs. against order in case No 02/12-13 and ₹ 235 lacs against order in case No 03/12-13 for unauthorized use of power making total demand of ₹ 2,407 lacs.

# Notes to Financial Statements

as at and for the year ended 31st March 2020  
(All amounts in ₹ lacs, unless otherwise stated)

## Note 51: Contingent liabilities (contd.)

The Company has filed an appeal in MP High Court against both the orders vide WP No 28342/ 2019 and WP No 28354 / 2019 and requested for relief against the demand. The Hon'ble MP High Court vide its order dated 21.01.2020 had passed an interim order in favour of the Company thereby restraining the respondents from taking any further coercive action against the Company. Matters are still at the stage of completion of pleadings because the respondents have not yet submitted any replies or affidavits in the case. Further, the Company has been legally advised by its lawyer that these cases are fit cases for quashing the present demand, therefore, has not provided any liability in its books of accounts

- e) In respect of above contingent liabilities, it is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of above.

## Note 52:

Raw Material shortage of 12,578 MT was identified during first quarter of the year upon physical verification of wood inventory, conducted as per regular practice, aggregating to ₹ 806 lacs including ₹ 410 lacs for prior period(s). The company has accounted for the entire impact of the shortage in the first quarter of the year and also the Company has remediated the related control during the year which was also operating effectively at the year end.

## Note 53:

The operation of the Company were further impacted in the month of March 2020 due to shutdown of plants following nationwide lockdown announced by the Government of India because of COVID-19 outbreak. While this has impacted production/sales performance of the company, the management expects normalcy to return gradually and is monitoring the situation closely.

While the demand for the Company's products could be lower in the short term but the management does not expect it to have continuing impact on the business of the Company. The management does not anticipate any challenge in the Company's ability to continue as a going concern or in meeting its financial obligations and expects no significant impact on carrying amount of inventories, tangible assets, intangible assets, trade receivables, investments and other financial assets and continues to monitor changes in future economic conditions.

The eventual outcome of the global pandemic may be different than those estimated as on the date of approval of these results.

## Note 54: Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Particulars	31st March 2020	31st March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	46.71	16.88
Interest due on above	0.12	-
	<b>46.83</b>	<b>16.88</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
Principal	175.95	49.61
Interest	-	1.11
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	0.80	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.92	-
The amount of further 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 for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	0.92	-

The above information has been provided as available with the Company to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSMED Act.

**Note 55:**

The previous year figures have been reclassified/regrouped wherever necessary for better understanding and comparability.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants

**Avijit Mukerji**

Partner

Membership No.: 056155

Place: Gurugram

Date: 26th June, 2020

For and on behalf of the Board of Directors of  
Orient Paper & Industries Limited

**C.K.Birla**

Chairman

(DIN 00118473)

Place: New Delhi

**P. K. Sonthalia**

(President Finance & CFO)

(PAN ALQPS6822D)

Place: Kolkata

Date: 26th June, 2020

**M.L.Pachisia**

Managing Director

(DIN 00065431)

Place: Kolkata

**R. P. Dutta**

(Company Secretary)

(M.NO. 14337)

Place: Kolkata



Maa Bhavtarini Temple, Amlai



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