



## Independent Auditor's Report

To The Members of  
Khanna Paper Mills Limited  
(CIN: U74110HR1985PLC054735)

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of **Khanna Paper Mills Limited** ('the Company') (CIN: U74110HR1985PLC054735) which comprise the Standalone Balance Sheet as at 31<sup>st</sup> March 2023, Standalone Statement of Profit and Loss (Including Other Comprehensive Income), the Standalone Statement of changes in Equity and Standalone Cash Flow Statement for the year then ended and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, the changes in equity and cash flows for the year ended as on that date.

#### Basis for Opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards on Auditing are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 standalone 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 on the standalone financial statements.

#### Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards on Auditing are further described in the auditor's responsibilities for the audit of the standalone financial statements



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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 standalone 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 on the standalone financial statements.

## **Key audit matters**

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

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

## **Emphasis of Matter**

We draw attention to Note No. 16 of the standalone financial statements, regarding the reimbursement that the company expected to be made by the insurer for settling the obligation the nature of which is also not confirmed by the management of the company. The reimbursement was recognized as a separate asset in the preceding years and is being carried forward without the company being able to evidence the virtual certainty that reimbursement will be received if the company settles such obligation.

Our opinion is not modified in respect of matters specified above.

## **Information other than the standalone financial statements and auditors' report thereon**

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the Company's annual report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the



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standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 Standalone Financial Statements**

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 standalone 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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



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

- Identify and assess the risks of material misstatement of the standalone 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 standalone 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 in the preparation of standalone financial statements 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and evaluating the results of our work; and (ii) evaluating the effect of any identified misstatements in the standalone financial statements.



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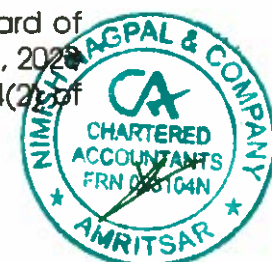


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

## **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 (as amended).
  - e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.



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- f. With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company, in place, and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31st March 2023 on its financial position in its standalone financial statements - Refer to Note 45 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether



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recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to the notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- v. The company has not declared/paid any dividend during the \_\_\_\_\_ year.
- vi. Since the mandatory usage of Audit Trail compliant accounting software has been deferred to 1st April 2023 vide Notification G.S.R 235(E ) dated 31-03-2022, the reporting about its operation throughout the year is not tenable for the Financial Year 2022-2023.

- h. With respect to the matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For Nimish Nagpal & Company**

Chartered Accountants

Firm Registration No. 023104N

*Nimish Nagpal*  
CA Nimish Nagpal  
Partner

Membership No. 515749

UDIN : 23515749BGYTMB8739



Place: Amritsar

Date: August 21st, 2023

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## **Annexure "A" to the Independent Auditor's Report on the standalone financial statements of Khanna Paper Mills Limited for the year ended 31<sup>st</sup> March 2023\***

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i)	In respect of the Company's Property, Plant and Equipment
(a)	(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.  (B) The Company has maintained proper records showing full particulars of Intangible assets
(b)	The Company has a program of verification to cover all the items of Property, plant and equipment in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification has been carried on by the management during the year. Accordingly, we were unable to comment on whether any material discrepancies were noticed on such verification and whether they are properly dealt with in the standalone financial statements.
(c)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
(d)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.
(e)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

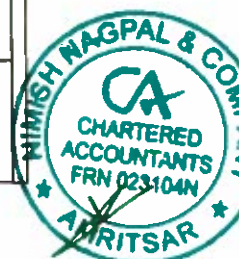


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(ii)	(a)	The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.															
	(b)	During the year, the Company has been sanctioned working capital limits in excess of INR 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks. As of the date of the audit report, we have not received any response and/ or confirmation with respect to correspondences made to the Bank for corroborating the quarterly returns or statements being filed by the company with them. Pending such response and/ or confirmation from the Bank, we are not able to comment about quarterly returns or statements filed by the company with such banks, being in agreement or not with the books of account of the Company. However, as per the information available and provided to us by the management, no adverse inference is drawn.															
(iii)	<p>According to the information and explanations given to us and on the basis of our examination of the records of the Company,</p> <p style="text-align: center;">a. the Company has made investments and has stood guarantee to its subsidiary which is disclosed in the standalone financial statements in Note 6, the details of which are as follows:</p> <table border="1" data-bbox="351 1400 1324 1960"> <thead> <tr> <th data-bbox="351 1400 598 1545">Name of the Company</th> <th data-bbox="598 1400 790 1545">Nature</th> <th data-bbox="790 1400 1061 1545">Aggregate amount during the year</th> <th data-bbox="1061 1400 1324 1545">Balance outstanding as of balance sheet date</th> </tr> </thead> <tbody> <tr> <td data-bbox="351 1545 598 1724">Khanna Paper INC. (Wholly Owned Subsidiary incorporated in USA)</td> <td data-bbox="598 1545 790 1724">SBLC - guarantee</td> <td data-bbox="790 1545 1061 1724">13.5 Million (in USD) 11053.80 Lakhs (in INR)*</td> <td data-bbox="1061 1545 1324 1724">3.5 Million (in USD) 2865.80 Lakhs (in INR)</td> </tr> <tr> <td data-bbox="351 1724 598 1848">Khanna Fibre Private Limited (Wholly Owned Subsidiary)</td> <td data-bbox="598 1724 790 1848">Equity Shares - 10,000</td> <td data-bbox="790 1724 1061 1848">INR 1.00 Lakh</td> <td data-bbox="1061 1724 1324 1848">INR 1.00 Lakh</td> </tr> <tr> <td data-bbox="351 1848 598 1971">Khanna Fibre Private Limited (Wholly Owned Subsidiary)</td> <td data-bbox="598 1848 790 1971">Debentures - OC-ZCDS - 8,20,000</td> <td data-bbox="790 1848 1061 1971">INR 820 Lakhs</td> <td data-bbox="1061 1848 1324 1971">INR 820 Lakhs</td> </tr> </tbody> </table>	Name of the Company	Nature	Aggregate amount during the year	Balance outstanding as of balance sheet date	Khanna Paper INC. (Wholly Owned Subsidiary incorporated in USA)	SBLC - guarantee	13.5 Million (in USD) 11053.80 Lakhs (in INR)*	3.5 Million (in USD) 2865.80 Lakhs (in INR)	Khanna Fibre Private Limited (Wholly Owned Subsidiary)	Equity Shares - 10,000	INR 1.00 Lakh	INR 1.00 Lakh	Khanna Fibre Private Limited (Wholly Owned Subsidiary)	Debentures - OC-ZCDS - 8,20,000	INR 820 Lakhs	INR 820 Lakhs
Name of the Company	Nature	Aggregate amount during the year	Balance outstanding as of balance sheet date														
Khanna Paper INC. (Wholly Owned Subsidiary incorporated in USA)	SBLC - guarantee	13.5 Million (in USD) 11053.80 Lakhs (in INR)*	3.5 Million (in USD) 2865.80 Lakhs (in INR)														
Khanna Fibre Private Limited (Wholly Owned Subsidiary)	Equity Shares - 10,000	INR 1.00 Lakh	INR 1.00 Lakh														
Khanna Fibre Private Limited (Wholly Owned Subsidiary)	Debentures - OC-ZCDS - 8,20,000	INR 820 Lakhs	INR 820 Lakhs														



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	Grownd Crew Private Limited (Wholly Owned Subsidiary)	Equity Shares - 10,000	INR 1.00 Lakh	INR 1.00 Lakh
	Grownd Crew Private Limited (Wholly Owned Subsidiary)	Debentures - OC-ZCDS - 65,00,000	INR 6500.00 Lakhs	INR 6500.00 Lakhs
	<p>* The company has given guarantee in the form of SBLC and each renewal of SBLC is treated as reissuance which is forming part of the aggregate amount during the year.</p> <p>b. The investments made and guarantee so provided as referred to in clause (iii) (a) is not prejudicial to the company's interest.</p> <p>c. The Company has not provided any loans or advances in the nature of loans and hence the reporting in respect of:</p> <ol style="list-style-type: none"> <li>schedule of repayment of principal and payment of interest and whether regularity of the repayments or receipts, do not arise.</li> <li>recovery of the overdue amount, if any, is not applicable.</li> <li>renewal or extension or granting of fresh loans to settle the over dues of existing loans is not applicable.</li> <li>aggregate amount with respect to promoters and related parties is also not applicable.</li> </ol>			
(iv)	In our opinion and according to information and explanation given to us, in respect of loans, investments, guarantees and security, the Company has complied with the provisions of sections 185 and section 186 of the Companies Act, 2013.			
(v)	<p>According to the information and explanations given to us, for any deposits accepted or amounts which are deemed to be deposits, the company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. We further report that the directives of the Reserve Bank of India are not applicable on the company with respect to such deposits.</p> <p>According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, on the company in respect of the aforesaid deposits.</p>			

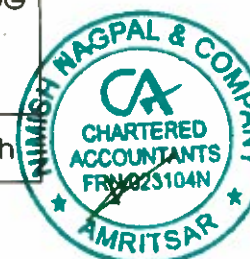


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(vi)	Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, 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)	In respect of statutory dues:					
(a)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally been regularly deposited during the year by the company with the appropriate authorities.					
(b)	According to the information and explanations given to us and the records of the Company examined by us. The particulars of statutory dues referred to in sub-clause (a) as at March 31, 2023 which have not been deposited on account of a dispute, are as follows:					
	<b>Statute</b>	<b>Nature of dues</b>	<b>Amount (Rs.in lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where the dispute is pending</b>	
	Custom Duty	Partial Duty Payment from DEPB Scripts and balance from Cash Amount	2.74	2007-2008	Assistant Commissioner	
	Custom Duty	Denial of DEPB Benefit	154.74	2011-12	Punjab & Haryana High Court	
	Custom Duty	Demand against differential custom duty	22.76	2011-12	The ADG (Adjudication), Ludhiana	
	Custom Duty	2nd Hand Machinery,	54.36	2015-16	Tribunal , Chandigarh	



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			reevaluation LT-8			
		Excise	Differential Custom duty demanded by Department on Imported Wood Pulp destroyed by fire	94.32	20.06.2013	Central Excise - Tribunal, Chandigarh.
		Excise	Demand of Excise duty raised by department on finished Goods destroyed by Fire	228.21	20.06.2013	The Assistant Commissioner - CGST Commissionerate, Jalandhar
		Service Tax	Demand Notice for erroneously granted Service Tax	2.91	2014-15	The Deputy Commissioner, CGST Division-1, Amritsar
		Service Tax	Service Tax Demand on Ocean Freight	54.37	2017 (Qtr- 1)	The Joint Commissioner-Central GST, Jalandhar
		GST	GST Audit	846.92	2017-18 & 2018-19	Central GST (Audit) Commissionerate, Ludhiana
(viii)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.					
(ix)	(a)	According to the information and explanation given to us and records examined by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.				
	(b)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by a bank or financial institution or other lender.				



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	(c)	According to the information and explanations given to us by the management, the Company has obtained terms loans and were applied the purpose for which the loans were obtained.
	(d)	According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report funds have been raised on short-term basis by the Company and funds raised on short-term basis have not been utilised for long term purposes.
	(e)	According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
	(f)	According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.
(x)	(a)	The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
	(b)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
(xi)	(a)	We report that we have neither come across any instance of any fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
	(b)	According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
	(c)	We have not taken into consideration the whistle blower complaints as there were no such complaints received by the company during the year while determining the nature, timing and extent of our audit procedures.

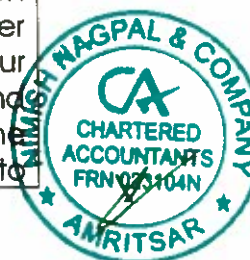


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(xii)		According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
(xiii)		The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements under Note no 51, of Notes to Accounts as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
(xiv)	(a)	Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
	(b)	We have considered the internal audit reports of the Company issued till date for the period under audit.
(xv)		According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.
(xvi)	(a)	The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable
	(b)	The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
	(c)	The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
	(d)	According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
(xvii)		The Company has not incurred cash losses in the current and in the immediately preceding financial year.
(xviii)		There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
(xix)		According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to



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		believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due
(xx)	(a)	In our opinion and according to the information and explanations given to us, in respect of any amount remaining unspent under sub-section (5) of section 135 of the Companies Act 2013, pursuant to other than ongoing projects, the company has transferred unspent amount to a Fund specified in Schedule VII to the Companies Act 2013 within a period of six months of the expiry of the financial year in compliance with second provision to sub-section (5) of section 135 of the said Act.
	(b)	In our opinion and according to the information and explanations given to us, in respect of any amount remaining unspent under sub-section (5) of section 135 of the Companies Act 2013, pursuant to ongoing projects, the company has transferred unspent amount ,if any, to a special account in compliance with second provision to sub-section (5) of section 135 of the said Act.
(xi)		The reporting under Clause 3(xx) of the Order is not applicable in respect of the audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For Nimish Nagpal & Company**

Chartered Accountants

Firm Registration No. 023104N

*Nimish Nagpal*

**CA Nimish Nagpal**

Partner

Membership No. 515749

UDIN : 23515749BGYTMB8739



Place: Amritsar

Date: August 21st, 2023

# Nimish Nagpal & Company

Chartered Accountants



**Annexure "B" to the Independent Auditor's Report on the standalone financial statements of Khanna Paper Mills Limited for the year ended 31<sup>st</sup> March 2023**  
(Referred to in paragraph 2(A)(f) under 'Report on other legal and regulatory requirements' section of our report of even date)

**Report on the internal financial controls under clause (i) of sub - section 3 of section 143 of the Companies Act, 2013 ("the Act")**

## Opinion

We have audited the internal financial controls with reference to standalone financial statements of Khanna Paper Mills Limited ("the Company") as at March 31, 2023, in conjunction with our audit of the standalone financial statements of the Company as at and for the year ended on that date.

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal control with reference to the standalone financial statements 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. (the "Guidance Note")

## Management's responsibility for internal financial controls

The Company's the board of directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013. (hereinafter referred to as "the Act")





## **Auditors' responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to the standalone financial statements. 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 the standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of such internal financial controls, 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 in the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system with reference to the standalone financial statements.

## **Meaning of internal financial controls with reference to standalone financial statements**

A company's internal financial control with reference to the standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the standalone financial statements includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are



# Nimish Nagpal & Company

Chartered Accountants



being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

## **Limitations of Internal Financial Controls with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management or 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Nimish Nagpal & Company**

*Chartered Accountants*

Firm Registration No. 023104N

**CA Nimish Nagpal**

*Partner*

Membership No. 515749

UDIN : 23515749BGYTMB8739



Place: Amritsar

Date: August 21st, 2023

**KHANNA PAPER MILLS LIMITED**

CIN: U74110HR1985PLC054735

Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002

Standalone Balance Sheet as at 31-03-2023

Rs. in Lakhs

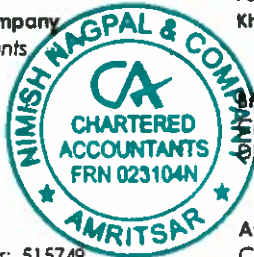
Particulars	Note No	As at 31-03-2023	As at 31-03-2022
<b>ASSETS</b>			
Property, Plant and Equipment	3	46,845.86	46,158.63
Capital work-in-progress	4	4,427.12	4,493.00
Other Intangible assets	5	16.69	34.85
<b>Financial Assets</b>			
Investments	6	7,405.54	76.07
Other financial assets	7	1,590.89	911.92
Deferred tax assets net	8	-	2,208.99
Other non-current assets	9	5,775.95	2,171.11
<b>Total Non-current Assets</b>		<b>66,062.05</b>	<b>56,054.57</b>
<b>Current assets</b>			
Inventories	10	20,658.34	28,796.68
<b>Financial Assets</b>			
Investments	11	60.41	61.93
Trade receivables	12	24,700.47	17,513.08
Cash and cash equivalents	13	211.81	159.63
Bank balances other than cash and cash equivalents	14	2,838.53	3,032.80
Loans	15	8.69	6.27
Other financial assets	16	1,996.31	281.82
Current Tax Assets (Net)	17	40.02	40.14
Other current assets	18	9,060.59	24,056.48
<b>Total Current Assets</b>		<b>59,575.17</b>	<b>73,948.83</b>
<b>Total Assets</b>		<b>1,25,637.22</b>	<b>1,30,003.40</b>
<b>EQUITY and LIABILITIES</b>			
<b>Equity Share Capital</b>	19	2,653.79	2,653.79
<b>Other Equity</b>	20	62,756.65	52,570.64
<b>Total Equity</b>		<b>65,410.44</b>	<b>55,224.43</b>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	21	12,019.96	10,896.16
Other financial liabilities	22	2,102.05	1,599.94
Provisions	23	755.58	637.97
Deferred tax liabilities net	24	786.97	-
Other non-current liabilities	25	443.59	552.36
<b>Total Non-current liabilities</b>		<b>16,108.15</b>	<b>13,686.43</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	26	24,107.73	26,727.97
Trade Payables	27		
total outstanding dues of micro enterprises and small enterprises		952.99	907.46
total outstanding dues of others		14,144.84	12,965.25
Other financial liabilities	28	3,834.23	3,115.81
Other current liabilities	29	917.26	17,311.10
Provisions	30	40.31	29.84
Current Tax Liabilities (Net)	31	121.27	35.11
<b>Total Current liabilities</b>		<b>44,118.63</b>	<b>61,092.54</b>
<b>Total liabilities</b>		<b>60,226.78</b>	<b>74,778.97</b>
<b>Total Equity and Liabilities</b>		<b>1,25,637.22</b>	<b>1,30,003.40</b>

The accompanying notes form an integral part of the Standalone financial statements. (1 to 56)

For  
Nimish Nagpal & Company  
Chartered Accountants  
FRN: 023104N

For and on behalf of Board of Directors,  
Khanna Paper Mills Limited

*Nimish Nagpal*  
CA Nimish Nagpal  
Partner  
Membership Number: 515749  
UDIN: 23515749BGYTM8739  
Place: Amritsar  
Date: August 21, 2023



*Brij Mohan*  
Brij Mohan Khanna  
Chairman & Whole Time Director  
CIN: 00062514

Anurag Saxena  
Chief Financial Officer  
*Anurag Saxena*  
Place: Amritsar  
Date: August 21, 2023

*Rahul Khanna*  
Rahul Khanna  
Whole Time Director  
DIN: 00067173  
*Priyanka*  
Priyanka  
Company Secretary  
M. No: A-54843

**KHANNA PAPER MILLS LIMITED**

CIN: U74110HR1985PLC054735

Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002

Standalone Profit &amp; Loss for the period ended on 31-03-2023

Rs. In Lakhs

Particulars	Note No	For Year ended 31-03-2023	For Year ended 31-03-2022
<b>Income</b>			
Revenue From Operations	32	2,80,996.21	1,95,919.61
Other Income	33	2,646.42	886.06
<b>Total Income</b>		<b>2,83,642.63</b>	<b>1,96,805.67</b>
<b>Expenses</b>			
Cost of materials consumed	34	2,27,458.68	1,65,898.24
Purchases of Stock-in-Trade		3,055.80	540.99
Changes in inventories of finished goods, Stock in Trade and work in	35	-570.21	-335.06
Employee benefits expense	36	7,461.63	6,149.85
Finance costs	37	3,039.07	2,869.10
Depreciation and amortization expense	38	5,861.46	5,265.46
Other expenses	39	21,359.50	15,343.82
<b>Total Expenses</b>		<b>2,67,665.93</b>	<b>1,95,732.40</b>
<b>Profit/(loss) before tax</b>		<b>15,976.70</b>	<b>1,073.27</b>
<b>Tax expense</b>	40		
Current tax		5,287.55	300.55
Deferred tax		455.06	-161.55
<b>Total Tax expense</b>		<b>5,742.61</b>	<b>139.00</b>
<b>Profit/(loss) after tax for the period</b>		<b>10,234.09</b>	<b>934.27</b>
<b>Other Comprehensive Income</b>			
OCI that will not be reclassified to P&L	41	-48.08	46.98
<b>Total Other Comprehensive Income</b>		<b>-48.08</b>	<b>46.98</b>
<b>Total Comprehensive Income for the period</b>		<b>10,186.01</b>	<b>981.25</b>
<b>Earnings per equity share</b>			
Basic	42	38.56	3.52
Diluted		38.56	3.52

The accompanying notes form an integral part of the Standalone financial statements. (1 to 56)

For

**Nimish Nagpal & Company**

Chartered Accountants

FRN: 023104N


**CA Nimish Nagpal**

Partner

Membership Number: 515749

UDIN: 23515749BGYTM88739

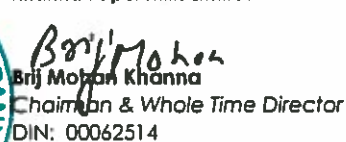
Place: Amritsar

Date: August 21, 2023



For and on behalf of Board of Directors,

Khanna Paper Mills Limited



**Brij Mohan Khanna**  
Chairman & Whole Time Director  
DIN: 00062514



**Anurag Saxena**  
Chief Financial Officer

Place: Amritsar

Date: August 21, 2023


**Rahul Khanna**

Whole Time Director

DIN: 00067103


**Priyanka**

Company Secretary

M. No: A-54843

**KHANNA PAPER MILLS LIMITED**

CIN: U74110HR1985PLC054735

Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002

**Standalone Statement of change in Equity for the year ended on 31-03-2023**

**A. Equity Share Capital**

**Current reporting period**

Rs. in Lakhs

Particulars	Amount
As at 1 April, 2022	2,653.79
Changes in Equity Share Capital due to Prior Period Errors	-
Restated Balance as at	2,653.79
Changes in Equity Share Capital during the year	-
<b>As at 31 March, 2023</b>	<b>2,653.79</b>

**Previous reporting period**

Rs. in Lakhs

Particulars	Amount
As at 1 April, 2021	2,653.79
Changes in Equity Share Capital due to Prior Period Errors	-
Restated Balance as at	2,653.79
Changes in Equity Share Capital during the year	-
<b>As at 31 March, 2022</b>	<b>2,653.79</b>

**B. Other Equity**

**Current reporting period**

Rs. in Lakhs

Particulars	Reserves & Surplus		Other Comprehensive Income		Total
	General Reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI	
<b>Balance as at 1 April, 2022</b>	21,316.11	31,196.43	31.17	26.94	52,570.65
Changes in Accounting Policy or Prior Period Errors	-	-	-	-	-
Restated balance as at 1 April, 2022	21,316.11	31,196.43	31.17	26.94	52,570.65
Add: Profit/(Loss) during the year	-	10,234.09	-	-	10,234.09
Add: Addition	-	-	6.47	-	6.47
Remeasurement Gain/(Loss) of defined Benefit Plan	-	-	-	(54.55)	(54.55)
<b>Total Comprehensive Income/(Expense)</b>	<b>21,316.11</b>	<b>41,430.52</b>	<b>37.64</b>	<b>(27.62)</b>	<b>62,756.65</b>
<b>Balance as at 31 March, 2023</b>	<b>21,316.11</b>	<b>41,430.52</b>	<b>37.64</b>	<b>(27.62)</b>	<b>62,756.65</b>



**KHANNA PAPER MILLS LIMITED**

CIN: U74110HR1985PLC054735

Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002

**Standalone Statement of change in Equity for the year ended on 31-03-2023****Other Equity**

Previous reporting period

Rs. in Lakhs

Particulars	Reserves & Surplus		Other Comprehensive Income		Total
	General Reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	Other Items of OCI	
Balance as at 1 April, 2021	21,316.11	30,262.15	-	11.13	51,589.39
Changes in Accounting Policy or Prior Period Errors	-	-	-	-	-
Restated balance as at 1 April, 2021	21,316.11	30,262.15	-	11.13	51,589.39
Net profit/(loss) during the year	-	934.28	-	-	934.28
Add: Addition	-	-	31.17	-	31.17
Remeasurement Gain/(Loss) of defined Benefit Plan	-	-	-	15.81	15.81
<b>Total Comprehensive Income/(Expense)</b>	<b>21,316.11</b>	<b>31,196.43</b>	<b>31.17</b>	<b>26.94</b>	<b>52,570.64</b>
Balance as at 31 March, 2022	21,316.11	31,196.43	31.17	26.94	52,570.64

The accompanying notes form an integral part of the Standalone financial statements. (1 to 56)

For

Nimish Nagpal &amp; Company

Chartered Accountants

FRN: 023104N


CA Nimish Nagpal  
Partner

Membership Number: 515749

UDIN: 235157498GYTM88739



For and on behalf of Board of Directors.

Khanna Paper Mills Limited

Raj Mahan Khanna

Chairman &amp; Whole Time Director

DIN: 00062514



Raj Mahan Khanna

Chairman &amp; Whole Time Director

DIN: 00062514



Anurag Saxena

Chief Financial Officer

Date: 21/8/23



Anurag Saxena

Chief Financial Officer

Date: August 21, 2023



Rahul Khanna

Whole Time Director

DIN: 00062514



Priyanka

Company Secretary

M. No: A-54843



Priyanka

Company Secretary

M. No: A-54843

Place: Amritsar

Date: August 21, 2023

Place: Amritsar

Date: August 21, 2023

**KHANNA PAPER MILLS LIMITED**

CIN: U74110HR1985PLC054735

Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002

Standalone Cash Flow Statement for the period ended on 31-03-2023

Rs. in Lakhs

Particulars	Note No.	Rs. in Lakhs	
		For Year ended 31-03-2023	For Year ended 31-03-2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		10,234.09	934.28
<b>Adjustments for:</b>			
Depreciation and amortisation		5,861.46	5,265.46
(Gain)/Loss on disposal of property, plant and equipment		45.36	-25.00
(Gain)/Loss on disposal of Investments		-	-
(Gain)/Loss on investments measured at fair value through profit and loss		1.51	-11.26
Provision for Income tax		5,742.61	139.00
Allowances made/(reversed) for trade receivables (net)		-208.24	307.71
Finance Cost		3,039.07	2,869.10
Interest Income		-225.27	-307.32
Unrealised Foreign exchange Gain		-118.41	-15.95
<b>Operating profit before working capital changes</b>		<b>24,372.18</b>	<b>9,156.02</b>
<b>Adjustment for (increase) / decrease in operating assets</b>			
Trade receivables		-6,944.66	-4,383.52
Loans & Advances		-	-
Other financial assets		-1,625.40	-198.37
Inventories		8,138.34	12,670.50
Other assets		15,009.80	7,227.65
<b>Adjustment for increase / (decrease) in operating liabilities</b>			
Trade payables		1,309.03	-6,119.02
Other financial liabilities		1,220.53	3,190.90
Other Liabilities		-16,502.61	-8,901.98
Provisions		73.52	-5.32
<b>Cash generated from operations</b>		<b>25,050.73</b>	<b>12,636.86</b>
Income tax paid (net)		-2,660.38	4.82
<b>Net cash generated by operating activities</b>		<b>22,390.35</b>	<b>12,641.68</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Bank deposits placed		-573.78	-192.54
Payments to acquire Property, plant and equipment		-3,618.75	2,246.10
Purchase of property, plant and equipment		-1,270.73	-693.30
Purchase of intangible assets		0.62	-
Expenditure incurred in Capital Work in Progress		-5,511.50	-4,748.23
Purchase of other investment		-7,323.00	-
Proceeds from disposal of property, plant and equipment		271.61	32.40
Loan and Advances (net)		-2.42	1.45
Interest received		225.27	307.32
<b>Net cash (used in) / generated by investing activities</b>		<b>-17,802.68</b>	<b>-3,046.80</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short term borrowings		-2,620.23	-4,464.21
Proceeds from long term borrowings		1,123.81	-2,196.30
Finance cost		-3,039.07	-2,869.10
<b>Net cash used in financing activities</b>		<b>-4,535.49</b>	<b>-9,529.61</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>52.18</b>	<b>65.27</b>
Cash and cash equivalents at the beginning of the year		159.63	94.36
Exchange gain/loss on Cash and cash equivalents		-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>211.81</b>	<b>159.63</b>

Particulars	As at 31-03-2023		As at 31-03-2022	
<b>Reconciliation of Cash and Cash Equivalents with Balance Sheet:</b>				
Cash and cash equivalents includes				
Cash on hand		4.34		4.53
Balances with Banks		207.47		155.10

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7

'Statement of Cash Flows'

2. During financial year 2022-23 and 2021-22, the Group is not having any non cash changes which have a direct impact on its cash flows from financing activities.

The accompanying notes form an integral part of the Standalone financial statements. (1 to 56)

For  
Nimish Nagpal & Company  
Chartered Accountants  
FRN: 023104N

CA Nimish Nagpal  
Partner  
Membership Number: 518741  
UDIN: 235157498GYM00739  
Place: Amritsar  
Date: August 21, 2023

For and on behalf of Board of Directors,  
Khanna Paper Mills Limited

Dr. Mohan Khanna  
Chairman & Whole Time Director  
DIN: 00062514

Anuraag Saxena  
Chief Financial Officer  
Place: Amritsar  
Date: August 21, 2023

Rahul Khanna

Rahul Khanna  
Whole Time Director  
DIN: 00067173

Priyanka  
Company Secretary  
M. No: A-54843

## **KHANNA PAPER MILLS LIMITED**

**CIN: U74110HR1985PLC054735**

**Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002**

**Notes forming part of the Financial Statements**

### **1 COMPANY INFORMATION**

Khanna Paper Mills Limited ("the company") is an unlisted public limited company incorporated on 2nd February 1985 and is registered at Registrar of Companies, Delhi. Khanna Paper Mills Limited's Corporate Identification Number (CIN) is U74110HR1985PLC054735. The registered office of the Company is located at B-26, Infocity-I, Sector - 34 Gurgaon, Haryana-122002, India.

Its authorized share capital is INR 4,500 Lakhs and its paid-up capital is INR 2,653.79 Lakhs. The company is engaged in the business of development of recycled, eco-responsible and innovative papers.

The Company's plant is located in Amritsar, Punjab which is widely spread over 80 acres making it the largest single location plant in the country to use recycled paper waste. The company is an ISO Certified Public Limited Company, manufacturing quality paper, board, newsprint by recycling of waste material, pulp and paper products. Khanna Paper Mills is one of the leading recycle based paper manufacturing Company.

Khanna Paper Mills Limited has become the first paper mill in India to produce high quality writing and printing board from 100% deinked wood free recovered paper. Khanna Paper Mills has about 100 dealers who have a reach not only over the length and breadth of India but across the globe.

The financial statements for the year ended March 31, 2023, were approved by the Board of Directors and authorised for issue on August 21, 2023.

### **2 SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Basis of Preparation of Financial Statements**

##### **a Basis of Preparation**

The financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the Ind AS) as notified by Ministry of Corporate affairs pursuant to Section 133 of the Companies Act 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended), Ministry Of Corporate Affairs Notification [F.No. 17/62/2015-CL-V Vol-I] dated 24th March, 2021 and Guidance Note on Division II – IND AS Schedule III to the Companies Act, 2013 (Revised January, 2022 Edition) issued by CL&CGC- ICAI dated 24th January, 2022.

The company regularly assesses by considering various external and internal factors as to whether information in the financial statements could reasonably be expected to influence decisions made by the primary users of its general-purpose financial statements. Such assessment also takes into consideration the characteristics of those users while also considering the company's own circumstances. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

The financial statements are presented in Indian Rupees ("Rs" or "INR") and all the figures appearing in the financial statements are rounded off to the nearest lakhs in accordance with Para 5 of Division II of Schedule III of the Companies Act, 2013.

##### **b Going Concern**

In preparing the financial statements, the management has assessed the Company's ability to continue as a going concern and has used the going concern basis of accounting.



## **KHANNA PAPER MILLS LIMITED**

**CIN: U74110HR1985PLC054735**

**Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002**

**Notes forming part of the Financial Statements**

### **c Basis of measurement and presentation**

The financial statements have been prepared on the historical cost basis unless otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

### **c Classification of Assets and Liabilities as Current and Non Current**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period;
- Cash and 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 treated as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

### **Operating Cycle**

The operating cycle is the time gap between the acquisition of the asset for processing and their realization in cash and cash equivalents. Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



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### **e Significant management judgement in applying accounting policies and estimation of uncertainty**

#### **Significant management judgements**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

#### **i Revenue**

Where the Company recognizes revenue using the percentage of completion method, this requires estimation of the projected revenues, projected profits, projected costs, cost to completion and the foreseeable losses. These are reviewed periodically by the management and any effect of changes in estimates is recognized in the period in which such changes are determined.

#### **ii Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilized.

#### **Estimation of Uncertainty**

#### **i Recoverability of advances/receivables**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

#### **ii Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

#### **iii Provisions**

At each balance sheet date on the basis of management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgement.



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### **iv Uncertainty over Income Tax Treatments**

In terms of Appendix 'C' of Ind AS 12 as inserted by Companies (Indian Accounting Standards) Second Amendment Rules, 2019, w.e.f. 1-4-2019, where the acceptability of a particular tax treatment under tax law is not known until the relevant taxation authority or a court takes a decision in the future, a dispute or examination of a particular tax treatment by the taxation authority may affect the company's accounting for a current or deferred tax asset or liability. Hence, the company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. While determining so, the company assumes that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations and thus considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The company reflects the effect of uncertainty for each uncertain tax treatment by using either the "the most likely amount" or "the expected value" methods, depending on which method the company expects to better predict the resolution of the uncertainty, when it is not probable that the taxation authority will accept an uncertain tax treatment.

### **f Prior Period Items**

A prior period error, if any, is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

The Company corrects **material** prior period errors retrospectively in the financial statements approved for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

### **f Recent accounting pronouncements**

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

#### **i Ind AS 1, Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

#### **ii Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

#### **iii Ind AS 12, Income Taxes**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.



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### **2.2 Summary of Significant Accounting Policies**

#### **a Property, Plant and Equipment (PPE)**

Property, Plant and Equipment is stated at their cost of acquisition/construction, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, directly attributable costs for making the assets ready for its intended use, borrowing costs attributable to acquisition of qualifying asset, up to the date the asset is ready for its intended use.

Items such as spare parts, stand-by equipment and servicing equipment are capitalized as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Subsequent expenditure related to an item of property, plant and equipment is included in the carrying amount only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance and it is probable that future economic benefits associated with the item will flow to the entity subject to the cost of the item being measured reliably.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from any use. Any gain or loss arising on recognition of asset is included in the Statement of Profit and Loss Account. Moreover, property plant and equipment which are not held for sale, are idle and no future economic benefits are expected from them are tested for impairment to provide for corresponding impairment loss (if any).

The company ceases to depreciate the asset at the earlier of the date when the asset is classified as held for sale in accordance with Ind AS 105 and the date when the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Property, Plant and Equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital Work-In-Progress"

#### **Useful life of property, plant and equipment**

The Company depreciates property, plant and equipment on a straight-line basis over estimated useful lives of the assets. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The life is based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in the future periods. Accordingly, the useful life of the property, plant and equipment is taken as under:

<b>Main Categories of Property, Plant and Equipment</b>	<b>Useful Life in Years</b>
Land	Indefinite Life
Building	30 to 60 Years
Plant & Equipment	10 to 21 Years
Furniture and Fixtures	10 Years
Vehicles	8 to 10 Years
Office equipment	5 Years
End User Devices	3 Years
Boiler & Turbine	14 to 20 Years



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### **b Intangible Assets**

Intangible Assets comprises of Computer Software. These are stated at cost less accumulated amortization and are amortized over their respective individual estimated useful lives on a straight-line basis, from the date they are available for use.

Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

#### **Useful Life of Intangible Assets**

<b>Main Categories of Intangible Assets</b>	<b>Useful Life in Years</b>
Computer Software	5 Years

### **c Inventories**

Inventories are carried at lower of costs and net realizable value. The cost is determined on a moving average basis.

The cost comprises of all costs of purchase (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable 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. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

### **d Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of Cash Flow Statement comprises cash on hand, cash at bank and short-term deposits with bank and short-term deposits with banks with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

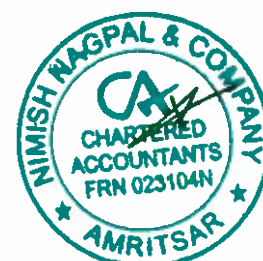
Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents.

Cash flows are inflows and outflows of cash and cash equivalents.

The statement of cash flows reports cash flows during the period classified by operating, investing and financing activities.

- i Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.
- ii Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- iii Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Cash Flow Statement is being prepared using Indirect Method as per Ind AS 7.



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### **e Equity, Reserves and Dividend Payments**

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from retained earnings, net of any related income tax benefits.

Components of other equity includes retained earnings, general reserve and other comprehensive income (OCI) arising from actuarial gain or loss on re-measurement of defined benefit liability and return on plan assets & exchange differences on translating the financial statements of a foreign operation.

Retained earnings include all current and prior period retained profits.

Annual dividend distribution to shareholders is recognized as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity. No dividend has been recommended by the Board during the financial year. The Board, accordingly, has decided to carry forward the profits for such financial year, without setting them aside as a reserve.

### **f Financial Instruments**

#### **i Financial Assets**

A financial asset is any asset that is:

- a cash;
- b an equity instrument of another entity;
- c a contractual right:
  - i to receive cash or another financial asset from another entity; or
  - ii to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- d a contract that will or may be settled in the entity's own equity instruments and is:
  - i a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - ii a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

#### **i.i Recognition, Classification and Measurement**

The company recognizes a financial asset in its balance sheet when, and only when, the entity becomes party to the contractual provisions of the instrument.

The company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortized cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



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A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the above purposes:

- (a) principal is the fair value of the financial asset at initial recognition.
- (b) interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

#### **i.ii Derecognition**

The company derecognizes a financial asset when, and only when:

- (a) the contractual rights to the cash flows from the financial asset expire, or
- (b) it transfers contractual rights to receive the cash flows of the financial asset

#### **ii Financial Liability**

A financial liability is any liability that is:

- a a contractual obligation:
  - i to deliver cash or another financial asset to another entity; or
  - ii to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- b a contract that will or may be settled in the entity's own equity instruments and is:
  - i a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - ii a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

#### **ii.i Recognition, Classification and Measurement**

The company recognizes a financial liability in its balance sheet when, and only when, the entity becomes party to the contractual provisions of the instrument.

The company classifies all financial liabilities as subsequently measured at amortised cost, except for financial guaranteed contracts which are measured at fair value through profit or loss. Where the financial guarantee contract was issued to an unrelated party in a stand-alone arm's length transaction, its fair value at inception is likely to equal the premium received, unless there is evidence to the contrary.

The Company also considers at initial recognition, irrevocably designating a financial liability as measured at fair value through profit or loss when doing so it eliminates or significantly reduces a measurement or recognition inconsistency.

#### **ii.ii Derecognition**

The company removes a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished — i.e., when the obligation specified in the contract is discharged or cancelled or expires.



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### **iii Effective interest method**

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

### **iv Equity Instrument**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The company classifies the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument. The instrument is an equity instrument if it no contractual obligation:

- a to deliver cash or another financial asset to another entity; or
- b to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

### **g Impairment of Financial Assets and Expected Credit Losses**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

The company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, pre-payment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.



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If the Company's measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

#### **h Other current assets and liabilities**

Other current assets and liabilities include the amounts that do not meet the definition of a financial asset or financial liability, as the case may be.

#### **i Trade Receivables and Trade Payables**

A receivable shall be classified as 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business and the company has a right to an amount of consideration that is unconditional (i.e., if only the passage of time is required before payment of that consideration is due). The amounts due under contractual rights, other than arising out of sale of goods or rendering of services, are not included within Trade Receivables.

A payable shall be classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. The amounts due under contractual obligations or which are statutory payables are not included within Trade Payables.

#### **j MSME**

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

The company gets supplies of goods or services from micro and small enterprises ("the supplier"). The company makes the payment therefore on or before the date agreed upon between it and the supplier in writing or, where there is no agreement in this behalf, before the appointed day. Further, the company ensures that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance, as the case may be.

The "appointed day" means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

"The day of acceptance" means,—

- a the day of the actual delivery of goods or the rendering of services; or
- b where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier.



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"The day of deemed acceptance" means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services.

#### **k Trade Receivables and Unbilled Revenue**

A receivable is a right to consideration that is unconditional upon passage of time. Revenue from the contracts is recognized upon satisfaction of Performance obligation.

Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Revenue in excess of billing is recorded as unbilled revenue and is classified as a contract asset. Any amount previously recognised as a contract asset is reclassified to trade receivables on satisfaction of the condition attached, i.e., future service which is necessary to achieve the billing milestone.

Invoicing in excess of revenue recognized is classified as revenue received in advance. Any amount previously recognized as revenue received in advance is recognized to revenue on satisfaction of the performance obligation over the contract period.

Contract Asset refers to the company's right to consideration in exchange for goods or services that the company has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Contract Liability refers to the company's obligation to transfer goods or services to a customer for which the company has received consideration (or the amount is due) from the customer.

#### **l Revenue Recognition**

The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, then the promised product or services are combined and accounted as a single performance obligation.

The Company allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where the Company is unable to determine the stand-alone selling price the company uses expected cost-plus margin approach in estimating the stand-alone selling price.

The Company recognizes revenue when (or as) the company satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For the identified performance obligation(s), the company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, when one of the following criteria is met:

- a the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- b the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

In assessing the existence and enforceability of a right to payment for performance completed to date, the company considers the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms. This would include an assessment of whether:

- a legislation, administrative practice or legal precedent confers upon the entity a right to payment for performance to date even though that right is not specified in the contract with the customer;



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- b relevant legal precedent indicates that similar rights to payment for performance completed to date in similar contracts have no binding legal effect; or
- c an entity's customary business practices of choosing not to enforce a right to payment has resulted in the right being rendered unenforceable in that legal environment.

For each performance obligation satisfied over time, the company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The company applies single method of measuring progress for each performance obligation satisfied over time and the company applies that method consistently to similar performance obligations and in similar circumstances. At the end of each reporting period, the company re-measures its progress towards complete satisfaction of a performance obligation satisfied over time.

Methods that can be used to measure company's progress towards complete satisfaction of a performance obligation satisfied over time include output methods and input methods. Output methods recognize revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed and units produced or units delivered. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation.

#### **Contract Cost**

The company recognizes as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that the company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

As a practical expedient, the company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

#### **Interest Income**

Interest due on fixed deposits is accounted on accrual basis.

#### **Dividend Income**

Dividend income is recognized when the right to receive the payment is established.

#### **m Foreign currency transactions and translations**

The financial statements of the Company are presented in Indian Rupees ("₹" or "INR" or "Rs"), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.



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Exchange differences arising on the re-translation or settlement of other monetary items are included in the statement of profit and loss for the period.

Exchange differences arising on a monetary item that forms part of a company's net investment in a foreign operation is recognised in profit or loss in the separate financial statements of the company.

#### **n Government Grant**

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that:

- (a) the entity will comply with the conditions attaching to them; and
- (b) the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. A Government grant in the nature of a non-monetary asset for the use of the company is recorded at a nominal amount. Government grants related to assets are presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

#### **o Borrowing Costs**

Borrowing costs include:

- interest expense calculated using the effective interest method as described in Ind AS 109, Financial Instruments;
- interest in respect of lease liabilities recognised in accordance with Ind AS 116, Leases if any; and
- exchange differences, if any, arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is recognised in the statement of profit and loss.

Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related securities and included within borrowing costs. Premiums payable on early redemptions of debt securities, in lieu of future finance costs, are recognised as borrowing costs.

All other borrowing costs are recognized as expenses in the period in which it is incurred.

To the extent that the company borrows funds specifically for the purpose of obtaining a qualifying asset, the company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset.



## **KHANNA PAPER MILLS LIMITED**

**CIN: U74110HR1985PLC054735**

**Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002**

### **Notes forming part of the Financial Statements**

The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. However, the company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

#### **p Leases**

##### **The Company as a lessee**

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- i the contract involves the use of an identified asset
- ii the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- iii the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

As a lessee, the Company determines the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use-assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment to whether it will exercise an extension or a termination option.



## **KHANNA PAPER MILLS LIMITED**

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**Notes forming part of the Financial Statements**

### **The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

### **Income Tax**

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax and deferred tax are recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:

- (a) in other comprehensive income, are recognised in other comprehensive income.
- (b) directly in equity, are recognised directly in equity

#### **Current Tax**

Current tax is the expected tax payable on the taxable income for the year calculated in accordance with the Income Tax Act and any adjustment to taxes in respect of previous years.

The tax jurisdiction for the Company is India. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

#### **Deferred Tax**

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- (a) deductible temporary differences;
- (b) the carry forward of unused tax losses; and
- (c) the carry forward of unused tax credits.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.



## **KHANNA PAPER MILLS LIMITED**

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**Notes forming part of the Financial Statements**

### **Employee Benefits**

When an employee has rendered services during an accounting period, the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service are recognised:

(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) as an expense, unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset.

Post-employment benefits include items such as the following:

(a) retirement benefits; and

(b) other post-employment benefits, such as post-employment life insurance.

Other long-term employee benefits include items such as the following, if not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service:

(a) long-term paid absences such as long-service or sabbatical leave;

(b) jubilee or other long-service benefits;

(c) long-term disability benefits;

(d) profit-sharing and bonuses; and

(e) deferred remuneration.

For other long-term employee benefits, the company recognises net total of service cost, net interest on the net defined benefit liability and remeasurements of the net defined benefit liability, in the statement of profit or loss.

During the year, the company has not provided any such other long-term employee benefits.

Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions.

### **Defined Benefit Plans and Compensated Absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is:

(a) the present value of the defined benefit obligation less

(b) the fair value of plan assets (if any).

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

### **Earnings per share**

Basic Earnings Per Share is computed by dividing the net profit for the year attributable to the equity shareholders of the company by the weighted average number of equity shares outstanding during the period and for all period presented is adjusted for events such as bonus issue that have changed the number of equity shares outstanding without a corresponding change in resources.



## **KHANNA PAPER MILLS LIMITED**

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### **Notes forming part of the Financial Statements**

Diluted Earnings Per Share is computed by dividing the net profit for the year attributable to the equity shareholders as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

#### **t Corporate Social Responsibility**

As per section 135 of Companies Act, 2013, a company meeting the applicable threshold needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The area for CSR activity is promoting health care, sanitation, education and preventing hunger.

#### **u Impairment Testing**

Property, plant and equipment and Intangible Assets (hereinafter as "assets") are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. Where it is not possible to measure fair value less costs of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions, the company uses the asset's value in use as its recoverable amount. Calculation of value-in-use has considered the following elements:

- (a) an estimate of the future cash flows the company expects to derive from the asset;
- (b) expectations about possible variations in the amount or timing of those future cash flows;
- (c) the time value of money, represented by the current market risk-free rate of interest;
- (d) the price for bearing the uncertainty inherent in the asset; and
- (e) other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the company expects to derive from the asset.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

#### **v Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past event and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.



## KHANNA PAPER MILLS LIMITED

CIN: U74110HR1985PLC054735

Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002

### Notes forming part of the Financial Statements

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. When discounting is used the increase in the provisions due to the passage of time is recognized as finance cost.

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more certain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

### w Segment Information

An operating segment is a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (c) for which discrete financial information is available.

The Company is primarily engaged in the business of manufacture of Paper, News Print and Paper Board, which are governed by the same set of risk and returns. Accordingly, the Company has two segments. The Board of Directors of the Company has been identified as being the chief operating decision maker (CODM) for evaluating and making decisions about resources to be allocated to the segment and assess its performance.

For

**Nimish Nagpal & Company**

Chartered Accountants

FRN: 023104N

CA Nimish Nagpal

Partner

Membership Number: 515749

UDIN: 23515749BGYTM88739



For and on behalf of Board of Directors,

**Khanna Paper Mills Limited**

*Brij Mohan*

Brij Mohan Khanna

Chairman & Whole Time Director

DIN: 00062514

*Rahul Khanna*

Rahul Khanna

Whole Time Director

DIN: 00067173

*Priyanka*

Priyanka

Company Secretary

M. No: A-54843

Place: Amritsar

Date: August 21, 2023

Anurag Saxena

Chief Financial Officer

*Anurag Saxena*  
Place: Amritsar 21/8/23

Date: August 21, 2023

**KHANNA PAPER MILLS LIMITED**

Notes forming part of the Financial Statements

**3 Property, Plant and Equipment**

Rs. in Lakhs

Name of Assets	Gross Block				Depreciation and Amortization				Net Block	
	As on 01-Apr-22	Addition	Deduction	As on 31-Mar-23	As on 01-Apr-22	for the year	Deduction	As on 31-Mar-23	As on 31-Mar-23	
<b>(i) Property, Plant and Equipment</b>										
Land	3,317.25	533.66	-	3,850.90	-	-	-	-	3,850.90	
Buildings	9,172.02	1,428.05	-	10,600.07	2,725.99	239.86	-	2,965.84	7,634.23	
Plant and Equipment	1,08,892.81	3,902.77	6,511.85	1,06,283.73	74,880.83	5,155.81	6,264.70	73,771.93	32,511.80	
Furniture and Fixtures	242.39	25.36	-	267.76	211.72	8.43	-	220.15	47.61	
Vehicles	656.66	-	96.27	560.40	361.38	58.97	95.98	324.36	236.03	
Office Equipments	417.54	18.03	-	435.57	374.01	22.50	-	396.50	39.07	
Computers	861.18	68.49	390.34	539.32	815.23	23.91	389.63	449.51	89.82	
Boiler & Turbine	7,971.36	871.13	562.75	8,279.74	6,003.44	333.84	493.93	5,843.35	2,436.39	
<b>Total</b>	<b>1,31,531.22</b>	<b>6,847.49</b>	<b>7,561.21</b>	<b>1,30,817.50</b>	<b>85,372.59</b>	<b>5,843.30</b>	<b>7,244.25</b>	<b>83,971.64</b>	<b>46,845.86</b>	

Name of Assets	Gross Block				Depreciation and Amortization				Net Block	
	As on 01-Apr-21	Addition	Deduction	As on 31-Mar-22	As on 01-Apr-21	for the year	Deduction	As on 31-Mar-22	As on 31-Mar-22	
<b>(i) Property, Plant and Equipment</b>										
Land	3,289.86	27.39	-	3,317.25	-	-	-	-	3,317.25	
Buildings	5,918.96	3,253.05	-	9,172.02	2,555.27	170.72	-	2,725.99	6,446.03	
Plant and Equipment	1,01,400.19	7,576.97	84.36	1,08,892.81	70,407.34	4,557.84	84.36	74,880.83	34,011.98	
Furniture and Fixtures	242.39	-	-	242.39	203.34	8.38	-	211.72	30.67	
Vehicles	656.66	-	-	656.66	300.66	60.72	-	361.38	295.29	
Office Equipments	407.63	9.91	-	417.54	340.76	33.24	-	374.01	43.54	
Computers	825.85	35.34	-	861.18	791.81	23.42	-	815.23	45.95	
Boiler & Turbine	7,971.36	-	-	7,971.36	5,638.41	365.03	-	6,003.44	1,967.92	
<b>Total</b>	<b>1,20,712.91</b>	<b>10,902.66</b>	<b>84.36</b>	<b>1,31,531.22</b>	<b>80,237.60</b>	<b>5,219.35</b>	<b>84.36</b>	<b>85,372.59</b>	<b>46,158.63</b>	



# KHANNA PAPER MILLS LIMITED

## Notes forming part of the Financial Statements

### 4 Capital work in progress

Rs. in Lakhs

Particulars	As at	As at
	31-03-2023	31-03-2022
Opening Balance	4,493.00	9,957.82
Add: Addition during the year	5,511.50	4,748.23
Less: Capitalised during the year	5,577.38	10,213.06
<b>Closing Balance</b>	<b>4,427.12</b>	<b>4,493.00</b>

### 4.1 Capital Work-in-Progress Ageing Schedule

Rs. in Lakhs

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 -2 Years	2-3 Years	More than 3 Years	
Projects in progress	4,182.84	123.23	121.05	-	4,427.12
Projects temporarily suspended	-	-	-	-	-

### Previous reporting period

Rs. in Lakhs

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 -2 Years	2-3 Years	More than 3 Years	
Projects in progress	316.33	2,454.11	416.55	1,306.00	4,493.00
Projects temporarily suspended	-	-	-	-	-

### 5 Other intangible assets

Rs. in Lakhs

Particulars	Total
Cost as at 1 April, 2022	1,397.37
Addition	-
Disposals	-
Adjustment	-
Cost as at 31 March, 2023	<b>1,397.37</b>
Accumulated ammortisation as at 1 April, 2022	1,362.53
Ammortization charge for the year	18.16
Reversal on Disposal of assets	-
<b>Accumulated ammortisation as at 31 March, 2023</b>	<b>1,380.69</b>
<b>Net Carrying Amount as at 31 March, 2023</b>	<b>16.69</b>

### Previous Year

Rs. in Lakhs

Particulars	Total
Cost as on 1 April, 2021	1,401.07
Addition	-
Disposals	3.70
Adjustment	-
Cost as at 31 March, 2022	<b>1,397.37</b>
Accumulated ammortisation as at 1 April, 2022	1,316.41
Ammortization charge for the year	46.11
Reversal on Disposal of assets	-
<b>Accumulated ammortisation as at 31 March, 2022</b>	<b>1,362.53</b>
<b>Net Carrying Amount as at 31 March, 2022</b>	<b>34.85</b>

### 6 Investments - non current

Rs. in Lakhs

Particulars	As at	As at
	31-03-2023	31-03-2022
Investment in subsidiary carried at cost	7,323.00	-
Investment in subsidiary carried at fair value through OCI	82.54	76.07
<b>Total</b>	<b>7,405.54</b>	<b>76.07</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 6.1 Details of Investments

Name of Entity	No of Shares/Units	Current Year	No of Shares/Units	Previous Year
<b>Investments in Equity Instruments</b>				
<b>In Subsidiary Company</b>				
<b>Khanna Paper Inc.(wholly owned subsidiary incorporated in USA)</b>				
Equity Shares of USD 1 each(fully paid)	1,00,000	82.54	1,00,000	76.07
<b>Grownd Realty Private Limited</b>				
Equity shares of INR 10 each(fully paid-up)	10,000	1.00	-	-
<b>Khanna Fiber Private Limited</b>				
Equity shares of INR 10 each(fully paid-up)	10,000	1.00	-	-
<b>Grownd Crew Private Limited</b>				
Equity shares of INR 10 each(fully paid-up)	10,000	1.00	-	-
<b>Investments in Debentures or Bonds</b>				
<b>Grownd Realty Private Limited</b>				
Debentures of INR 100 each(fully paid-up)	65,00,000	6,500.00	-	-
<b>Khanna Fiber Private Limited</b>				
Debentures of INR 100 each(fully paid-up)	8,20,000	820.00	-	-

#### Aggregate details of Investment

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Aggregate market value as at the end of the year	-	-
Market value of quoted investments	-	-
Aggregate value of Un-quoted investments	7,405.54	76.07
Provision for diminution in value of investments	-	-

#### 7 Other financial assets - non current

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Security deposits	479.98	568.15
Bank deposits with more than 12 months maturity	1,110.91	343.77
<b>Total</b>	<b>1,590.89</b>	<b>911.92</b>

\*Bank Deposits are earmarked with the Banks for obtaining Bank Borrowings

\*\* Security Deposits with refers to amount given to Vendors under contractual terms as per normal course of business which are expected to be realised after twelve months from the reporting period.

#### 8 Deferred tax assets, net

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Deferred Tax Asset	-	6,027.79
Deferred Tax Liability	-	(3,818.80)
<b>Total</b>	<b>-</b>	<b>2,208.99</b>



# KHANNA PAPER MILLS LIMITED

## Notes forming part of the Financial Statements

### Deferred Tax Assets/Liability

Rs. in Lakhs

Particulars	As at	
	31-03-2023	31-03-2022
<b>Deferred Tax Assets</b>		
Provision for Gratuity	242.67	196.42
Provision for Deferred Revenue	193.02	220.71
Provision for leave encashment	35.45	26.52
43B Disallowances (Bonus Payable)	41.70	51.87
Trade Receivables	34.76	102.72
MAT Credit	2,888.64	5,429.53
<b>Total DTA</b>	<b>3,436.23</b>	<b>6,027.78</b>
<b>B</b>		
Related to Fixed Assets	4,202.64	3,790.10
Reversal of Upfront Fees	8.89	17.04
Fair value gain/Loss on Mutual Fund	11.68	11.66
<b>Total DTL</b>	<b>4,223.20</b>	<b>3,818.80</b>
<b>Deferred Tax Assets/(Liability) net</b>	<b>-786.97</b>	<b>2,208.99</b>

### Movement in deferred tax assets/liability

#### Current reporting period

Rs. in Lakhs

Particulars	Opening balance	Recognised to P&L	Recognised to OCI	Closing balance	
				Opening balance	Net
<b>A.</b>					
Provision for Gratuity	196.42	35.41		231.83	
Provision for Deferred Revenue	220.71	-36.31		184.40	
Provision for leave encashment	26.52	7.35		33.86	
43B Disallowances (Bonus Payable)	51.87	-12.03		39.84	
Trade Receivables	102.72	-69.52		33.21	
MAT Credit	5,429.53	-2,305.13		3,124.40	
<b>Total DTA</b>	<b>6,027.78</b>	<b>-2,380.24</b>	<b>-</b>	<b>3,647.54</b>	
<b>B</b>					
Related to Fixed Assets	3,790.10	142.08		3,932.18	
Reversal of Upfront Fees	17.04	-8.55		8.49	
Fair value gain/Loss on Mutual Fund	11.66	-0.51		11.15	
<b>Total DTL</b>	<b>3,818.80</b>	<b>133.02</b>	<b>-</b>	<b>3,951.82</b>	
<b>Net</b>	<b>2,208.99</b>	<b>-2,513.26</b>	<b>-</b>	<b>-304.28</b>	

#### Previous reporting period

Rs. in Lakhs

Particulars	Opening balance	Recognised to Statement of P&L	Recognised to other comprehensive income	closing balance	
				Opening balance	Net
<b>A.</b>					
Provision for Gratuity	17.43	179.00		196.42	
Provision for Deferred Revenue	313.79	-93.08		220.71	
Provision for leave encashment	12.15	14.37		26.52	
43B Disallowances (Bonus Payable)	11.62	40.26		51.87	
Trade Receivables	-	102.72		102.72	
MAT Credit	5,493.75	-64.22		5,429.53	
<b>Total DTA</b>	<b>5,848.74</b>	<b>179.05</b>	<b>-</b>	<b>6,027.78</b>	
<b>B</b>					
Related to Fixed Assets	3,736.33	53.77		3,790.10	
Reversal of Upfront Fees	7.56	9.48		17.04	
Fair value gain/Loss on Mutual Fund	-6.80	18.46		11.66	
<b>Total DTL</b>	<b>3,737.09</b>	<b>81.71</b>	<b>-</b>	<b>3,818.80</b>	
<b>Net</b>	<b>2,111.64</b>	<b>97.34</b>	<b>-</b>	<b>2,208.99</b>	

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 9 Other non current assets

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Capital advances		
Others	1,948.30	329.23
Related Parties	3,797.83	1,797.83
Balances with government authorities	0.85	0.85
Prepaid expenses	28.97	43.20
<b>Total</b>	<b>5,775.95</b>	<b>2,171.11</b>

#### 10 Inventories

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Raw materials*	7,564.01	16,270.22
Work-in-progress	757.04	1,078.75
Finished goods**	5,936.18	5,044.25
Stores and spares***	4,558.70	3,501.15
Packing Material	533.26	422.76
Coal & Fuel	1,309.15	2,479.54
<b>Total</b>	<b>20,658.34</b>	<b>28,796.67</b>

\*Raw Materials includes Goods in Transit of INR 1,763.25 lakhs (Previous Year INR 1,434.21 lakhs)

\*\*Finished Goods includes Goods in Transit of INR 3,285.71 lakhs (Previous Year INR 2,413.46 lakhs)

\*\*\*Stores & Spares includes Goods in Transit of INR 504.35 lakhs (Previous Year INR 324.73 lakhs)

\*\*\*\*Coal & Fuel includes Goods in Transit of INR 10.61 lakhs (Previous Year INR Nil)

#### 11 Investments - current

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Investment in others carried at fair value through profit or loss		
Mutual Funds	60.41	61.93
<b>Total</b>	<b>60.41</b>	<b>61.93</b>

#### 11.1 Current Investments

Rs. in Lakhs

Name of Entity	No of Units	Current Year	No of Units	Previous Year
<b>Carried at fair value through profit or loss (FVTPL)</b>				
<b>Quoted Investments</b>				
<b>Investments in Mutual Funds</b>				
a) Sundaram Large and Mid Cap Fund- Regular Growth (LMGP) NAV as on March 31, 2023 is INR 52.5889 each unit (Previous Year INR 54.4584)	81,089	42.64	81,089	44.16
b) Sundaram Aggressive Hybrid Fund - Regular Growth (SBGP) NAV as on March 31, 2023 is INR 110.7679 each unit (Previous Year INR 110.7588)	16,042	17.77	16,042	17.77

#### Aggregate details of Investment

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Aggregate market value as at the end of the year:		
Market value of quoted investments	60.41	61.93
Market value of Un-quoted investments	-	-
Provision for diminution in value of investments	-	-



# KHANNA PAPER MILLS LIMITED

## Notes forming part of the Financial Statements

### 12 Trade receivables - current

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Unsecured, considered good	24,673.71	17,513.08
Unsecured which have significant increase in credit risk	26.76	-
<b>Total</b>	<b>24,700.47</b>	<b>17,513.08</b>

### Trade Receivable

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Above includes due from:		
Directors		
Other Officers of the company		
Firm in which director is partner		
Entities where KMP has significant influence	19.69	-
<b>Total</b>	<b>19.69</b>	<b>-</b>

### Trade Receivables Ageing schedule

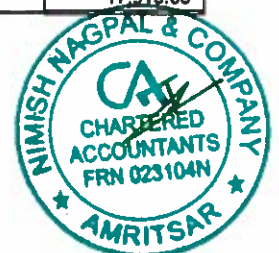
Rs. in Lakhs

Particulars	Undue	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed Trade receivables</b>							
-considered good	15,210.43	9,198.36	293.59	3.97	9.38	57.44	24,773.17
-which have significant increase in credit risk	-	-	-	-	-	-	-
-credit impaired	-	-	-	-	-	-	-
<b>Disputed Trade receivables</b>							
-considered good	-	-	-	-	-	-	-
-which have significant increase in credit risk	-	13.41	-0.00	3.88	9.48	-	26.76
-credit impaired	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>15,210.43</b>	<b>9,211.76</b>	<b>293.59</b>	<b>7.85</b>	<b>18.86</b>	<b>57.44</b>	<b>24,799.93</b>
Unbilled - considered good							-
Unbilled - which have significant increase in credit risk							-
Unbilled - credit impaired							-
Provision for doubtful debts							-99.46
<b>Total</b>							<b>24,700.47</b>

### For Previous Year

Rs. in Lakhs

Particulars	Undue	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed Trade receivables</b>							
-considered good	16,766.54	770.99	16.99	0.50	141.81	123.96	17,820.79
-which have significant increase in credit risk	-	-	-	-	-	-	-
-credit impaired	-	-	-	-	-	-	-
<b>Disputed Trade receivables</b>							
-considered good	-	-	-	-	-	-	-
-which have significant increase in credit risk	-	-	-	-	-	-	-
-credit impaired	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>16,766.54</b>	<b>770.99</b>	<b>16.99</b>	<b>0.50</b>	<b>141.81</b>	<b>123.96</b>	<b>17,820.79</b>
Unbilled - considered good							-
Unbilled - which have significant increase in credit risk							-
Unbilled - credit impaired							-
Provision for doubtful debts							-307.71
<b>Total</b>							<b>17,513.08</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 13 Cash and cash equivalents

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Balances with Banks	207.47	155.10
Cash on hand	4.34	4.53
<b>Total</b>	<b>211.81</b>	<b>159.63</b>

#### 14 Bank balances other than Cash and cash equivalents

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Earmarked balances with bank	2,838.53	3,032.80
<b>Total</b>	<b>2,838.53</b>	<b>3,032.80</b>

It comprises of fixed deposits amounting to ₹ 2837.62 Lakhs (Previous Year 3032.80 Lakhs) earmarked with the Banks for obtaining Bank Borrowings

#### 15 Loans - current financial assets

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Loans to employees	8.69	6.27
<b>Total</b>	<b>8.69</b>	<b>6.27</b>

#### 16 Other financial assets - current

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Security deposits	164.98	149.33
Insurance Claim Recoverable	1,831.33	125.70
Interest Recoverable	-	6.79
<b>Total</b>	<b>1,996.31</b>	<b>281.82</b>

#### 17 Current Tax Assets, net

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Income Tax Refund Receivable	40.02	40.14
<b>Total</b>	<b>40.02</b>	<b>40.14</b>

#### 18 Other current assets

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Balances with government authorities	1,590.96	17,730.92
Advances to suppliers	7,395.49	6,111.81
Prepaid expenses	74.14	213.75
<b>Total</b>	<b>9,060.59</b>	<b>24,056.48</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 19 Equity Share Capital

Rs. in Lakhs

Particulars	As at	
	31-03-2023	31-03-2022
<b>Authorised Share Capital</b> 45000000 (PY - 45000000) Equity Shares of Rs. 10 each	4,500.00	4,500.00
<b>Issued, subscribed &amp; fully paid up</b> 26537945 (PY - 26537945) Equity Shares of Rs. 10 each	2,653.79	2,653.79
<b>Total</b>	<b>2,653.79</b>	<b>2,653.79</b>

#### Reconciliation of Share Capital

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number of Shares	Amount	Number of Shares	Amount
Opening Balance	2,65,37,945	2,653.79	2,65,37,945	2,653.79
Changes due to prior period error	-	-	-	-
Issued during the year	-	-	-	-
Adjustment	-	-	-	-
Deletion	-	-	-	-
<b>Closing balance</b>	<b>2,65,37,945</b>	<b>2,653.79</b>	<b>2,65,37,945</b>	<b>2,653.79</b>

#### Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares. Each shareholder is eligible for one vote per share held. 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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### Equity Share holder holding more than 5%

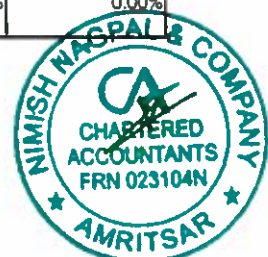
Name of Share Holder	As at 31-03-2023		As at 31-03-2022	
	No of Shares	% of Shareholding	No of Shares	% of Shareholding
Mr. Brij Mohan Khanna	-	0.00%	47,66,653	17.96%
Mr. Rahul Khanna	397	0.00%	89,72,201	33.81%
Mr. Saurabh Khanna	89,72,301	33.81%	89,72,301	33.81%
Mrs. Renu Khanna	38,07,945	14.35%	38,07,945	14.35%
M/s Brij Mohan and Rahul Khanna Family Trust (Significant Beneficial Ownership held by Mr. Brij Mohan Khanna)	1,37,57,299	51.84%	-	0.00%

#### Shares held by promoters at the end of the year

Name of Promotor	Class of Shares Equity/Preference	No. of Shares	% of total shares	% Change during the year
Mr. Brij Mohan Khanna	Equity	-	0.00%	-17.96%
Mr. Rahul Khanna	Equity	397	0.00%	-33.81%
Mr. Saurabh Khanna	Equity	89,72,301	33.81%	0.00%
Mrs. Renu Khanna	Equity	38,07,945	14.35%	0.00%

#### Previous Year

Name of Promotor	Class of Shares Equity/Preference	No of Shares	% of total shares	% Change during the year
Mr. Brij Mohan Khanna	Equity	47,66,653	17.96%	0.00%
Mr. Rahul Khanna	Equity	89,72,201	33.81%	0.00%
Mr. Saurabh Khanna	Equity	89,72,301	33.81%	0.00%
Mrs. Renu Khanna	Equity	38,07,945	14.35%	0.00%



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### Unpaid Calls

As per records of the Company, no calls remain unpaid by the directors and officers of the Company as on 31st March ,2023

#### Forfeiture of Shares

As per records of the Company, no shares have been forfeited by the Company during the year.

### 20 Other Equity

Particulars	As at 31-03-2023	As at 31-03-2022
<b>General Reserve</b>		
Opening Balance	21,316.12	21,316.12
<b>Retained earnings</b>		
Opening Balance	31,196.44	30,262.16
Profit/(Loss) for the period	10,234.09	934.27
<b>Exchange differences on translating the financial statements of a foreign operation</b>		
Opening Balance	31.18	0.01
<b>Other items of OCI</b>		
Opening Balance	26.95	11.14
Other comprehensive Income for the period	(48.08)	46.98
<b>Total</b>	<b>62,756.70</b>	<b>52,570.68</b>

### Movement of Other Equity

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
<b>General Reserve</b>		
Opening Balance	21,316.11	21,316.11
Add: Transfer from P&L		
Less: Deletion		
(Add)/Less: Adjustment		
Closing Balance	21,316.11	21,316.11
<b>Retained Earnings</b>		
Balance at the beginning of the year	31,196.43	30,262.15
Add: Profit/(Loss) during the year	10,234.09	934.28
Less: Appropriation		
Balance at the end of the year	41,430.52	31,196.43
<b>Exchange differences on translating the financial statements of a foreign operation</b>		
Opening Balance	31.17	-
Add: Addition	6.47	31.17
Less: Deletion		
Closing Balance	37.64	31.17
<b>Other items of OCI</b>		
Opening Balance	26.94	11.13
Remeasurement Gain/(Loss) of defined Benefit Plan(net of tax)	-54.55	15.81
Less: Deletion		
Closing Balance	-27.62	26.94
<b>Total</b>	<b>62,756.65</b>	<b>52,570.64</b>

#### Nature of Reserve & Surplus

##### General Reserve

The Company had transferred a portion of the net profit of the company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act,1956. Mandatory transfer to general reserve is not required under the Companies Act,2013.

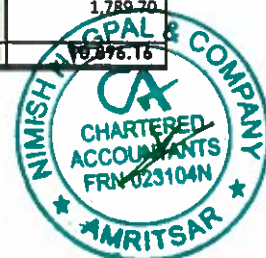
##### Retained Earnings

Retained earnings are the profits that company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the company

### 21 Borrowings - non current financial liabilities

Rs. In Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Secured Term loans from Bank	10,278.25	9,106.46
Secured Other loans	1,741.71	1,789.70
<b>Total</b>	<b>12,019.96</b>	<b>10,896.16</b>



**KHANNA PAPER MILLS LIMITED**

**Notes forming part of the Financial Statements**  
**Terms of Repayment**

Sr No	Name of Lender	Allocated Amount	Details	Security
1	HDFC Bank	2,500.00	Term Loan Interest Rate: Linked to Treasury Bill (Last Interest Charged – 8.25% p.a) Due Date for Repayment: Due for repayment till September 27 in 18 quarterly installments of INR 124.99 lakhs	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans & one property loan) of the company.
2	HDFC Bank	2,374.00	Term Loan Interest Rate: 1 yr. MCLR + 0.30% p.a. Due Date for Repayment: Due for repayment till Jan 24 in 3 quarterly installments of INR 124.83 lakhs	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans & one property loan) of the company.
3	HDFC Bank	2,129.00	Term Loan Interest Rate: Linked to Treasury Bill (Last Interest Charged – 8.15% p.a) Due Date for Repayment: Due for repayment till May 25 in 9 quarterly installments of INR 106.45 lakhs	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans & one property loan) of the company.
4	HDFC Bank	5,000.00	Term Loan Interest Rate: Linked to Treasury Bill (Last Interest Charged – 8.25% p.a) Due Date for Repayment: Due for repayment till July 28 in 20 quarterly installments of INR 213.20 lakhs	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans & one property loan) of the company.
5	Indian Bank	1,200.00	Term Loan Interest Rate: 1 yr. MCLR + 0.15% p.a. Due Date for Repayment: Due for repayment till July 25 in 21 monthly installments of INR 16.66 lakhs and Balance of 10.41 lakhs to be paid as last installment	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans & one property loan) of the company.
6	Punjab National Bank	3,200.00	Term Loan Interest Rate: 1 yr. MCLR + 1.85% p.a. Due Date for Repayment: Due for repayment till December 24 in 5 quarterly installments of INR 160 lakhs and Balance of 153.06 lakhs to be paid as last installment	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans & one property loan) of the company.



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

7	Canara Bank	3,000.00	Term Loan Interest Rate: 1 yr. MCLR + 0.15% p.a. Due Date for Repayment: Due for repayment till Feb 25 in 6 quarterly installments of INR 150 lakhs and Balance of 120.89 lakhs to be paid as last installment	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans & one property loan) of the company.
8	Kotak Mahindra Bank	5,000.00	Term Loan Rate of Interest: Linked to Treasury Bill (Last Interest Charged - 8.45% p.a) Due Date for Repayment: Due for repayment till Jan 27 in 15 quarterly installments of INR 246.02 lakhs	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans & one property loan) of the company.
9	HDFC Bank	29.72	Vehicle Loan	Vehicle Financed
10	HDFC Bank	49.90	Vehicle Loan	Vehicle Financed
11	Kotak Mahindra Bank	1,770.00	Home Finance	House Property Financed

1. Term Loans from consortium lead by Canara Bank amounting to ₹ 13871.26 Lakhs (Previous year ₹ 11,934.40 Lakhs) is secured by first pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans & one property loan) of the company. Consortium also holds second pari passu charge over the current assets of the company. Term Loan Consortium includes Canara Bank as Lead Bank and Punjab National Bank, HDFC Bank Limited, Kotak Mahindra Bank Limited, Indian Bank as member banks.

2. The loans from banks are also guaranteed by Mr Rahul Khanna and Mr Saurabh Khanna

3. Amount disclosed as above is net of Current Maturities of Long Term Borrowings (i.e. Secured Term Loans from Banks and Secured Other Loans) of INR 3567.58 lakhs (Previous Year 2787.42 Lakhs)

### 22 Other financial liabilities - non current

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Security deposits	2,102.05	1,599.94
<b>Total</b>	<b>2,102.05</b>	<b>1,599.94</b>

Security Deposits include amount received from customers as well as dealers under contractual terms as per normal course of business.

### 23 Provisions - non current

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Provision for employee benefits		
Gratuity	663.10	564.56
Leave Encashment	92.48	73.41
<b>Total</b>	<b>755.58</b>	<b>637.97</b>

### 24 Deferred tax liabilities, net

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Deferred Tax Asset	(3,436.23)	-
Deferred Tax Liability	4,223.20	-
<b>Total</b>	<b>786.97</b>	<b>-</b>

\*Refer note 7 - Deferred Tax assets net for movement of deferred tax asset/liability for current period & previous period and details of deferred tax liability net as at March 31, 2023



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

#### 25 Other non current liabilities

Rs. in Lakhs

Particulars	As at	
	31-03-2023	31-03-2022
Deferred Income	443.59	552.36
<b>Total</b>	<b>443.59</b>	<b>552.36</b>

#### 26 Borrowings - current financial liabilities

Rs. in Lakhs

Particulars	As at	
	31-03-2023	31-03-2022
Secured Current maturities of Long term borrowing	3,567.58	2,787.42
Secured Loans repayable on demand from Banks		
Cash credit/PCFC/working capital loans	20,435.57	23,940.49
Unsecured Loans repayable on demand from Banks		
Credit Cards	4.58	0.06
Unsecured Loans from related parties	100.00	-
<b>Total</b>	<b>24,107.73</b>	<b>26,727.97</b>

- Cash credit/PCFC/working capital loans from banks are secured by are Secured by hypothecation of inventory & trade receivables of the Company.
- The interest rates for cash credit/PCFC/working capital loans from banks range from 6.00% to 9.00% per annum (Previous year 6.50% to 9.00% per annum)
- The borrowings have been guaranteed by Mr Rahul Khanna (Director) and Mr Saurabh Khanna (Director).
- The total charge on all the assets of the Company on account of fund based & non-fund based facilities is INR 65,000.00 Lakhs (Previous Year INR 50,635.00 Lakhs)
- Unsecured loans from related parties are repayable on demand and interest is charged at 8 % per annum.

#### 27 Trade Payables - current

Rs. in Lakhs

Particulars	As at	
	31-03-2023	31-03-2022
Total outstanding dues of Micro Enterprise and small enterprise	952.99	907.46
Total outstanding dues of Creditor of other than Micro Enterprise and small enterprise		
Others	14,144.84	12,137.84
Related Party	-	827.41
<b>Total</b>	<b>15,097.83</b>	<b>13,872.71</b>

#### Trade Payables ageing schedule (Current Year)

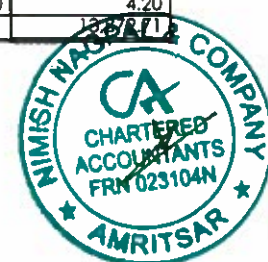
Rs. in Lakhs

Particulars	Unbilled	Undue	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	705.78	244.69	2.52	-	-	952.99
(ii) Others	-	12,904.92	1,034.99	200.55	4.37	-	14,144.83
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
<b>Total</b>							<b>15,097.83</b>

#### Trade Payables ageing schedule (Previous Year)

Rs. in Lakhs

Particulars	Unbilled	Undue	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	403.91	503.55	-	-	-	907.46
Others	-	-	-	-	-	-	-
Disputed dues- MSME	-	7,205.41	5,394.14	118.46	27.83	215.22	12,961.05
Disputed dues- Others	-	-	-	-	-	4.20	4.20
<b>Total</b>							<b>13,872.71</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 28 Other financial liabilities - current

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Interest accrued	100.71	85.54
Other payables	602.75	1,593.84
Audit Fee Payable	15.25	15.25
Employee Related Payable	249.31	284.03
Expenses Payable	2,718.36	1,135.58
Payables on Purchase of Property, Plant and Equipment and Intangible Assets	147.85	1.57
<b>Total</b>	<b>3,834.23</b>	<b>3,115.81</b>

1. Payables on Purchase of Property, Plant and Equipments and Intangible Assets includes MSME dues of INR 21.25 lakhs (Previous Year Nil)

#### 29 Other current liabilities

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Advance received from customers	351.84	560.83
Deferred revenue	108.77	108.77
Statutory dues payable		
Custom Duty	7.24	2.12
ESI & EPF	54.41	45.69
GST	169.40	16,449.41
Income Tax (TDS)	221.02	135.28
Labour Welfare Fund Payable	1.79	1.70
Professional Tax Payable	2.79	4.31
VAT & CST	-	2.99
<b>Total</b>	<b>917.26</b>	<b>17,311.10</b>

#### 30 Provisions - current

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Provision for employee benefits		
Gratuity	31.34	23.81
Leave Encashment	8.97	6.03
<b>Total</b>	<b>40.31</b>	<b>29.84</b>

#### 31 Current Tax Liabilities, net

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Current Tax Liabilities, net	121.27	35.11
<b>Total</b>	<b>121.27</b>	<b>35.11</b>

#### 32 Revenue from Operations

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	For Year ended 31-03-2023	For Year ended 31-03-2022
Sale of products	2,73,960.33	1,87,906.95
Sale of services	4,984.73	4,330.37
Other operating revenues		
<b>Total continued</b>	<b>2,78,945.06</b>	<b>1,92,237.32</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### Revenue From Operations

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Total continued from previous page	2,78,945	1,92,237
Others	-	152.67
Export Incentives	426.10	232.07
Scrap Sale	1,625.05	3,297.55
<b>Total</b>	<b>2,80,996.21</b>	<b>1,95,919.61</b>

#### Revenue from contracts with customers disaggregated based on nature of products

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
Finished Goods		
- Paper	1,16,148.35	65,259.03
- Newsprint	74,904.87	51,000.66
- Board	92,437.48	75,249.35
Traded Goods	3,422.59	637.97
Sale of Services	4,984.73	4,330.37
<b>Total</b>	<b>2,91,898.01</b>	<b>1,96,477.39</b>

#### Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
Total Revenue from Contract with Customers	2,91,898.01	1,96,477.39
Less: Rebates and Discounts	-12,952.95	-4,240.07
Add: Scrap Sale	1,625.05	3,297.55
Add: Income from Export Incentives	426.10	232.07
Add: Other Operating Revenue		152.67
<b>Total</b>	<b>2,80,996.21</b>	<b>1,95,919.61</b>

#### Significant changes in the unbilled revenue and deferred revenue balances during the year are as follows:

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022	For Year ended 31-03-2023	For Year ended 31-03-2022
	Unbilled Revenue		Deferred Revenue	
Revenue recognised that was included in deferred revenue at the beginning of the year				
Increases due to cash received, excluding amounts recognised as revenue during the year				
Transfers from unbilled revenue recognised at the beginning of the year to receivables				
<b>Total</b>	-	-	-	-

#### Contract balances

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
Trade Receivables	24,700.47	17,513.08
Contract Assets- Unbilled Revenue		
Contract Liabilities	-351.84	-560.83
Advances from customers		
<b>Total</b>	<b>24,348.63</b>	<b>16,952.25</b>



# KHANNA PAPER MILLS LIMITED

## Notes forming part of the Financial Statements

### 33 Other Income

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
<b>Interest income</b>		
On Bank Deposits	175.48	153.19
On other Financial Assets	49.79	154.13
Profit on sale of property, plant and equipment	-	25.00
Net gain on foreign currency translation	411.82	196.17
Commission Received	48.10	60.76
Fair value gain on financial classified at fair value through P&L	(1.51)	11.26
Gain/Loss On Cancellation Of Hedging Contracts	29.37	-
Insurance Claims	1,745.98	-
Miscellaneous Income	181.99	278.95
Rental Income	5.40	6.60
<b>Total</b>	<b>2,446.42</b>	<b>886.06</b>

### 34 Cost of materials consumed

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
<b>Raw Material consumed</b>		
Opening stock	16,270.22	30,193.92
Purchases	1,78,161.30	1,19,194.15
Less: Closing stock	7,564.01	16,270.22
<b>Total</b>	<b>1,86,867.52</b>	<b>1,33,117.84</b>
<b>Stores and Spares consumed</b>		
Opening stock	3,501.15	3,480.64
Purchases	3,771.77	3,817.10
Less: Closing stock	4,558.70	3,501.15
<b>Total</b>	<b>2,714.22</b>	<b>3,796.59</b>
<b>Packing Material consumed</b>		
Opening stock	422.76	409.97
Purchases	4,275.24	4,052.24
Less: Closing stock	533.26	422.76
<b>Total</b>	<b>4,164.74</b>	<b>4,039.46</b>
<b>Coal &amp; Fuel consumed</b>		
Opening stock	2,479.54	1,594.70
Purchases	32,541.81	25,829.19
Less: Closing stock	1,309.15	2,479.54
<b>Total</b>	<b>33,712.20</b>	<b>24,944.36</b>
<b>Total</b>	<b>2,27,458.68</b>	<b>1,65,898.24</b>

### 35 Changes in inventories of finished goods, Stock in Trade and work in progress

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
<b>Opening stock</b>		
Finished Goods	5,044.25	3,885.10
WIP	1,078.75	1,902.85
<b>Less: Closing Stock</b>		
Finished Goods	5,936.18	5,044.25
WIP	757.04	1,078.75
<b>Total</b>	<b>-570.21</b>	<b>-335.06</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 36 Employee benefits expense

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
Salaries and wages	6,970.51	5,741.53
Contribution to provident and other fund	326.96	276.41
Staff welfare expenses	164.16	131.91
<b>Total</b>	<b>7,461.63</b>	<b>6,149.85</b>

Employee Benefit Expenses includes Payments to Related Parties of INR 1486.99 lakhs (Previous Year 1346.53 lakhs).

#### 37 Finance costs

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
<b>Interest expenses</b>		
On term loan from bank	761.01	529.10
On Working Capital Borrowing	1,649.32	1,400.05
On Other Borrowing	137.28	302.19
Others	3.72	-
On Borrowings from Related Parties	2.08	14.90
On Security Deposits	84.02	59.48
Other borrowing costs	401.64	563.38
<b>Total</b>	<b>3,039.07</b>	<b>2,869.10</b>

#### 38 Depreciation and amortization expense

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
Depreciation on Property, Plant and Equipments	5,843.30	5,219.35
Amortisation of Intangible Assets	18.16	46.11
<b>Total</b>	<b>5,861.46</b>	<b>5,265.46</b>

#### 39 Other expenses

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
Auditors' Remuneration	15.47	15.25
Commission	3,006.84	1,547.50
Freight outward	9,681.33	7,609.84
Insurance	529.01	452.58
Loss on sale of property, plant and equipment (Net)	45.36	-
Power and fuel (net of utilised by others)	4,230.11	2,813.13
Professional fees	569.23	653.31
Rent	95.93	71.21
Repairs to buildings	1,613.99	197.59
Repairs to machinery	291.35	436.63
Repairs others	672.22	591.14
Rates and taxes	55.93	62.19
Travelling Expenses	250.69	142.14
Other Expenses	456.93	355.19
Allowances made/(reversed) for Trade Receivables(net)	(208.24)	307.70
Expenditure on Corporate Social Responsibility	53.35	88.42
<b>Total</b>	<b>21,359.50</b>	<b>15,343.62</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 40 Tax expenses

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	For Year ended 31-03-2023	For Year ended 31-03-2022
Current tax	5,287.55	300.55
Deferred tax	455.06	(161.55)
<b>Total</b>	<b>5,742.61</b>	<b>139.00</b>

#### 41 OCI that will not be reclassified to P&L

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	For Year ended 31-03-2023	For Year ended 31-03-2022
<b>Remeasurements of the defined benefit plans</b>		
Re-measurement (gain)/loss on defined benefit plans	(54.55)	15.81
<b>Others</b>		
Exchange differences on translating the financial statements of a foreign operation	6.47	31.17
<b>Total</b>	<b>-48.08</b>	<b>46.98</b>



# KHANNA PAPER MILLS LIMITED

Notes forming part of the Financial Statements

## 42 Earning per share

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
Profit attributable to equity shareholders Rs. in Lakhs	10,234.09	934.27
Weighted average number of Equity Shares	2,65,37,945.00	2,65,37,945.00
Earnings per share basic (Rs)	38.56	3.52
Earnings per share diluted (Rs)	38.56	3.52
Face value per equity share (Rs)	10.00	10.00

## 43 Defined Benefit Plans

### (i) Gratuity

#### Changes in the present value of the defined benefit obligation in respect of Gratuity (funded)

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Defined Benefit Obligation at beginning of the year	588.38	611.48
Current Service Cost	80.85	65.86
Interest Cost	42.48	42.25
Actuarial (Gain) / Loss	54.55	-15.81
Benefits Paid	-71.81	-115.41
<b>Defined Benefit Obligation at year end</b>	<b>694.45</b>	<b>588.37</b>

#### Reconciliation of present value of defined benefit obligation and fair value of assets

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Present value obligation as at the end of the year	694.45	588.38
Short term provision	31.34	23.81
Long term provision	663.10	564.57

#### Expenses recognized in Profit and Loss Account

Rs. in Lakhs

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
Current service cost	80.85	65.86
Interest cost	42.48	42.25
<b>Total expense recognised in Profit and Loss</b>	<b>123.33</b>	<b>108.11</b>

#### Actuarial assumptions

Particulars	As at 31-03-2023	As at 31-03-2022
Discount Rate	7.36%	7.22%
Expected Rate of increase in Compensation Level	6.00%	6.00%
Mortality Rate	100% of IALM (2012 - 14)	100% of IALM (2012 - 14)
Retirement Age	58	58
Attrition at Ages	Upto 30 - 3% 31 to 44 - 2% Above 44 - 1%	Upto 30 - 3% 31 to 44 - 2% Above 44 - 1%

#### Sensitivity Analysis

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
A. Discount Rate		
0.50% Increase	(34.54)	(29.84)
0.50% decrease	37.33	32.28
B. Future salary increases		
0.50% Increase	37.65	32.51
0.50% decrease	(35.13)	(30.31)



## KHANNA PAPER MILLS LIMITED

Notes forming part of the Financial Statements

Expected Cash Flows	As at 31-03-2023	As at 31-03-2022
0 to 1 year	31.34	23.81
1 to 2 year	30.25	24.57
2 to 3 year	26.64	25.97
3 to 4 year	36.40	22.07
4 to 5 year	39.08	32.05
5 to 6 year	37.92	31.84
6 year onwards	492.81	428.07
<b>Total Expected benefit payments</b>	<b>694.44</b>	<b>588.38</b>

### General Description of the Plan

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed years of service. The scheme is unfunded.

### (ii) Leave Encashment

#### Changes in the present value of the defined benefit obligation

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Defined Benefit Obligation at beginning of the year	79.44	77.47
Current Service Cost	26.63	18.30
Interest Cost	5.74	5.35
Actuarial (Gain) / Loss	26.34	8.83
Benefits Paid	(36.69)	(30.53)
<b>Defined Benefit Obligation at year end</b>	<b>101.44</b>	<b>79.44</b>

#### Reconciliation of present value of defined benefit obligation and fair value of assets

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Present value obligation as at the end of the year	101.44	79.44
<b>Amount classified as:</b>		
Short term provision	8.97	6.03
Long term provision	92.47	73.41

#### Expenses recognized in Profit and Loss Account

Particulars	Rs. in Lakhs	
	For Year ended 31-03-2023	For Year ended 31-03-2022
Current service cost	26.63	18.30
Interest cost	5.74	5.35
<b>Total expense recognised in Profit and Loss</b>	<b>32.36</b>	<b>23.66</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements Actuarial assumptions

Particulars	As at 31-03-2023	As at 31-03-2022
Discount Rate	7.36%	7.22%
Increase in Compensation Cost	6.00%	6.00%
Mortality Rate	100 % of IALM (2012 - 14)	100 % of IALM (2012 - 14)
Retirement Age	58	58
Attrition At Ages	Upto 30 - 3% 31 to 44 - 2% Above 44 - 1%	Upto 30 - 3% 31 to 44 - 2% Above 44 - 1%
Leave Availment Rate	5.00%	5.00%
Leave lapse rate while in service	Nil	Nil
Leave lapse rate on exit	Nil	Nil
Leave Encashment rate while in service	5.00%	5.00%

### Sensitivity Analysis

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
A. Discount Rate		
0.50% Increase	(5.82)	(4.62)
0.50% decrease	6.28	5.00
B. Future salary increases		
0.50% Increase	6.36	5.05
0.50% decrease	(5.88)	(4.66)

### Expected Cash Flows

Particulars	As at 31-03-2023	As at 31-03-2022
0 to 1 year	8.97	6.03
1 to 2 year	3.81	3.63
2 to 3 year	2.80	3.11
3 to 4 year	4.83	2.77
4 to 5 year	3.97	3.60
5 to 6 year	3.98	3.18
6 year onwards	73.08	57.11
<b>Total Expected benefit payments</b>	<b>101.44</b>	<b>79.43</b>

### 44 Auditors' Remuneration

Particulars	Rs. in Lakhs	
	For Year ended 31-03-2023	For Year ended 31-03-2022
<b>Payments to auditor as</b>		
- Auditor	15.25	12.75
- for taxation matters	-	2.50
- for company law matters	0.23	-
<b>Total</b>	<b>15.48</b>	<b>15.25</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 45 Contingent Liabilities

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Claims against the Company not acknowledged as debt		
- In respect of custom matters	234.60	234.60
- In respect of excise matters	322.53	322.53
In respect of service tax matters	118.80	57.28
In respect of C Forms	-	23.30
In respect of VAT	-	0.87
In respect of Legal matters	7.62	7.62
In respect of GST matters	846.92	-
In respect of Income Tax matters	5.80	-
<b>Total</b>	<b>1,536.27</b>	<b>646.20</b>

Standby Letter of Credit (SBLC) given by Company for loan taken by KPI is \$ 3.5 Million or say ₹ 2,865.80 Lakhs as on 31.03.2023 and \$ 5.5 Million or say ₹ 4,183.85 Lakhs as on 31-3-22.

#### 46 Commitments

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Capital Commitments	3,222.57	601.33
Outstanding Bank Guarantees	2363.98	1,924.15
Unexpired letter of credits	7,548.63	3,103.02
<b>Total</b>	<b>13,135.18</b>	<b>5,628.49</b>

#### 47 Micro and Small Enterprise

Rs. in Lakhs

Particulars	As at 31-03-2023		As at	
	Principal	Interest	Principal	Interest
Amount Due to Supplier	974.25	-	907.46	-
Principal amount paid beyond appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-	-	-
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year.	-	-	-	-
Further interest remaining due and payable for earlier years.	-	-	-	-

1. Amount due to suppliers includes Trade Payables amounting to INR 952.99 lakhs (Previous Year INR 907.46 lakhs) and Payable on Purchase of Property, Plant and Equipments and Intangible Assets amounting to INR 21.25 lakhs (Previous Year Nil)

#### 48 Earnings In Foreign Currencies

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	For Year ended 31-03-2023	For Year ended 31-03-2022
Foreign exchange earnings - Export of goods	21,235.13	9,935.00
<b>Total</b>	<b>21,235.13</b>	<b>9,935.00</b>

#### 49 Expenditure made in Foreign Currencies

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	For Year ended 31-03-2023	For Year ended 31-03-2022
Foreign exchange payments - Import of goods/services	97,911.08	65,698.00
<b>Total</b>	<b>97,911.08</b>	<b>65,698.00</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 50 Segment Reporting Business Segment

The Company is primarily engaged in the business of manufacture of Paper, News Print and Paper Board, which are governed by the same set of risk and returns. Accordingly, the Company has broadly classified its business activities into the following divisions, each of which represents an independent business activity.

The company is engaged in the business of

- a) Manufacturing of Paper, News Print and Paper Board
- b) Commodity Trading

- c) Hospitality Business which focuses on construction and development of identified land parcel for the use as Hotel, Restaurant, Public Utility Area and other commercial dwelling units for commercial purposes including leasing.

Ind AS 108 Operating Segments, states that the reportable item of each segment should be measured at that price which is used by the chief operating decision maker (CODM) for the purposes of making decisions about allocating resources to the segment and assessing its performance. However, if CODM uses more than one measure than management may use the most consistent measure. Also, standards do not provide any specific measure for calculation, nor it require that the same accounting policy should be followed for preparation of financial statements. So, the measurement principles are not required to be in accordance or consistent Ind AS.

Further, as per para 27(b) of Ind AS 108, if there are any differences between the reportable segments' profits or losses and the entity's profit or loss before considering the effect of income tax expense or income, then the nature of this difference should be disclosed. This shows that the standard does not mandate the entity to follow any specific policy or measure but if there is any difference between the reportable segments' profits or losses and the entity's profit or loss before income tax, then a clear and detailed reconciliation should be disclosed for difference amount.

#### Identification of Segments

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss of segment the segment and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of nature of products.

#### Segment Revenue and Results

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocable income).

Rs. in Lakhs

Particulars	31 March 2023			31 March 2022		
	External	Intersegment	Total	External	Intersegment	Total
<b>Revenue</b>						
Manufacturing Business	2,80,220.04		2,80,220.04	1,96,167.70		1,96,167.70
Commodity Trading	3,422.59		3,422.59	637.97		637.97
Hospitality and Real Estate	-		-	-		-
<b>Total Revenue</b>	<b>2,83,642.63</b>	<b>-</b>	<b>2,83,642.63</b>	<b>1,96,805.68</b>	<b>-</b>	<b>1,96,805.68</b>
<b>Expenses</b>						
Manufacturing Business	2,64,168.24		2,64,168.24	1,94,708.30		1,94,708.30
Commodity Trading	3,415.80		3,415.80	940.99		940.99
Hospitality and Real Estate	81.89		81.89	83.11		83.11
<b>Total Segment Expenses</b>	<b>2,67,665.93</b>	<b>-</b>	<b>2,67,665.93</b>	<b>1,95,732.40</b>	<b>-</b>	<b>1,95,732.40</b>
<b>Operating Profit</b>			15,976.70			1,073.28
<b>Profit before tax</b>			15,976.70			1,073.28
Provision for current tax			5,287.55			300.55
Provision for deferred tax			455.06			-161.55
<b>Profit for the period</b>			<b>10,234.09</b>			<b>934.28</b>

1. Operating Income includes other income

#### Segment Assets & Liabilities

Rs. in Lakhs

Particulars	Segment Assets		Segment Liabilities	
	As at	As at	As at	As at
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Manufacturing Business	1,23,191.88	1,27,507.36	60,226.78	74,778.97
Commodity Trading	-	-	-	-
Hospitality and Real Estate	2,445.34	2,496.04	-	-
<b>Total</b>	<b>1,25,637.22</b>	<b>1,30,003.40</b>	<b>60,226.78</b>	<b>74,778.97</b>
<b>Total assets/liabilities</b>	<b>1,25,637.22</b>	<b>1,30,003.40</b>	<b>60,226.78</b>	<b>74,778.97</b>

#### Additional Information by Geographies

Rs. in Lakhs

Particulars	As at	As at
	31-03-2023	31-03-2022
Revenue by Geographical Market		
In India	26,659.51	12,589.71
Outside India	2,56,983.12	1,84,215.97
<b>Total</b>	<b>2,83,642.63</b>	<b>1,96,805.68</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 51 Related Party Disclosure

##### (i) List of Related Parties

	Relationship
Khanna Paper Inc.	Subsidiary
Sh. Brij Mohan Khanna	Chairman and Whole Time Director
Smt. Renu Khanna	Whole Time Director
Sh. Rahul Khanna	Whole Time Director
Sh. Saurabh Khanna	Additional Director
Smt. Shivani Khanna	Non- Executive Director
Sh. Rakesh Sethi	Independent Director
Sh. Gurjot Singh Narang	Independent Director
Sh. Narender Sharma	Independent Director
Sh. Anurag Saxena	Chief Financial Officer
Brij Mohan Khanna ( HUF )	Relative of KMP
Shore to Shore Logistics India Limited	Entities where KMP has significant influence
Grownd Crew Private Limited	Subsidiary
Grownd Reality Private Limited Khanna	Subsidiary
Fibre Private Limited	Subsidiary
Priyanka	Company Secretary
SRN Recycling Private Limited	Entities where KMP has significant influence
Shri Rajesh Khanna	Relative of KMP
Sh. Ravindra Jain	Ex-Company Secretary
Sh. Munish Sood	Ex-Company Secretary
Sh. Balbir Kumar Bajaj	Ex-Independent Director
Sh. Suneet Kochhar	Ex-Director
Machino Polymers Limited	Entities where KMP has significant influence
Machino Polymers India Private Limited	Entities where KMP has significant influence
Trucap Finance Limited	Entities where KMP has significant influence
Tulika Exim And Tradecomm LLP	Entities where KMP has significant influence

##### (ii) Related Party Transactions

Particulars	Relationship	Rs. in Lakhs	
		For Year ended 31-03-2023	For Year ended 31-03-2022
Purchase of Goods - Khanna Paper Inc.	Subsidiary	19,817.91	34,052.31
Reimbursement Of Expenses - Shore to Shore Logistics India Limited	Entities where KMP has significant influence	3.80	4.31
Charges Recovered - Khanna Paper Inc.	Subsidiary	33.79	80.73
Remuneration - Sh. Brij Mohan Khanna	Chairman and Whole Time Director	547.87	307.82
- Sh. Rahul Khanna	Whole Time Director	360.40	400.40
Continued to next page			



## KHANNA PAPER MILLS LIMITED

Notes forming part of the Financial Statements  
Related Party Transactions

(In Rs)

Particulars	Relationship	As at 31-03-2023	As at 31-03-2023
<b>Continued from previous page</b>			
- Sh. Saurabh Khanna	Additional Director	360.40	400.40
- Sh. Suneet Kochhar	Ex-Director	-	145.76
- Smt. Renu Khanna	Whole Time Director	120.00	53.87
- Sh. Anurag Saxena	Chief Financial Officer	60.00	1.77
- Sh. Ravindra Jain	Ex-Company Secretary	14.49	27.51
- Sh. Munish Sood	Ex-Company Secretary	1.36	-
- Priyanka	Company Secretary	2.48	-
<b>Sitting Fees</b>			
- Sh. Balbir Kumar Bajaj	Ex-Independent Director	-	1.00
- Sh. Rakesh Sethi	Independent Director	4.50	2.00
- Sh. Gurjot Singh Narang	Independent Director	5.50	1.00
- Sh. Narender Sharma	Independent Director	5.50	1.00
- Smt. Shivani Khanna	Non- Executive Director	4.50	4.00
<b>Interest</b>			
- Sh. Rahul Khanna	Whole Time Director	-	5.96
- Smt. Shivani Khanna	Non- Executive Director	2.08	8.94
<b>Repayment of Unsecured Loans</b>			
- Sh. Rahul Khanna	Whole Time Director	-	400.00
- Smt. Shivani Khanna	Non- Executive Director	-	600.00
<b>Rent Received</b>			
- Shore to Shore Logistics India Limited	Entities where KMP has significant influence	-	2.40
<b>Receipt of Unsecured Loan</b>			
- Smt. Shivani Khanna	Non- Executive Director	100.00	-
<b>Unsecured Loan received</b>			
- Sh. Brij Mohan Khanna	Chairman and Whole Time Director	2,560.00	-
<b>Unsecured Loan repayment</b>			
- Sh. Brij Mohan Khanna	Chairman and Whole Time Director	2,560.00	-
<b>Rent Paid</b>			
- Brij Mohan Khanna ( HUF )	Relative of KMP	30.00	-
- Sh. Rahul Khanna	Whole Time Director	5.40	-
- Smt. Shivani Khanna	Non- Executive Director	48.60	-
<b>Investment in Equity Shares</b>			
- Grownd Crew Private Limited	Subsidiary	1.00	-
- Grownd Reality Private Limited	Subsidiary	1.00	-
- Khanna Fibre Private Limited	Subsidiary	1.00	-
<b>Investment in Debentures</b>			
- Grownd Reality Private Limited	Subsidiary	6,500.00	-
- Khanna Fibre Private Limited	Subsidiary	820.00	-
<b>Purchase of Property, Plant and Equipment</b>			
- Smt. Renu Khanna	Whole Time Director	400.21	-
- Shri Rajesh Khanna	Relative of KMP	35.10	-
<b>Sale</b>			
- SRN Recycling Private Limited	Entities where KMP has significant influence	15.87	-



## KHANNA PAPER MILLS LIMITED

Notes forming part of the Financial Statements

### (iii) Related Party Balances

Rs. in Lakhs

Particulars	Relationship	As at 31-03-2023	As at 31-03-2022
Advance to Vendor - Khanna Paper Inc.	Subsidiary	81.95	2,412.44
Trade payable (Current/Non Current) - Shore to Shore Logistics India Limited	Entities where KMP has significant influence	-	827.39
Trade Receivable (Current/Non Current) - Shore to Shore Logistics India Limited	Entities where KMP has significant influence	3.71	-
- SRN Recycling Private Limited	Entities where KMP has significant influence	15.97	-
Remuneration - Sh. Anurag Saxena	Chief Financial Officer	0.01	-
- Sh. Rahul Khanna	Whole Time Director	-	6.34
Unsecured Loan - Smt. Shivani Khanna	Non- Executive Director	100.00	-
Investment - Grownd Reality Private Limited	Subsidiary	6,501.00	-
- Grownd Crew Private Limited	Subsidiary	1.00	-
- Khanna Fibre Private Limited	Subsidiary	821.00	-
Advances for Property, Plant and Equipment and Intangible Assets - Smt. Renu Khanna	Whole Time Director	3,797.83	1,797.83

### (iv) Employee Benefits for Key Management Personnel

Particulars	For Year ended 31-03-2023	For Year ended 31-03-2022
Short Term Employee Benefits	1,486.99	1,346.53
<b>Total</b>	-	-

Standby Letter of Credit (SBL) given by Company for loan taken by KPI is \$ 3.5 Million or say ₹ 2,865.80 Lakhs as on 31.03.2023 and \$ 5.5 Million or say ₹ 4,183.85 Lakhs as on 31-3-22.

### 52 Financial Instrument

#### Financial Risk Management - Objectives and Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, security deposits, employee liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions.



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### A. Financial Assets and Liabilities

Rs. in Lakhs

Particulars	As at 31-03-2023			As at 31-03-2022		
	Amorised Cost	FVTPL	FVTOCI	Amorised Cost	FVTPL	FVTOCI
<b>Assets Measured at</b>						
Investments	-	7,383.41	82.54	-	61.93	76.07
Trade receivables	-	24,700.47	-	-	17,513.08	-
Cash and cash equivalent	-	211.81	-	-	159.63	-
Other bank balances	-	2,838.53	-	-	3,032.80	-
Loans	-	8.69	-	-	6.27	-
Other financial assets	-	3,587.20	-	-	1,193.74	-
<b>Total</b>	<b>-</b>	<b>38,730.11</b>	<b>82.54</b>	<b>-</b>	<b>21,967.45</b>	<b>76.07</b>
<b>Liabilities Measured at</b>						
Borrowings	36,127.69	-	-	37,624.13	-	-
Trade payables	-	15,097.83	-	-	13,872.71	-
Other financial liabilities	-	5,936.28	-	-	4,715.75	-
<b>Total</b>	<b>36,127.69</b>	<b>21,034.11</b>	<b>-</b>	<b>37,624.13</b>	<b>18,588.46</b>	<b>-</b>

#### 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:

Level 1: 'Quoted prices in an active market: This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 'Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. This level of hierarchy include Company's over-the-counter (OTC) derivative contracts and mutual funds.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	As at 31-03-2023			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
<b>Investment</b>				
Mutual Funds	-	60.41	-	60.41
Unquoted Equity Instruments*	-	-	85.54	85.54
Debentures*	-	-	7,320.00	7,320.00
	-	60.41	7,405.54	7,465.95

Particulars	As at 31-03-2022			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
<b>Investment</b>				
Mutual Funds	-	61.93	-	61.93
Unquoted Equity Instruments*	-	-	76.07	76.07
Debentures*	-	-	-	-
	-	61.93	76.07	138.00

\* The fair value of these investments appearing under Level III approximates the carrying value and hence, the valuation technique and inputs with sensitivity analysis have not been given.

#### B. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency exchange risk and equity price risk. Financial instruments affected by market risk include loans and borrowings.

##### (a) 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 long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To mitigate interest rate risk, the Company's regularly monitor's market movement and its impact on the Company's taken borrowings and accordingly, Company's take action.



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

#### (i) Exposure to Interest Rate Risk

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Borrowing bearing fixed rate of interest	1,846.29	1,789.76
Borrowing bearing variable rate of interest	34,281.40	35,834.37
<b>Total</b>	<b>36,127.69</b>	<b>37,624.13</b>

#### (ii) Sensitivity Analysis

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Interest Rate - Increase by 50 basis points	10.67	9.65
Interest Rate - Decrease by 50 basis points	-10.67	-9.65

#### (b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The company uses Forward Contracts to hedge its risks associated with fluctuations in foreign currencies and interest rate relating to foreign currency liabilities, certain firm commitments and some forecasted transactions related to foreign currency trade. The use of Forward Contracts is governed by Company's overall strategy. The Company does not use forward Contracts for speculative purposes.

#### (i) Exposure to Foreign Currency Risk

Rs. in Lakhs

Particulars	Foreign Currency	Current year FC in Lakhs	Current year Amount in Rs.	Previous year FC	Previous year Amount in Rs.
Trade Receivables	USD	37.47	3,068.40	18.78	1,428.24
Investment	USD	-	-	1.00	76.07
Other Financial Assets	SEK	-	-	1.73	14.22
Other Financial Assets	USD	39.67	3,248.14	24.85	1,890.38
Other Financial Assets	EUR	2.35	209.41	-	-
Other Financial Assets	GBP	0.00	0.31	-	-
Trade Payables	EUR	0.17	15.45	1.93	163.94
Trade Payables	GBP	0.01	1.05	0.23	22.93
Trade Payables	USD	85.84	7,085.42	0.61	46.52
Other Financial Liabilities	USD	0.75	62.18	-	-
<b>Total</b>		<b>166.28</b>	<b>13,690.37</b>	<b>49.12</b>	<b>3,642.30</b>

#### (ii) Sensitivity Analysis

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
INR/USD - Increase by 1%	-6.38	31.76
INR/USD - Decrease by 1%	6.38	-31.76



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### C. Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks

Financial instruments that are subject to concentrations of credit risk, principally consist of trade receivables, loans and advances and other financial assets. The Company strives to promptly identify and reduce concerns about collection due to a deterioration in the financial conditions and others of its main counterparties by regularly monitoring their situation based on their financial condition.

Particulars	As at 31-03-2023	As at 31-03-2022
Cash and Cash Equivalents	211.81	159.63
Bank balances other than above	2,838.53	3,032.80
Loans	8.69	6.27
Other financial assets	3,587.20	1,193.74
Trade Receivables	24,700.47	17,513.08
<b>Total</b>	<b>31,346.70</b>	<b>21,905.52</b>

#### (III) Trade Receivable

For Trade receivables ageing refer note 12.

#### (a) Concentration of Trade Receivables:

Revenue from top customer is 5.99% (Previous Year 6.36 %)

Revenue from top five customers is 22.96% (Previous Year 22.11 %)

#### (iv) Expected Credit Losses:

The allowance for lifetime expected credit loss on Trade Receivables for the year ended March 31, 2023 was INR 307.71 Lakhs (Previous year INR 99.46 Lakhs).

#### Movement in ECL on Trade receivables

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Balance at the beginning of the year	307.71	-
Loss Allowance measured at life time expected credit loss	-	307.71
Reversal	-208.24	-
<b>Balance at the end of reporting period</b>	<b>99.46</b>	<b>307.71</b>

#### D. Liquidity Risk

The Company manages its liquidity risk to maintain adequate net working capital by constantly managing projected cash flows. Beyond effective working capital and cash management, the Company mitigates liquidity risk by contracting with financial institutions with respect to bank overdrafts or banking facility agreements for efficient management of funds.

#### Maturity Table for Financial Liabilities

##### For Current Year

Rs. in Lakhs

Particulars	Less than 1 year	1- 2 Years	2-3 Years	More than 3 Years	Total
Borrowings	25,751	4,007	2,504	3,866	36,128
Trade Payables	15,098	-	-	-	15,098
Other Financial Liabilities	5,936	-	-	-	5,936
<b>Total</b>	<b>46,785</b>	<b>4,007</b>	<b>2,504</b>	<b>3,866</b>	<b>57,162</b>

##### For Previous Year

Rs. in Lakhs

Particulars	Less than 1 year	1- 2 Years	2-3 Years	More than 3 Years	Total
Borrowings	28,381	6,506	2,611	125	37,624
Trade Payables	13,873	-	-	-	13,873
Other Financial Liabilities	3,116	1,600	-	-	4,716
<b>Total</b>	<b>45,370</b>	<b>8,106</b>	<b>2,611</b>	<b>125</b>	<b>56,213</b>



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### E. Capital Management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholder's and benefits for other stakeholder's, 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 capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

- Debt (Long term borrowings, Short Term Borrowings and Current Maturities of Long Term Borrowings)
- divided by Total 'Equity' (as shown in the balance sheet)

The Company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Rs. in Lakhs

Particulars	As at 31-03-2023	As at 31-03-2022
Total Borrowings	36,127.69	37,624.13
Less: Cash and cash equivalents	211.81	159.63
Net Debts (A)	35,915.88	37,464.50
Total Equity (B)	65,410.44	55,224.43
Capital Gearing Ratio (B/A)	1.82	1.47

#### 53 Ratio Analysis

Particulars	Numerator/Denominator	As at 31-03-2023	As at 31-03-2022	Change in %	Reasons
(a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.35	1.21	11.56%	
(b) Debt-Equity Ratio	$\frac{\text{Total Debts}}{\text{Equity}}$	0.55	0.68	-19.00%	
(c) Debt Service Coverage Ratio	$\frac{\text{Earning available for Debt Service}}{\text{Interest + Installments}}$	4.27	1.55	175.71%	Increase in profitability due to increase in operating margin and increase in turnover as compared to previous year.
(d) Return on Equity Ratio	$\frac{\text{Profit after Tax}}{\text{Average Shareholder's Equity}}$	0.17	0.02	893.94%	Increase in profitability due to increase in operating margin and increase in turnover as compared to previous year.
(e) Inventory turnover ratio	$\frac{\text{Total Turnover}}{\text{Average Inventories}}$	11.36	5.58	103.77%	Increase in turnover as compared to previous year while decrease in average inventory held by the company which has led to increase in inventory turnover.
(f) Trade receivables turnover ratio	$\frac{\text{Total Turnover}}{\text{Average Account Receivable}}$	13.31	12.67	5.10%	
(g) Trade payables turnover ratio	$\frac{\text{Total Purchases}}{\text{Average Account Payable}}$	15.31	9.06	68.98%	Increase in purchases as compared to previous year while decrease in average accounts payable has led to increase in trade payable turnover.



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

(h) Net capital turnover ratio	$\frac{\text{Total Turnover}}{\text{Net Working Capital}}$	18.18	15.24	19.30%	
(i) Net profit ratio	$\frac{\text{Net Profit}}{\text{Total Turnover}}$	0.04	0.00	663.76%	Increase in profitability due to increase in operating margin and increase in turnover as compared to previous year.
(j) Return on Capital employed	$\frac{\text{Net Profit}}{\text{Capital Employed}}$	0.10	0.01	901.14%	Increase in profitability due to increase in operating margin and increase in turnover as compared to previous year.
(k) Return on investment	$\frac{\text{Return on Investment}}{\text{Total Investment}}$	0.02	0.06	-71.60%	Increase in total investment while income on investment has not accrued in similar proportion

### 54 CSR Expenditure

Particulars	Rs. in Lakhs	
	As at 31-03-2023	As at 31-03-2022
Amount required to be spent by the company during the year	53.64	88.42
Amount of expenditure incurred	146.64	80.19
Shortfall at the end of the year	0.27	93.27
Total of previous years shortfall	-	4.84

#### Reason for shortfall

##### In 2022-23:

The funds required to be spent on CSR activities which were not spent during the financial year were deposited in eligible fund as specified under Schedule VII of the Companies Act 2013 within the stipulated time frame.

##### In 2021-22:

The funds which were not spent were in respect to ongoing projects during the financial year 2021-22 and the same has been deposited in separate bank account.

#### Nature of CSR activities

##### In 2022-23

1. Eradicating hunger
2. Promoting health care including preventive health care
3. Making available safe drinking water
4. Promoting education
5. Measures for reducing inequalities faced by socially and economically backward groups
6. Ensuring environmental sustainability, ecological balance
7. Animal Welfare
8. Measures for the benefit of armed forces veterans, war widows and their dependents
9. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports

##### In 2021-22:

1. Promotion of Sanitation
2. Promotion of Education
3. Eradicating Poverty
4. Promotion of Healthcare
5. Measures for the benefit of armed forces
6. Training to promote rural sports
7. Disaster Management
8. Livelihood and enhancement projects



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### 55 Other Statutory Disclosures as per the Companies Act, 2013

##### (i.) Title deeds of Immovable Property

The Title deeds of the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

##### (ii.) Disclosure whether fair value of investment property is based on the valuation by a Registered Valuer

The company does not have any investment property.

##### (iii.) Disclosure whether revaluation of Property, Plant and Equipment and Intangibles Assets is based on the valuation by a Registered Valuer

The company has not revalued its Property, Plant and Equipment and Intangible Assets during Financial Year 2022-23 and 2021-22.

##### (iv.) Disclosures of loans or advances in the nature of loan granted to promoters, directors, KMPs, RPs

The Company has not granted Loans or Advances in the nature of loan to any promoters, directors, MPs and the related parties (As per Companies Act, 2013) , which are repayable on demand or without specifying any terms or period of repayments during Financial Year 2022-23 and 2021-22.

##### (v.) Intangible Assets under Development

The Company is not having Intangible Assets under Development during Financial Year 2022-23 and 2021-22.

##### (vi.) Details of Benami Property held

The Company does not hold any benami property and no proceeding have been initiated on or are pending against the company for holding benami property under the Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

##### (vii.) Company has borrowings from banks or financial institutions on the basis of security of current assets

The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements filed by the company with such banks are in agreement with the books of account of the Company.

##### (viii.) Wilful Defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

##### (ix.) Relationship with Struck off Companies

There are no transactions with the Companies whose name are struck off under Section 248 of The Companies Act, 2013 or Section 560 of the Companies Act, 1956 during Financial Year 2022-23 and 2021-22

##### (x.) Registration of charges or satisfaction with Registrar of Companies beyond the statutory period

There were no charge or satisfaction yet to be registered with Registrar of Companies beyond the statutory period as at March 31 2023.

##### (xi.) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017 during Financial Year 2022-23 and 2021-22.

##### (xii.) Compliance with approved Scheme(s) of Arrangements

The Board of Directors has approved the scheme of arrangement between Khanna Paper Mills Limited (Demerged Company), Khanna Fiber Private Limited (Resulting Company-1) and Grownd Realty Private Limited (Resulting Company-2) and their respective shareholders and creditors on March 11, 2023. The application for approval of this scheme of demerger has been filed with National Company Law Tribunal (Chandigarh) on March 22, 2023. The effect of such Scheme of Arrangements has not been accounted for in the books of account of the Company 'in accordance with the Scheme' and 'in accordance with accounting standards' as the scheme of arrangement is in the process of approval with the National Company Law Tribunal (Chandigarh) as on the date of signing of the financial statements.



## KHANNA PAPER MILLS LIMITED

### Notes forming part of the Financial Statements

#### (xiii.) Utilisation of Borrowed funds and share premium

a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other source or kind of funds) to any other persons or entities including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediaries shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of company (ultimate beneficiary) or provide any guarantee, security or the to or on behalf of the ultimate beneficiaries.

b) The Company has not received any fund from any other persons or entities including foreign entities (Funding parties) with the understanding (whether recorded in writing or otherwise) that the company shall whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of funding party (ultimate beneficiary) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

#### (xiv.) Undisclosed Income

During the year the Company has not disclosed or surrendered, any income other than the income recognised in the books of accounts in the tax assessments under Income Tax Act, 1961

#### (xv.) Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto or Virtual Currency during Financial Year 2022-23 and 2021-22.

#### 56 Re-classification/Recasting/Re-statement of previous year figures

Previous year figures have been reclassified/recast/restated wherever necessary to conform to the current year's presentation.

For  
Nimish Nagpal & Company  
Chartered Accountants  
FRN: 023104N

CA Nimish Nagpal  
Partner  
Membership Number: 515741  
UDIN: 23515749BGYTM88739



For and on behalf of Board of Directors,  
Khanna Paper Mills Limited

Brij Mohan  
Brij Mohan Khanna  
Chairman & Whole Time Director  
DIN: 00062514

Anuraag Saxena  
Chief Financial Officer

Place: Amritsar  
Date: August 21, 2023

Rahul Khanna

Rahul Khanna  
Whole Time Director  
DIN: 00067173

Priyanka  
Company Secretary  
M. No: A-54843

Place: Amritsar  
Date: August 21, 2023