

Nimish Nagpal & Company

CHARTERED ACCOUNTANTS

Independent Auditor's Report

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

Report on the Audit of the Standalone Financial Statements

Qualified 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 31st March 2025, 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 material accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and its losses and other comprehensive income, the changes in equity and cash flows for the year ended as on that date.

Basis for Qualified 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 ("SA") 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.

The Company has invested in Optionally Convertible Zero Coupon Debentures of its subsidiary, Ground Realty Private Limited and Khanna Fiber Private Limited. As disclosed in Note 7 to the accompanying financial statements, no impairment provision has been recognized in respect of this investment as at the reporting date. The management has represented that the recoverable amount of the said investment could not be determined due to complete absence of current financial and operational information from the subsidiary.

Under Ind AS 36, "Impairment of Assets," and Ind AS 113, "Fair Value Measurement," the Company is required to assess at each reporting date whether there is any indication that an investment may be impaired

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and to estimate its recoverable amount if such an indication exists. In the absence of access to recent financial information, management has not been able to perform an impairment assessment or estimate the recoverable amount of the investment in the subsidiary. Consequently, we were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves regarding the carrying value of the investment of INR 13,970.82 Lakhs amount in debentures of the subsidiary as at balance sheet date. This matter may result in a material misstatement of the carrying value of investments and the loss for the year to the extent of any required impairment loss not recognized. The effects of this matter on the standalone financial statements are material but not pervasive.

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

i. MSME Dues

- We draw attention to Note 50 of the standalone financial statements, which describes the company's position regarding its obligations under the Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED Act). The management has represented that there is no statutory obligation currently imposed on the suppliers of goods and services to disclose their registration status under the MSMED Act to the recipient company. Consequently, the identification of amounts due to micro, small, and medium enterprises (MSMEs), as defined under the MSMED Act, has been based solely on the information available to the company and the representations provided by the suppliers.
- The management has also stated that, according to past trade practices and conventions, no claims for interest on overdue payments have been received from suppliers registered under the MSMED Act. Furthermore, management believes it is unlikely that such claims will be made in the future. As a result, no provision for interest on overdue payments to such enterprises has been made in these standalone financial statements.
- Management has indicated that any potential liability for interest under the MSMED Act, if it arises, is not expected to be material to the standalone financial statements. Management has further stated that any such liability will be recognized and accounted for in the standalone financial statements when it becomes crystallized.
- Our audit procedures related to compliance with the MSMED Act were primarily based on reviewing the management's process for identifying MSME suppliers and evaluating the sufficiency of the disclosures in the standalone financial statements. We have relied on

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management's representations and the information they provided, as the identification of MSME suppliers and the amounts due to them is inherently dependent on such information.

- Our opinion is not modified in respect of this matter.

ii. **Loan to Wholly Owned Subsidiary**

- We draw attention to Note 55 of the standalone financial statements, wherein which loans to wholly owned subsidiary are given. The management of the company has expressed its inability to confirm whether the loans made to its wholly owned subsidiary, as covered under Section 185(3)(c) of the Companies Act, 2013, are being utilized by the subsidiary for its principal business activities. Furthermore, the subsidiary has also not provided any information in this regard. This matter does not impact our opinion on the standalone financial statements, however, it brings attention to the limitation of the scope concerning the management's compliance and reporting on the utilization of loans.
- Our opinion is not modified in respect of this matter.

iii. **Fabrication of Secretarial Records**

- Company initiated the disciplinary proceedings which are ongoing before the Institute of Company Secretaries of India (ICSI) Disciplinary Committee (Case No. DC/1083/2024 & DC/1089/2024) concerning allegations of professional misconduct by the former Secretarial Consultant of the Company. The matter relates to fabrication of board meeting minutes, unauthorized filing of statutory forms, and other alleged irregularities during the period 2024-2025.
- The disciplinary committee has considered the prime facie opinion and has agreed that the said opinion based on the preliminary findings of the institutes disciplinary investigation is that the Secretarial Consultant is guilty of professional misconduct under clause 7 of part I of the Companies Secretaires Act 1980.
- Our opinion is not modified in respect of this matter.

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 comprises the information included in the annual report but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

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When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take actions as required in accordance with the applicable laws and regulations.

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.

The Board of Directors is also responsible for establishing and maintaining adequate and effective controls in respect of use of accounting software that entails the requisite features as specified by the Companies (Accounts) Rules, 2014, as amended from time to time, including an evaluation and assessment of the adequacy and effectiveness of the company's accounting software in terms of recording and maintaining audit trail (edit log) of each and every transaction and ensuring that the audit trail cannot be disabled and has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

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.

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

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- 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.

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

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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, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to 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 2025 on its financial position in its standalone financial statements - Refer to Note 48 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

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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 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. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2025 which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software:
 - a. In respect of the Company, the feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software.
 - b. In respect of the Company, in the absence of coverage of audit trail (edit log) with respect to database level in the independent auditor’s report in relation to controls at the service organization for accounting software used for preparation of financial statements, which is operated by third party software service provider, we are unable to comment whether the audit trail feature of the database level of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.
 - c. In respect of the Company, its payroll records and stock records the feature of audit trail (edit log) was not enabled.

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Further, where audit trail (edit log) facility was enabled and operated, we did not come across any instance of the audit trail feature being tampered with. Additionally, except where the audit trail (edit log) facility was not enabled in the previous year, the audit trail has been preserved by the Company as per the statutory requirements for record retention, except for the accounting software used for preparation of financial statements where the audit trail has not been preserved.

- 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 not in accordance with the provisions of section 197 of the Act. The remuneration paid to directors is 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

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Partner

Membership No. 515749

UDIN: 25515749BMSCKP4981



Place: Amritsar

Date: September 27, 2025

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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 31st March 2025

(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)	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 a program of verification to cover all the items of property, plant and equipment in a phased manner over a period of three years. In accordance with this programme, certain Property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(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.
(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 monthly 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

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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, reconciliation is prepared and presented in the standalone financial statements at Note 58.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company,

a. the Company has made investments which is disclosed in the standalone financial statements in Note 7, the details of which are as follows:

Name of the Company	Nature	Aggregate amount during the year	Balance outstanding as of balance sheet date
Khanna Fibre Private Limited (Wholly Owned Subsidiary)	Equity Shares – 10,000	Nil	INR 1.00 Lakh
Khanna Fibre Private Limited (Wholly Owned Subsidiary)	Debentures – OC-ZCDS – 14,85,000	Nil	INR 1,485.00 Lakhs
Grownd Crew Private Limited (Wholly Owned Subsidiary)	Equity Shares – 10,000	Nil	INR 1.00 Lakh
Grownd Realty Private Limited (Wholly Owned Subsidiary)	Equity Shares – 10,000	Nil	INR 1.00 Lakh
Grownd Realty Private Limited (Wholly Owned Subsidiary)	Debentures – OC-ZCDS – 1,24,85,820	Nil	INR 12,485.82 Lakhs

b. The Company has provided loan to its subsidiary which is disclosed in the standalone financial statements in Note 8, the details of which are as follows:

Name of the Company	Nature	Aggregate amount during the year	Balance outstanding as of balance sheet date
Grownd Realty Private Limited (Wholly Owned Subsidiary)	Loan	Nil	INR 50 Lakhs

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	<p>i.</p> <ol style="list-style-type: none">1. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has granted a loan to its subsidiary, which is covered in the register maintained under section 189 of the Companies Act, 2013.2. In our opinion, the terms and conditions of the loan granted by the Company are not prejudicial to the interest of the Company, as the loan was given in lieu of an asset which was sold in current financial year instead of transferring it to the subsidiary company as part of a demerger arrangement. However, we note that the repayment schedule and terms of repayment have not been defined as of the date of this report. The management has represented that these terms will be defined in due course.3. In the absence of a defined repayment schedule and terms of repayment, we are unable to comment on whether the repayment of principal and payment of interest is regular. <p>ii. No renewal or extension or granting of fresh loans to settle the over dues of existing loans is made during the year, Hence, reporting on this aspect is not applicable.</p> <p>iii. No loans were granted repayable on demand or without specifying any terms or period of repayment with respect to promoters and related parties during the year, Hence, reporting on this aspect is not applicable.</p> <p>c. The investments made and loans given so provided as referred to in clause (iii) (a) and (iii) (b) is not prejudicial to the company's interest.</p>
(iv)	<p>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. However, the management of the company has expressed its inability to confirm whether the loans made to its wholly owned subsidiary, as covered under Section 185(3)(c) of the Companies Act, 2013, are being utilized by the subsidiary for its principal business activities. Furthermore, the subsidiary has also not provided any information in this regard.</p>
(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>
(vi)	<p>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</p>

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	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 regular in 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, 2025 which have not been deposited on account of a dispute, are as follows:					
	Statute	Nature of dues	Amount (INR lakhs)	Period in which the amount relates	to the	Forum where the dispute is pending
	Custom Duty	Denial of DEPB Benefit	154.74	2002-2005		High Court of Punjab & Haryana, Chandigarh
	Custom Duty	2nd Hand Machinery, revaluation	54.37	FY 2015-16		Custom, excise and service tax Appellate Tribunal - Chandigarh
	Excise	Differential Custom duty demanded by Department on Imported Wood Pulp destroyed by fire	94.33	FY 2013-14		Custom, excise and service tax Appellate Tribunal - Chandigarh
	Excise	Demand of Excise duty raised by department on finished Goods destroyed by Fire	228.21	FY 2012-13		Custom, excise and service tax Appellate Tribunal - Chandigarh
	Service Tax	Service Tax Demand on Ocean Freight	115.89	FY 2017-18		CESTAT, Chandigarh

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		Income Tax	Demand against addition during transfer pricing Audit	5.7542	FY 2017-18	Commissioner of Income Tax (Appeals)
		Goods and Services Tax	Demand during GST Audit	457.96	FY 2017-18 & 2018-19	Commissioner Appeal, CGST Jalandhar
		Goods and Services Tax	Demand against SCN	113.96		Commissioner Appeal, CGST Jalandhar
		Goods and Services Tax	Demand against SCN	4.05	FY 2018-19	Commissioner Appeal, CGST Jalandhar
		Goods and Services Tax	Demand against SCN	40.00	FY 2017-18	Commissioner Appeal, CGST Jalandhar
		Income Tax	Demand against addition during transfer pricing Audit	0.04156	FY 2016-17	Commissioner of Income Tax (Appeals)
(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 any bank or financial institution or other lender.				
	(c)	According to the information and explanations given to us by the management, the Company has obtained terms loans and were applied for the purpose for which the loans were obtained.				

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	(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 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, except for the matter highlighted in point (iii) of Emphasis of Matter section of our report.
	(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)	There were no such complaints received by the company during the year while determining the nature, timing and extent of our audit procedures.
(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 53. of Notes to Accounts as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

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(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 was not engaged into any Non-Banking Financing or Housing Finance activities during the year. 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 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 other than ongoing projects, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) of the Order are not applicable.

Nimish Nagpal & Company

CHARTERED ACCOUNTANTS

	(b) In our opinion and according to the information and explanations given to us, in respect of ongoing projects, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(b) of the Order are not applicable.
(xi)	The reporting under Clause 3(xxi) 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: 25615749BMSCKP4981

Place: Amritsar

Date: September 27, 2025



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 31st March 2025

(Referred to in paragraph 2(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, 2025, 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, 2025, 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

Nimish Nagpal & Company

CHARTERED ACCOUNTANTS

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 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 of override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

Nimish Nagpal & Company

CHARTERED ACCOUNTANTS

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

Nimish Nagpal

CA Nimish Nagpal

Partner

Membership No. 515749

UDIN: 255157496MSCKF4981



Place: Amritsar

Date: September 27, 2025

KHANNA PAPER MILLS LIMITED

CIN: U74110HR1985PLC054735

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

Standalone Balance Sheet as at 31 March 2025

Rs. in Lakhs (Unless stated otherwise)

Particulars	Note No	As at	As at
		31 March 2025	31 March 2024
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	55,768.67	53,132.33
Right of Use Assets	3	1,654.04	1,820.69
Capital work in progress	4	4,752.56	10,602.70
Other Intangible assets	5	325.86	27.72
Intangible assets under development	6	-	51.30
Financial Assets			
Investments	7	14,059.29	14,057.23
Loans	8	50.00	50.00
Other financial assets	9	781.77	1,228.05
Other non current assets	10	5,275.95	5,427.11
Total Non-current Assets		82,668.14	86,397.13
Current assets			
Inventories	11	35,233.32	26,964.69
Financial Assets			
Investments	12	88.23	81.87
Trade receivables	13	21,970.04	13,425.42
Cash and cash equivalents	14	439.13	1,933.47
Bank balances	15	5,143.69	2,815.57
Other financial assets	16	2,623.17	191.52
Current Tax Assets, net	17	620.97	49.24
Other current assets	18	6,696.73	7,757.24
Total Current Assets		72,815.28	53,219.02
Total Assets		1,55,483.42	1,39,616.15



KHANNA PAPER MILLS LIMITED**CIN: U74110HR1985PLC054735****Registered office: B-26, Infocity-I, Sector - 34, Gurgaon-122002****Standalone Balance Sheet as at 31 March 2025**

Rs. in Lakhs (Unless stated otherwise)

Particulars	Note No	As at	As at
		31 March 2025	31 March 2024
EQUITY and LIABILITIES			
Equity Share Capital	19	2,653.79	2,653.79
Other Equity	20	68,763.89	74,000.91
Total Equity		71,407.68	76,654.70
Non-current liabilities			
Financial Liabilities			
Borrowings	21	14,750.61	15,784.44
Lease liabilities	22	1,387.57	1,746.14
Other financial liabilities	23	2,091.73	2,007.09
Provisions	24	1,150.82	1,035.02
Deferred tax liabilities net	25	3,962.94	3,540.86
Other non current liabilities	26	226.05	334.82
Total Non-current liabilities		23,569.72	24,448.37
Current liabilities			
Financial Liabilities			
Borrowings	27	38,988.82	22,051.30
Lease liabilities	28	358.57	136.38
Trade Payables	29		
- total outstanding dues of micro enterprises and small enterprises		1,729.14	365.13
- total outstanding dues of others		15,381.94	9,223.36
Other financial liabilities	30	3,268.13	3,822.04
Other current liabilities	31	650.86	1,838.72
Provisions - current	32	128.56	149.90
Current Tax Liabilities, net	33	-	926.25
Total Current liabilities		60,506.02	38,513.08
Total liabilities		84,075.74	62,961.45
Total Equity and Liabilities		1,55,483.42	1,39,616.15

For & on Behalf of
Nimish Nagpal & Company
Chartered Accountants
FRN: 023104N
CA Nimish Nagpal
Partner 515749
UDIN: 25515749BMSCKF498

Nimish Nagpal



For and on behalf of Board of Directors,
KHANNA PAPER MILLS LIMITED
(CIN: U74110HR1985PLC054735)

Mahpreet Singh
Mahpreet Singh
Whole Time Director
DIN: 88370447

Priyanka
Priyanka
Company Secretary
Membership No: A-54843

Rahul Khanna

Rahul Khanna
Managing Director
DIN: 00067173

Ashish Kumar Jain
Ashish Kumar Jain
Chief Financial Officer

Place: Amritsar
Date: September 27, 2025

Place: Amritsar
Date: September 27, 2025



KHANNA PAPER MILLS LIMITED

CIN: U74110HR1985PLC054735

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

Standalone Profit & Loss for the period ended on 31 March 2025


Rs. in Lakhs (Unless stated otherwise)

Particulars	Note No	Rs. in Lakhs (Unless stated otherwise)	
		For Year ended 31 March 2025	For Year ended 31 March 2024
Income			
Revenue From Operations	34	1,90,030.19	2,17,326.33
Other Income	35	2,865.69	1,057.65
Total Income		1,92,895.88	2,18,383.98
Expenses			
Cost of materials consumed	36	1,38,259.49	1,26,985.51
Purchases of Stock-in-Trade	37	212.77	-
Changes in inventories of finished goods, Stock in Trade and work in progress	38	-5,986.59	5,004.69
Employee benefits expense	39	7,928.14	8,621.62
Finance costs	40	3,841.62	2,917.14
Depreciation and amortisation expense	41	6,840.17	6,067.72
Corporate Social Responsibility Expenses	61	151.12	205.18
Other expenses	42	46,861.69	50,771.80
Total Expenses		1,98,108.41	2,00,573.66
Profit/(loss) before tax (I-II)		-5,212.53	17,810.32
Tax expense	43		
Current tax		-324.46	6,478.08
Deferred tax		400.75	-56.63
Total Tax expense		76.29	6,421.45
Profit/(loss) after tax for the period (III-IV)		-5,288.82	11,388.87
Other Comprehensive Income			
OCI that will not be reclassified to P&L	44	63.13	-222.73
OCI Income tax of items that will not be reclassified to P&L		-21.33	78.12
Total Other Comprehensive Income (VI)		41.80	-144.61
Total Comprehensive Income for the period		-5,247.02	11,244.26
Earnings per equity share (In Rs.)			
Basic	45	-19.93	42.92
Diluted		-19.93	42.92

For & on Behalf of
Nimish Nagpal & Company

Chartered Accountants

FRN: 023104N


CA Nimish Nagpal
Partner 515749

UDIN: 25515749BMSCKF4981



For and on behalf of Board of Directors,

KHANNA PAPER MILLS LIMITED

(CIN: U74110HR1985PLC054735)


Mahpreet Singh
Whole Time Director
DIN: 08370447
Company Secretary
Membership No: A-54843Place: Amritsar
Date: September 27, 2025Rahul Khanna
Managing Director
DIN: 00067173
Ashish Kumar Jain
Chief Financial OfficerPlace: Amritsar
Date: September 27, 2025

KHANNA PAPER MILLS LIMITED

CIN: U74110HR1985PLC054735

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

Statement of change in Equity for the year ended on 31 March 2025

A. Equity Share Capital

Current reporting period		Rs. in Lakhs (Unless stated otherwise)
Particulars		Amount
As at 1 April 2024		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		-
As at 31 March 2025		2,653.79

Previous reporting period		Rs. in Lakhs (Unless stated otherwise)
Particulars		Amount
As at 1 April 2023		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		-
As at 31 March 2024		2,653.79

B. Other Equity

Current reporting period		Rs. in Lakhs (Unless stated otherwise)				
Particulars	Note	Reserves & Surplus		Other Comprehensive Income		Total
		General Reserve	Retained Earnings	Exchange differences on translating the investments in Foreign Subsidiary	Other Items of OCI	
Balance as at 1 April 2024		21,316.11	52,819.38	38.51	-173.09	74,000.91
Changes in Accounting Policy or Prior Period Errors		-	-	-	-	-
Restated balance as at 1 April 2024		21,316.11	52,819.38	38.51	-173.09	74,000.91
Add: Profit/(Loss) during the year		-	-5,288.81	-	-	-5,288.81
Add: Addition		-	-	2.07	-	2.07
Remeasurement Gain/(Loss) of defined Benefit Plan(net of tax)		-	-	-	39.72	39.72
Total Comprehensive Income/(Expense)		21,316.11	47,530.57	40.58	-133.36	68,753.89
Balance as at 31 March 2025		21,316.11	47,530.57	40.58	-133.36	68,753.89

Other Equity

Previous reporting period		Rs. in Lakhs (Unless stated otherwise)				
Particulars	Note	Reserves & Surplus		Other Comprehensive Income		Total
		General Reserve	Retained Earnings	Exchange differences on translating the investments in Foreign Subsidiary	Other Items of OCI	
Balance as at 1 April 2023		21,316.11	41,430.52	37.64	-27.62	62,756.65
Changes in Accounting Policy or Prior Period Errors		-	-	-	-	-
Restated balance as at 1 April 2023		21,316.11	41,430.52	37.64	-27.62	62,756.65
Net profit/(loss) during the year		-	11,527.75	-	-	11,388.86
Changes due to Prior Period Errors*	63	-	-138.88	-	-	-
Add: Addition		-	-	0.87	-	0.87
Remeasurement Gain/(Loss) of defined Benefit Plan(net of tax)		-	-	-	-145.47	-145.47
Total Comprehensive Income/(Expense)		21,316.11	52,819.38	38.51	-173.09	74,000.91
Balance as at 31 March 2024		21,316.11	52,819.38	38.51	-173.09	74,000.91


For & on Behalf of
Nimish Nagpal & Company
 Chartered Accountants
 FRN: 023104N

 CA Nimish Nagpal
 Partner 515749
 UDIN: 25515749BMSCKF4981



For and on behalf of Board of Directors,
KHANNA PAPER MILLS LIMITED
 (CIN: U74110HR1985PLC054735)


 Mahpreet Singh
 Whole Time Director
 DIN: 08370447


 Priyanka
 Company Secretary
 Membership No: A-54843
 Place: Amritsar
 Date: September 27, 2025



Rahul Khanna
 Managing Director
 DIN: 00067173


 Ashish Kumar Jain
 Chief Financial Officer

Place: Amritsar
 Date: September 27, 2025



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 March 2025

Rs. in Lakhs (Unless stated otherwise)

Particulars	Note No	For Year ended 31 March 2025	For Year ended 31 March 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		-5,288.81	11,388.86
Adjustments for:			
Depreciation and amortisation		6,840.17	6,067.72
(Gain)/Loss on disposal of property, plant and equipment		145.34	-0.45
(Gain)/Loss on disposal of Intangible Assets		-	2.02
(Gain)/Loss on investments measured at fair value through profit and loss		-6.35	-21.46
Provision for Income tax		76.28	6,421.45
Allowances made/(reversed) for trade receivables (net)		-5.05	111.60
Impairment loss of other Non Financial Assets		-	114.27
Finance Cost		3,841.62	2,917.14
Interest Income		-288.11	-269.12
Unrealised Foreign Exchange (gain) / loss		-333.73	-26.48
Operating profit before working capital changes		4,981.35	26,705.56
Adjustment for (increase) / decrease in operating assets			
Trade receivables		-8,542.71	11,186.20
Other financial assets		-2,073.94	1,157.53
Inventories		-8,268.63	-6,306.36
Other assets		1,211.67	1,675.23
Adjustment for (Increase) / decrease in operating liabilities			
Trade payables		7,631.41	-5,505.61
Other financial liabilities		-469.28	-107.15
Other Liabilities		-1,296.63	798.35
Provisions		155.52	165.43
Cash generated from operations		-6,671.23	29,769.18
Income tax paid (net)		-1,173.53	-2,793.66
Net cash generated by operating activities		-7,844.76	26,975.52
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank deposits placed		-2,239.66	918.78
Purchase of property, plant and equipment		-480.64	-2,543.79
Right of Use Asset		-	-89.25
Purchase of intangible assets		-255.83	-76.55
Expenditure incurred in Capital Work in Progress		-6,198.75	-15,797.87
Purchase of other investment		-	-6,650.82
Proceeds from disposal of property, plant and equipment		3,272.78	114.48
Loan and Advances(net)		-	-50.00
Interest received		288.23	269.12
Net cash (used in) / generated by investing activities		-5,613.87	-23,905.89
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		-494.65	-292.70
Proceeds/(Repayment) from short term borrowings (Net)		17,165.58	-2,061.10
Proceeds/(Repayment) from long term borrowings(Net)		-1,033.83	3,764.48
Finance cost		-3,739.64	-2,816.44
Net cash used in financing activities		11,897.46	-1,405.76
Net increase / (decrease) in cash and cash equivalents		-1,494.35	1,716.99
Cash and cash equivalents at the beginning of the year		1,933.47	216.48
Exchange gain loss on Cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		439.13	1,933.47



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 March 2025

Reconciliation of Cash and Cash Equivalents with Balance Sheet:

Rs. in Lakhs (Unless stated otherwise)

Particulars	Rs. in Lakhs (Unless stated otherwise)	
	For Year ended 31 March 2025	For Year ended 31 March 2024
Cash and cash equivalents includes		
Cash on hand	3.56	3.56
Balances with Banks	435.57	1,929.91

Movement in Financial Liabilities:**Current Reporting Period**

Rs. in Lakhs (Unless stated otherwise)

Particulars	Rs. in Lakhs (Unless stated otherwise)		
	Long Term Borrowings	Short Term Borrowings	Lease Liabilities
Opening Balance	15,784.44	22,051.30	1,882.52
Proceeds/(Repayment) from borrowings (Net)	-1,033.83	17,165.58	
Impact of Forex		36,573.85	
Addition during the year			189.45
Finance cost accrued			168.81
Payment of lease liabilities			-494.65
Closing Balance	14,750.61	75,790.73	1,746.14

Previous Reporting Period

Rs. in Lakhs (Unless stated otherwise)

Particulars	Rs. in Lakhs (Unless stated otherwise)		
	Long Term Borrowings	Short Term Borrowings	Lease Liabilities
Opening Balance	12,019.96	24,112.41	-
Proceeds/(Repayment) from borrowings (Net)	3,764.48	-2,061.10	
Impact of Forex			
Addition during the year			2,021.39
Finance cost accrued			153.83
Payment of lease liabilities			-292.70
Closing Balance	15,784.44	22,051.31	1,882.52

For & on Behalf of
Nimish Nagpal & Company
 Chartered Accountants
 FRN: 023104N

Nimish Nagpal
 CA Nimish Nagpal
 Partner 515749
 UDIN: 25515749BMSCKF4981



For and on behalf of Board of Directors,
KHANNA PAPER MILLS LIMITED
 (CIN: U74110HR1985PLC054735)

Mandeep Singh
 Mandeep Singh
 Whole Time Director
 DIN: 08370447

Priyanka
 Priyanka
 Company Secretary
 Place: Amritsar

Date: September 27, 2025

Rahul Khanna

Rahul Khanna
 Managing Director

Ashish Kumar Jain
 Ashish Kumar Jain
 Chief Financial Officer

Place: Amritsar
 Date: September 27, 2025



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

COMPANY INFORMATION

Khanna Paper Mills Limited ("the Company") is an unlisted public limited company incorporated on February 2, 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.

The company is engaged in the business of development of recycled, eco-responsible and innovative papers. The Company's plant is in Amritsar, Punjab which is 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. The company is one of the leading recycle based paper manufacturing Company. The company has become the first paper mill in India to produce high quality writing and printing board from 100% deinked wood free recovered paper.

These standalone financial statements for the year ended March 31, 2025, were approved by the Board of Directors and authorised for issue on September 27, 2025.

1 MATERIAL ACCOUNTING POLICIES

1.1 Basis of Preparation of Standalone financial statements

1.1.1 Statement of Compliance

These standalone 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 and relevant amendment rules issued thereafter, presentation requirements of Division II of Schedule III to the Companies Act, 2013, to the extent applicable, and Guidance Note on Division II – IND AS Schedule III to the Companies Act, 2013 (Revised January, 2022 Edition) issued by CL&CGC-ICAI.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These standalone financial statements are presented in Indian Rupees ("Rs" or "INR") and all the figures appearing in the standalone financial statements are rounded off to the nearest lakhs with two decimal places in accordance with Para 5 of Division II of Schedule III of the Companies Act, 2013, except when otherwise indicated.

1.1.2 Basis of measurement and presentation

The standalone 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.

1.1.3 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.

1.2 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgments are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone financial statements.

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

1.2.1 Revenue

The Company's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

The company uses percentage of completion method for fixed price contracts. Use of percentage-of-completion method requires estimation of 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.

1.2.2 Income Taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.



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In assessing the realizability of deferred income tax assets, Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

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.

1.2.3 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.

1.2.4 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. All assumptions are assessed at each reporting date.

1.2.5 Provisions

At each balance sheet date on the basis of management's 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.

1.2.6 Useful lives of depreciable tangible assets

Management reviews the useful lives of depreciable assets at each reporting date. As at March 31, 2025 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year

1.2.7 Useful lives of Intangible assets

The intangible assets are Amortised over the estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.2.8 Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as government security interest rates and SBI MCLR) when available.

1.3 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 12th August 2024, MCA notified Companies (Indian Accounting Standards) Amendment Rules, 2024 amending the Companies (Indian Accounting Standards) Rules, 2015, under Ind AS 21, Ind AS 1 and Ind AS 12. The Company has evaluated the impact of this new standard and determined that there is no material effect on its standalone financial statements.

1.6 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.



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The carrying amount of those spares that are replaced is derecognized when no future economic benefit are expected from their use. When the cost of replaced spare/existing spare is not available, the cost of replacing spare (new spare) is deemed to be the original cost of replaced spare/existing spare for the purpose of derecognizing.

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).

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

The Company depreciates property, plant and equipment on a straight-line as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the Plant & Equipment and Boiler & Turbine, in whose case the life of the assets has been assessed as under based on technical advice. 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.

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.

Accordingly, the useful life of the property, plant and equipment is taken as under:

Categories of Property, Plant and Equipment	Useful Life
Land	Indefinite Life
Building	30 to 60 Years
Plant & Equipment	11 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
Electrical Equipments	10 Years

1.7 Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment.

Development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell and the costs can be measured reliably. The costs, which can be capitalized include the cost of material, direct labor, overhead costs that are directly attributable to prepare the asset for its intended use and the cost of assets not ready to use before such date are disclosed under "Intangibles under development".

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss. when the asset is derecognised.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors, including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortisation methods and useful lives are reviewed periodically including at each financial year end. Accordingly, the useful life of the intangible assets is taken as under:

Categories of Intangible Assets	Useful life
Computer Software	5 years
Trademarks	10 years

1.8 Impairment - Property, plant and equipment, Intangible Assets and other Non-Financial Assets

Property, plant and equipment, Intangible Assets and other Non-Financial 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;



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- (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.

1.9 Leases

1.9.1 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.

a Right of Use Assets

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.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

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 estimated useful lives of the assets, as follows:

Category of ROU	Useful life
Land	99 years
Building	6-9 years
Plant and Machinery	5 -6 years

b Lease Liabilities

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.

1.9.2 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.

1.10 Inventories

Inventories includes Raw Materials, Work in Progress, Finished Goods, Consumables, Packing Materials, Coal & Fuel, stores and spares and Stock in Trade are carried at lower of costs and net realisable value.

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 incurred in bringing the inventories to their present location and condition.



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Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable 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.

The basis of determining cost for various categories of inventories is as follows:

- Raw Materials - The cost is determined on a moving average basis.
- Work In Progress – The cost is determined on moving average basis. The cost of raw materials plus conversion cost depending upon the stage of completion.

- Finished Goods (including goods in transit): Cost is determined on moving average basis. The cost comprises of cost of raw materials, consumables plus conversion cost and packing cost.
- Process Waste – It is valued at net realisable value.
- Store and spares – The cost is determined on a moving average basis.
- Consumables - The cost is determined on a moving average basis.
- Coal and Fuel - The cost is determined on a moving average basis.
- Stock-in-trade (acquired for trading) - Cost is determined on a moving average basis.

1.11 Equity and Dividend Payments

1.11.1 Equity

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.

1.11.2 Dividend

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.

1.12 Financial Instruments

1.12.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

For the purpose of subsequent measurement, financial instruments of the Company are classified into:

- (a) Non-Derivative Financial Instruments and
- (b) Derivative Financial Instruments.

1.12.2 Subsequent Measurement

a Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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.

(ii) Financial assets carried at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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. The Company has made an irrevocable election for some of its investments, which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(iii) Financial assets carried at fair value through profit or loss (FVTPL)

A financial asset, which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Investment in Subsidiaries

Investment in Subsidiaries is carried at deemed cost in the separate financial statements except for investment in foreign subsidiaries which are carried at FVOCI.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for financial guarantee 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.

b Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The counterparty for such contracts is generally a bank.



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(i) **Financial assets or financial liabilities, carried at fair value through profit or loss.**

This category includes derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred.

Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

(ii) **Cash flow hedge**

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

The Company does not apply hedge accounting under Ind AS 109. All derivatives are recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date.

Gains or losses arising from changes in the fair value of derivatives are recognised immediately in the Statement of Profit and Loss under "Other gains and losses" and are included in profit or loss in the period in which they arise.

1.12.3 **Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset, and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.12.4 **Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, option pricing model, market multiples, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

(a) Level 1: The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date.

(b) Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

(c) Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

1.12.5 **Impairment**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenues which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenues with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considers current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates.

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.

1.12.6 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.13 **Income Taxes**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.



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Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

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 realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

The Company offsets current tax assets and current tax liabilities; deferred tax assets and deferred tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.14 Provisions

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.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pretax 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.

Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

1.15 Revenue Recognition

The Company derives revenues primarily from sale of goods, i.e. paper, board, newsprint by recycling of waste material, pulp and paper products and any services incidental to sale of goods. 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.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved in writing, by the parties, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised

products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

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.

The transaction price of goods sold is net of variable consideration on account of trade discounts and rebates offered by the Company as part of the contract. Amounts disclosed as revenue are net of returns and allowances. The Company collects goods and services tax on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue. Variable consideration includes trade discounts, volume rebates and incentives, etc.

The Company estimates the variable consideration with respect to above based on an analysis of accumulated historical experience. The Company adjusts estimate of revenue at the earlier of when the most likely amount of consideration expected to be received changes or when the consideration becomes fixed

a Contract Cost



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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 amortisation period of the asset that the entity otherwise would have recognized is one year or less.

b Sale of Goods and supply of incidental services

Revenue from sale of goods and supply of incidental services to sale of goods is recognised when control of the goods is transferred to the customer on satisfaction of performance obligations. The performance obligations as per contracts with customers are fulfilled at the time of dispatch or delivery of goods depending upon the terms agreed with customer.

c Interest Income

Interest income is recognized using the effective interest method.

d Dividend Income

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

e Insurance Claims

Insurance claims are recognised when there exists no significant uncertainty with regards to the amounts to be realised and the ultimate collection thereof.

1.16 Foreign currency

The standalone 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 standalone financial statements.

In preparing the standalone 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.

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.

Other Comprehensive Income, net of taxes includes translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as financial instruments and measured at fair value through other comprehensive income (FVOCI).

1.17 Government Grant

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the net profit in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the net profit in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

1.18 Employee Benefits

The Company has schemes of employees benefits such as Provident fund, Gratuity and Compensated absences (leave encashment), which are dealt with as under:

1.18.1 Defined Contribution

Provident fund is the defined contribution scheme. The contribution to this scheme is charged to the Statement of Profit and Loss of the year in which contribution to such scheme become due and when services are rendered by the employees. The Company has no obligation other than the contribution payable to the provident fund. If the contribution payable to the scheme for services received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

1.18.2 Defined Benefit Plan

The Company provides for gratuity, a defined benefit retirement plans covering eligible employees. This plan provides for lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. These Defined Benefit Plans are unfunded.

Liabilities with regard to these defined benefit plans are determined by actuarial valuation, performed by an external actuary, at each Balance Sheet date using the projected unit credit method. These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market risk.



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in net profit in the Statement of Profit and Loss.

1.18.3 Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised on an undiscounted accrual basis during the year when the employees render the services. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

1.18.4 Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The Company presents the entire leave liability as current liability, since it does not have an unconditional right to defer its settlement for 12 months after the reporting period.

1.19 Borrowing Costs

Borrowing costs include interest and amortisation of ancillary costs incurred in relation to borrowings. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Interest revenue earned on the temporary investment of specific borrowings for qualifying assets pending their expenditure, is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred

1.20 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.

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.

1.21 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Company according to the nature of products manufactured with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

1.22 Prior Period items

Those Items of Income / Expenditure which arise in the current period as a result of errors or omissions in the preparation of Financial Statements of one or more prior Years, exceeding 0.1% of previous year Gross Turnover, in each case are treated as material prior period items and are corrected retrospectively except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.



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Notes forming part of the Standalone Financial Statements

Property, Plant and Equipment

Name of Assets	Gross Block				Depreciation and amortisation			Net Block	
	As on	Addition	Deduction	As on	As on	for the	Deduction	As on	As on
	1 April 2024			31 March 2025	1 April 2024	year		31 March 2025	31 March 2025
(i) Property, Plant and Equipment									
Land	5,649.31	63.39	-	5,712.70	-	-	-	-	5,712.70
Buildings	11,045.33	966.88	3,300.03	8,712.18	3,239.24	236.40	122.41	3,353.22	5,358.96
Plant and Equipment	1,13,161.19	4,423.07	766.58	1,16,817.68	77,788.14	5,535.76	745.23	82,578.67	34,239.01
Furniture and Fixtures	117.60	173.24	22.66	268.17	68.73	6.71	3.80	71.63	196.54
Vehicles	590.09	1.20	3.69	587.60	339.52	54.33	3.69	390.16	197.44
Office Equipments	325.96	120.42	0.29	446.09	245.25	22.23	0.29	267.18	178.91
Computers	588.70	360.37	200.95	748.12	485.27	80.46	200.90	364.83	383.30
Boiler & Turbine	9,126.47	6,268.45	896.03	14,498.88	5,306.17	539.15	695.79	5,149.54	9,349.34
Electrical	-	152.52	-	152.52	-	0.04	-	0.04	152.48
Total	1,40,604.64	12,529.54	5,190.24	1,47,943.94	87,472.31	6,475.07	1,772.11	92,175.27	55,768.67

Rs. in Lakhs

Name of Assets	Gross Block				Depreciation and amortisation			Net Block	
	As on	Addition	Deduction	As on	As on	for the	Deduction	As on	As on
	01-Apr-23			31-Mar-24	01-Apr-23	year		31-Mar-24	31-Mar-24
(i) Property, Plant and Equipment									
Land	3,835.26	1,814.05	-	5,649.31	-	-	-	-	5,649.31
Buildings	10,595.01	450.41	0.09	11,045.33	2,965.66	273.62	0.04	3,239.24	7,806.09
Plant and Equipment	1,06,225.87	7,926.58	991.25	1,13,161.19	73,771.17	4,983.50	966.53	77,788.14	35,373.06
Furniture and Fixtures	270.00	8.26	160.66	117.60	220.19	8.69	160.15	68.73	48.87
Vehicles	631.69	93.87	135.46	590.09	325.14	61.99	47.61	339.52	250.58
Office Equipments	424.96	74.20	173.21	325.96	396.63	20.93	172.32	245.25	80.71
Computers	539.32	57.05	7.67	588.70	449.51	43.44	7.67	485.27	103.43
Boiler & Turbine	8,279.74	1,741.67	894.94	9,126.47	5,843.35	357.77	894.94	485.27	3,820.29
Total	1,30,801.85	12,166.08	2,363.29	1,40,604.64	83,971.64	5,749.93	2,249.26	87,472.31	53,172.33

Rs. in Lakhs



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

3 Right of Use Assets

Rs. in Lakhs

Particulars	Amount in Lakhs			
	Leasehold Land	Plant and Machinery	Building	Total
Cost as at 1 April 2024	104.19	1,224.60	797.49	2,126.28
Addition	-	189.45	-	189.45
Disposals	-	-	-	-
Cost as at 31 March 2025	104.19	1,414.06	797.49	2,315.73
Accumulated amortisation as at 1 April 2024	0.82	238.97	65.80	305.59
Amortisation charge for the year	1.05	265.51	89.53	356.10
Reversal on Disposal of assets	-	-	-	-
Accumulated amortisation as at 31 March 2025	1.87	504.48	155.34	661.70
Net Carrying Amount as at 31 March 2025	102.31	909.57	642.15	1,654.04

Previous Year*

Rs. in Lakhs

Particulars	Amount in Lakhs			
	Leasehold Land	Plant and Machinery	Building	Total
Cost as at 1 April 2023	15.64	-	-	15.64
Addition	88.54	1,224.60	797.49	2,110.64
Disposals	-	-	-	-
Cost as at 31 March 2024	104.19	1,224.60	797.49	2,126.28
Accumulated amortisation as at 1 April 2023	-	-	-	-
Amortisation charge for the year	0.82	238.97	65.80	305.59
Reversal on Disposal of assets	-	-	-	-
Accumulated amortisation as at 31 March 2024	0.82	238.97	65.80	305.59
Net Carrying Amount as at 31 March 2024	103.37	985.63	731.69	1,820.69

*Refer Note 63 for changes due to prior period errors

4 Capital work in progress

Rs. in Lakhs

Particulars	Amount in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Opening Balance	10,602.70	4,427.12
Add: Addition during the year	6,198.75	15,797.87
Less: Capitalised during the year	12,048.90	9,622.29
Closing Balance	4,752.56	10,602.70

4.1 Capital Work-in-Progress Ageing Schedule

Current 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	1,934.49	2,818.06	-	-	4,752.56
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	6,889.95	3,732.75	-	-	10,602.70
Projects temporarily suspended	-	-	-	-	-

4.2 Disclosure for Project Overdue or exceeded its budgeted cost

Current reporting period

Rs. in Lakhs

Particulars	Project Status	To be Completed			
		Less than 1 year	1-2 Years	2-3 Years	More than 3 Years
23-24 UPGRD-INSTRUMENT		-	1,773.18	-	-

Previous reporting period

Rs. in Lakhs

Particulars	Project Status	To be Completed			
		Less than 1 year	1-2 Years	2-3 Years	More than 3 Years
23-24 UPGRD-INSTRUMENT	Active	1,238.72	-	-	-

The company does not have any project under capital work in progress whose completion is overdue or has exceeded its cost compared to its original plan as on March 31, 2025 and March 31, 2024 except the projects disclosed above.



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

5 Other Intangible assets

Particulars	Rs. in Lakhs		
	Trademarks	Software	Total
Cost as at 1 April 2024	1.18	1,073.24	1,074.41
Addition	1.91	305.21	307.13
Disposals	-	-	-
Adjustment	-	-	-
Cost as at 31 March 2025	3.09	1,378.45	1,381.54
Accumulated amortisation as at 1 April 2024	0.08	1,046.62	1,046.69
Amortisation charge for the year	0.26	8.73	8.99
Reversal on Disposal of assets	-	-	-
Accumulated amortisation as at 31 March 2025	0.33	1,055.35	1,055.68
Net Carrying Amount as at 31 March 2025	2.76	323.10	325.86

Previous Year

Particulars	Rs. in Lakhs		
	Trademarks	Software	Total
Cost as at 1 April 2023	-	1,397.37	1,397.37
Addition	1.18	24.07	25.25
Disposals	-	348.21	348.21
Adjustment	-	-	-
Cost as at 31 March 2024	1.18	1,073.24	1,074.41
Accumulated amortisation as at 1 April 2023	-	1,380.69	1,380.69
Amortisation charge for the year	0.08	12.11	12.19
Reversal on Disposal of assets	-	346.18	346.18
Accumulated amortisation as at 31 March 2024	0.08	1,046.62	1,046.69
Net Carrying Amount as at 31 March 2024	1.10	28.62	27.72

6 Intangible assets under development

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Opening Balance	51.30	-
Add: Addition during the year	-	51.30
Less: Capitalised during the year	51.30	-
Closing Balance	-	51.30

The company does not have any project under intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan as on March 31, 2025 and March 31, 2024.

7 Investments - non current

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Investment in subsidiary carried at cost	13,973.82	13,973.82
- Subsidiaries owned in India		
Investment in subsidiary carried at fair value through OCI	85.47	83.41
- Subsidiaries owned outside India		
Total	14,059.29	14,057.23

7.1 Details of Investments

Name of Entity	No of Shares/Units	Current Year	No of Shares/Units	Previous Year
Investments in Equity Instruments				
In Subsidiary Company				
Khanna Paper Inc. (wholly owned subsidiary incorporated in USA)				
Equity Shares of USD 1 each (fully paid)	1,00,000.00	85.48	1,00,000.00	83.41
Grownd Realty Private Limited*				
Equity shares of INR 10 each (fully paid-up)	10,000.00	1.00	10,000.00	1.00
Khanna Fiber Private Limited				
Equity shares of INR 10 each (fully paid-up)	10,000.00	1.00	10,000.00	1.00
Grownd Crew Private Limited				
Equity shares of INR 10 each (fully paid-up)	10,000.00	1.00	10,000.00	1.00
Investments in Debentures or Bonds				
Grownd Realty Private Limited*				
Optionally Convertible Zero Coupon Debentures each of Rs. 100	1,24,85,820.00	12,485.82	1,24,85,820.00	12,485.82
Khanna Fiber Private Limited				
Optionally Convertible Zero Coupon Debentures each of Rs. 100	14,85,000.00	1,485.00	14,85,000.00	1,485.00



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

Aggregate details of Investment

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Aggregate amount of quoted investment as at the end of the year	-	-
Market value of quoted investments	-	-
Aggregate value of Un-quoted investments	14,059.30	14,057.23
Provision for diminution in value of investments	-	-

*The statutory auditors of the subsidiary have identified a fraud amounting to INR 80.67 crores for the previous year i.e, the year ending March 31, 2024.

*During the financial year, there were specific indicators of impairment, however, company could not assess recoverability amount for impairment testing due to non availability of financial and operational information. Thus, no impairment loss has been Recognised.

8 Loans - non current financial assets

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Loans to related parties		
Unsecured which have significant increase in credit risk	50.00	50.00
Total	50.00	50.00

Aggregate details of loans

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Above includes due from:		
Wholly Owned Subsidiary-Grownd Realty Private Limited	50.00	50.00
Total	50.00	50.00

9 Other financial assets - non current

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Security deposits	655.14	1,012.96
Bank deposits with more than 12 months maturity	126.63	215.09
Total	781.77	1,228.05

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

** Security Deposits 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.

10 Other non current assets

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Capital advances		
Related Parties	3,797.83	3,797.83
Others	1,450.70	1,587.79
Balances with government authorities	15.92	15.92
Prepaid expenses	11.50	25.57
Total	5,275.95	5,427.11

11 Inventories

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Raw materials	18,781.34	17,242.62
Work-in-progress	1,931.11	363.74
Finished goods	5,744.01	1,324.28
Process Waste	-	0.51
Consumption of Stores & Spares	6,340.84	5,570.76
Packing Material	285.11	292.41
Coal & Fuel	2,150.92	2,170.39
Total	35,233.32	26,964.69

*Raw Materials includes Goods in Transit of INR 2753.14 lakhs (Previous Year INR 377.78 lakhs)

**Finished Goods includes Goods in Transit of INR 1978.38 lakhs (Previous Year INR 603.57 lakhs)

***Stores & Spares and Consumables includes Goods in Transit of INR 588.45 lakhs (Previous Year INR 184.61 lakhs)

****Coal & Fuel includes Goods in Transit of INR 12.90 lakhs (Previous Year INR 73.60 lakhs)



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

12 Investments - current

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Investment in others carried at fair value through profit or loss		
Mutual Funds	88.23	81.87
Total	88.23	81.87

12.1 Current Investments

Rs. in Lakhs

Name of Entity	No of Units	Current Year	No of Units	Previous Year
Carried at fair value through profit or loss (FVTPL)				
Unquoted Investments				
Investments in Mutual Funds				
a) Sundaram Large and Mid Cap Fund- Regular Growth (LMGP)				
NAV as on March 31, 2025 is INR 78.6662 each unit (Previous Year INR 72.8824)	81,088.66	63.79	81,088.66	59.10
b) Sundaram Aggressive Hybrid Fund - Regular Growth (SBGP)				
NAV as on March 31, 2025 is INR 152.3423 each unit (Previous Year INR 141.9701)	16,042.03	24.44	16,042.03	22.77

Aggregate details of investment

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Aggregate market value as at the end of the year:		
Market value of quoted investments	88.23	81.87
Aggregate value of Un-quoted investments	-	-
Provision for diminution in value of investments	88.23	81.87
	-	-

13 Trade receivables - current

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Unsecured, considered good	21,920.49	13,365.59
Unsecured which have significant increase in credit risk	255.57	270.90
Allowance for Expected Credit Losses	-206.02	-211.07
Total	21,970.04	13,425.42

Trade Receivable

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Above includes due from:		
Entities where KMP has significant influence*	32.96	41.11
Total	32.96	41.11

Trade Receivables Ageing schedule

Rs. in Lakhs

Particulars	Outstanding for following periods from due date of payment						Total
	Undue	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables							
-considered good	14,672.25	6,998.78	187.56	52.88	-	9.01	21,920.49
-which have significant increase in credit risk	-	-	-	-	-	-	-
-credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables							
-considered good	-	-	-	-	-	-	-
-which have significant increase in credit risk	-	-	-	-	-	-	-
in credit risk	-	-	-	26.27	226.17	3.13	255.57
-credit impaired	-	-	-	-	-	-	-
Sub Total	14,672.25	6,998.78	187.56	79.15	226.17	12.14	22,176.06
Unbilled - considered good							-
Unbilled - which have significant increase in credit risk							-
Unbilled - credit impaired							-
Allowance for Expected credit losses							-206.02
Total							21,970.04



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

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	
Undisputed Trade receivables							
-considered good	7,777.15	5,469.45	50.81	41.07	-	27.11	13,365.59
-which have significant increase in credit risk	-	-	-	-	-	-	-
-credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables							
-considered good	-	-	-	-	-	-	-
-which have significant increase in credit risk	-	-	41.59	226.17	3.13	-	270.89
-credit impaired	-	-	-	-	-	-	-
Sub Total	7,777.15	5,469.45	92.40	267.25	3.13	27.11	13,636.49
Unbilled - considered good	-	-	-	-	-	-	-
Unbilled - which have significant increase in credit risk	-	-	-	-	-	-	-
Unbilled - credit impaired	-	-	-	-	-	-	-
Allowance for Expected credit losses	-	-	-	-	-	-	-211.07
Total							13,425.42

*Balance includes amount of SRN Recycling Private Limited of INR 32.96 Lakhs (Previous Year INR 22.42 Lakhs) which ceased to be a related party from May 22 2024)

14 Cash and cash equivalents

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Balances with Banks	435.57	1,929.91
Cash on hand	3.56	3.56
Total	439.13	1,933.47

15 Bank balances other than Cash and cash equivalents

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Earmarked balances with bank	5,143.69	2,815.57
Total	5,143.69	2,815.57

It comprises of fixed deposits earmarked with the Banks for obtaining Bank Borrowings.

16 Other financial assets - current

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Security deposits	461.66	163.37
Other receivables	38.76	23.85
Insurance Claim Recoverable	2,122.75	4.13
Interest Recoverable	-	0.17
Total	2,623.17	191.52

17 Current Tax Assets, net

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Income Tax Refund Receivable	620.97	40.03
TDS Receivable	-	9.21
Total	620.97	49.24



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

18 Other current assets

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Balances with government authorities	1,745.23	2,377.31
Advances to suppliers	4,661.11	5,004.04
Prepaid expenses	261.67	352.85
Salary Advances	28.72	23.04
Total	6,696.73	7,757.24

19 Equity Share Capital

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Authorised Share Capital 45000000 (PY - 45000000) Equity Shares of Rs. 10 each	4,500.00	4,500.00
Issued, subscribed & fully paid up 26537945 (PY - 26537945) Equity Shares of Rs. 10 each	2,653.79	2,653.79
Total	2,653.79	2,653.79

Reconciliation of Share Capital

Particulars	As at 31 March 2025		As at 31 March 2024	
	Number of Shares	Amount (Rs in Lakhs)	Number of Shares	Amount (Rs in Lakhs)
Opening Balance	2,65,37,945.00	2,653.79	2,65,37,945.00	2,653.79
Changes due to prior period error	-	-	-	-
Issued during the year	-	-	-	-
Adjustment	-	-	-	-
Deletion	-	-	-	-
Closing balance	2,65,37,945.00	2,653.79	2,65,37,945.00	2,653.79

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 March 2025		As at 31 March 2024	
	No of Shares	% of Shareholding	No of Shares	% of Shareholding
Mr. Brij Mohan Khanna	-	0.00%	-	-
Mr. Rahul Khanna	397.00	0.00%	397.00	0.00
Mr. Saurabh Khanna*	89,72,301.00	33.81%	89,72,301.00	0.34
Mrs. Renu Khanna*	38,07,945.00	14.35%	38,07,945.00	0.14
Brij Mohan and Rahul Khanna Family Trust (Significant Beneficial Ownership held by Mr. Rahul Khanna)	1,37,57,299.00	51.84%	1,37,57,299.00	0.52

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	-	-	-
Mr. Rahul Khanna	Equity	397.00	0.00	-
Mr. Saurabh Khanna	Equity	89,72,301.00	0.34	-
Mrs. Renu Khanna*	Equity	38,07,945.00	0.14	-

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	-	-	-0.00
Mr. Rahul Khanna	Equity	397.00	0.00	-0.00
Mr. Saurabh Khanna	Equity	89,72,301.00	0.34	-0.00
Mrs. Renu Khanna*	Equity	38,07,945.00	0.14	-0.00



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone 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 ,2025

Forfeiture of Shares

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

* The voting rights of 89,72,301 equity shares held by Mr. Saurabh Khanna have been freezed by the Board of Directors in its board meeting held on 14.04.2025. However the same has not been given effect to keeping into consideration the interim order of NCLT maintaining status quo as on December 19, 2024

* Out of the total 38,07,945 equity shares held by Mrs. Renu Khanna, the voting rights on 36,07,945 shares were freezed by the Board of Directors in the board meeting held on 22.05.2024 and the same has been subsequently approved by the shareholders in the EGM held on 17.06.2024.

For the remaining 2,00,000 shares of Mrs. Renu Khanna the voting rights were freezed by the Board of Directors in the board meeting held on 28.12.2024.

20 Other Equity

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
General Reserve	21,316.11	21,316.11
Retained earnings	47,530.57	52,819.39
Exchange differences on translating the investments in Foreign Subsidiary	40.58	38.51
Other items of OCI	-133.36	-173.09
Total	68,753.89	74,000.91

Movement of Other Equity

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
General Reserve		
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
Retained Earnings		
Balance at the beginning of the year	52,819.38	41,430.52
Add: Profit/(Loss) during the year	-5,288.81	11,386.86
Less: Appropriation		
Balance at the end of the year	47,530.57	52,819.38
Exchange differences on translating the investments in Foreign Subsidiary		
Opening Balance	38.51	37.64
Add: Addition	2.07	0.87
Less: Deletion		
Closing Balance	40.58	38.51
Other items of OCI		
Opening Balance	-173.09	-27.62
Remeasurement Gain/(Loss) of defined Benefit Plan(net of tax)	39.72	-145.47
Less: Deletion		
Closing Balance	-133.36	-173.09
Total	68,753.89	74,000.91

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

Other items of OCI

Other Items of other comprehensive income (OCI) includes OCI arising from actuarial gain or loss on re-measurement of defined benefit liability and return on plan assets assets & exchange differences on translating the standalone financial statements of a foreign operation.

21 Borrowings - non current financial liabilities

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Secured Term loans from Bank		
For Capital Expenditure	14,737.27	15,759.87
Vehicle Loan	13.34	24.57
Total	14,750.61	15,784.44



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

Terms of Repayment

Sr No	Name of Lender	Sanctioned Amount	Details	Security
1	HDFC Bank	2,500.00	Term Loan Interest Rate: Linked to Treasury Bill (Last Interest Charged – 8.10% p.a) Due Date for Repayment: Due for repayment till September 27 in 10 quarterly installments (from the date of balance sheet) 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) of the company. Second pari passu charge over current assets of the company.
2	HDFC Bank	2,500.00	Term Loan Interest Rate: Linked to Treasury Bill (Last Interest Charged – 8.58% p.a) Due Date for Repayment: Due for repayment till September 31 in 24 quarterly installments (from the date of balance sheet) of INR 104.17 lakhs	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans) of the company. Second pari passu charge over current assets of the company.
3	HDFC Bank	5,000.00	Term Loan Interest Rate: Linked to Treasury Bill (Last Interest Charged – 8.04% p.a) Due Date for Repayment: Due for repayment till July 28 in 14 quarterly installments (from the date of balance sheet) of INR 243.59 lakhs	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans) of the company. Second pari passu charge over current assets of the company.
4	Indian Bank	1,200.00	Term Loan Interest Rate: Last interest Charged- 9.15% p.a. Due Date for Repayment: Due for repayment till Sept 29 in 53 monthly installments of INR 16.67 lakhs and Balance of 13.54 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) of the company. Second pari passu charge over current assets of the company.
5	Indian Bank	4,000.00	Term Loan Interest Rate: Last Interest Charged 9.00% p.a. Due Date for Repayment: Due for repayment till August 29 in 17 quarterly installments of INR 200 lakhs and Balance of 198.77 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) of the company. Second pari passu charge over current assets of the company.
6	Indian Bank	2,500.00	Term Loan Interest Rate: Interest last charged 8.70% p.a. Due Date for Repayment: Due for repayment till June 30 in 20 quarterly installments of INR 71.75 lakhs each.	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans) of the company. Second pari passu charge over current assets of the company.
7	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 8 quarterly installments of INR 229.62 lakhs	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans) of the company. Second pari passu charge over current assets of the company.
8	Kotak Mahindra Bank	2,500.00	Term Loan Rate of Interest: Linked to Treasury Bill (Last Interest Charged – 8.55% p.a) Due Date for Repayment: Due for repayment till May 30 in 20 quarterly installments of INR 49.63 lakhs each.	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans) of the company. Second pari passu charge over current assets of the company.



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

9	ICICI Bank	2,500.00	Term Loan Interest Rate: Last Interest Charged – 8.85% p.a Due Date for Repayment: Due for repayment till June 29 in 17 quarterly installments of INR 81.98 lakhs each.	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans) of the company. Second pari passu charge over current assets of the company.
10	Indusind Bank	2,500.00	Term Loan Rate of Interest: Linked to Treasury Bill (Last Interest Charged – 7.95% p.a) Due Date for Repayment: Due for repayment till Sept 29 in 14 installments INR 124.93 lakhs and last 4 installments of INR 123.93 lakhs.	First pari passu charge over land & building. It is further secured by first pari passu charge over movable fixed assets (except vehicle loans) of the company. Second pari passu charge over current assets of the company.
11	HDFC Bank	29.72	Vehicle Loan Rate of Interest: 8.40% p.a. Due Date for Repayment: Due for repayment from till March 28 in 36 equal EMI of INR 0.61 lakhs	Vehicle Financed

1. Term Loans from consortium lead by Canara Bank 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, Indusind Bank, ICICI Bank and Indian Bank as member banks.

2. The loans from banks are also guaranteed by Mr Rahul Khanna and Mr Brij Mohan 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 4792.94 lakhs (Previous Year 2224.37 Lakhs)

4. Number of installments are counted from the current year's balance sheet date i.e. 31st March 2025.

22 Lease liabilities - non current financial liabilities

Rs. in Lakhs

Particulars	As at	
	31 March 2025	31 March 2024
Lease Liabilities		
Lease Liability	1,387.57	1,746.14
Total	1,387.57	1,746.14

*Refer Note 63 for changes due to prior period errors and Refer note no. 51 for details of lease liability

23 Other financial liabilities - non current

Rs. in Lakhs

Particulars	As at	
	31 March 2025	31 March 2024
Security deposits	2,091.73	2,007.09
Total	2,091.73	2,007.09

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

24 Provisions - non current

Rs. in Lakhs

Particulars	As at	
	31 March 2025	31 March 2024
Provision for employee benefits		
Gratuity	995.71	887.36
Leave Encashment	155.11	147.66
Total	1,150.82	1,035.02



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

25 Deferred tax liabilities, net

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Deferred Tax Asset	-1,294.20	-1,061.40
Deferred Tax Liability	5,257.14	4,602.26
Total	3,962.94	3,540.86

Significant Components of Deferred Tax Liability

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Deferred Tax Liabilities		
Related to Fixed Assets	4,646.76	4,203.94
Reversal of Upfront Fees	11.00	10.62
Fair value gain/Loss on Mutual Fund	21.40	19.18
Right of Use Assets	577.99	368.53
Total DTL	5,257.14	4,602.26
Deferred Tax Assets		
Provision for Gratuity	385.25	353.82
Provision for Deferred Revenue	117.00	155.01
Provision for leave encashment	61.82	60.23
43B Disallowances (Bonus Payable)	46.23	34.50
Trade Receivables	71.99	73.76
MAT Credit	-	-
Demerger expenses	1.75	5.49
43B(h) Disallowances (Delayed Payment)		36.98
Lease Liability	610.17	341.62
Total DTA	1,294.21	1,061.40
Deferred Tax Liabilities, net	3,962.94	3,540.86

Movement in deferred tax assets/liability

Particulars	Rs. in Lakhs			
	Opening balance	Recognised to P&L	Recognised to OCI	Closing balance
Deferred Tax Liability				
Related to Fixed Assets	4,203.94	442.82		4,646.76
Reversal of Upfront Fees	10.62	0.37		11.00
Fair value gain/Loss on Mutual Fund	19.18	2.22		21.40
Right of Use Assets	368.53	209.46		577.99
Total DTL	4,602.26	654.88	-	5,257.14
Deferred Tax Assets				
Provision for Gratuity	353.82	52.76	-21.33	385.25
Provision for Deferred Revenue	155.01	-38.01		117.00
Provision for leave encashment	60.23	1.58		61.82
43B Disallowances (Bonus Payable)	34.50	11.73		46.23
Trade Receivables	73.76	-1.76		71.99
MAT Credit	-	-		-
Demerger expenses	5.49	-3.74		1.75
43B(h) Disallowances (Delayed Payment)	36.98	-36.98		-
Lease Liability	341.62	268.55		610.17
Total DTA	1,061.40	254.13	-21.33	1,294.21
	3,540.86	400.75	21.33	3,962.94



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

Previous reporting period

Rs. in Lakhs

	Opening balance	Recognised to Statement of P&L	Recognised to OCI	closing balance
Particulars				
Deferred Tax Liability				
Related to Fixed Assets	4,202.64	1.30		4,203.94
Reversal of Upfront Fees	8.89	1.74		10.62
Fair value gain/Loss on Mutual Fund	11.68	7.50		19.18
Right of Use Assets		368.53		368.53
Total DTL	4,223.20	379.06	-	4,602.26
Deferred Tax Assets				
Provision for Gratuity	242.67	33.03	78.12	353.82
Provision for Deferred Revenue	193.02	-38.01		155.01
Provision for leave encashment	35.45	24.79		60.23
43B Disallowances (Bonus Payable)	41.70	-7.21		34.50
Trade Receivables	34.76	39.00		73.76
MAT Credit	2,888.64	-2,888.64		-
Demerger expenses		5.49		5.49
43B(h) Disallowances (Delayed Payment)		36.98		36.98
Lease Liability		341.62		341.62
Total DTA	3,436.23	-2,452.95	78.12	1,061.40
Net	786.97	2,832.01	-78.12	3,540.86

26 Other non current liabilities

Rs. in Lakhs

	As at 31 March 2025	As at 31 March 2024
Particulars		
Deferred Income	226.05	334.82
Total	226.05	334.82

27 Borrowings - current financial liabilities

Rs. in Lakhs

	As at 31 March 2025	As at 31 March 2024
Particulars		
Secured Current maturities of Long term borrowing	4,798.80	2,224.37
Secured Loans repayable on demand from Banks		
Cash credit/PCFC/PCL/working capital loans	26,788.18	13,344.57
Unsecured Loans repayable on demand from Banks		
Buyer's Credit	6,957.62	-
Credit Cards	0.12	-
Purchase Bill discounting	444.10	6,382.36
Unsecured Loans from related parties	-	100.00
Total	38,988.82	22,051.30



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

Particulars of Borrowings

Name of Lender/Type of Loan	Rate of Interest	Nature of Security
Canara Bank/Cash Credit	13.20	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
PNB/Cash Credit	11.20	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
UBI/Cash Credit	9.30	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
Indian Bank/Cash Credit	9.30	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
HDFC Bank/Cash Credit	9.30	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
Canara Bank/WCDL	8.35	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
PNB/WCDL	8.40	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
UBI/WCDL	8.30	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
Indian Bank/WCDL	13.00	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
HDFC Bank/WCDL	8.5-8.75	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
ICICI Bank/WCDL	9.35-9.50	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.
IndusInd Bank/WCDL	8.30-9.00	First pari passu charge over land and building. It is further secured by first pari passu charge over current assets of the company. Second pari passu charge over movable fixed assets (except vehicle loan) of the company.

1. The borrowings have been guaranteed by Mr Rahul Khanna (Director) and Mr Brij Mohan Khanna (Director).
2. The total charge on all the assets of the Company on account of fund based & non-fund based facilities is INR 75,000.00 Lakhs (Previous Year INR 75,000.00 Lakhs)
3. Unsecured loans from related parties are Repayable on demand and interest is charged at 8 % per annum.



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

28 Lease liabilities - current financial liabilities

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Lease Liabilities		
Lease Liability	358.57	136.38
Total	358.57	136.38

*Refer Note 63 for changes due to prior period errors and Refer note no. 51 for details of lease liability

29 Trade Payables - current

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Total outstanding dues of Micro Enterprise and small enterprise	1,729.14	365.13
Total outstanding dues of Creditor of other than Micro Enterprise and small enterprise	15,381.94	9,223.36
Total	17,111.08	9,588.49

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	-	1,431.71	194.59	101.08	1.76	-	1,729.14
(ii) Others	-	8,443.19	6,486.79	383.26	29.63	34.88	15,377.75
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	4.20	4.20
Total							17,111.08

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	-	198.27	164.43	2.44	-	-	365.13
Others	-	7,528.20	1,591.13	64.41	35.42	-	9,219.16
Disputed dues- MSME	-	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	4.20	4.20
Total							9,588.49

The information as required to be disclosed pursuant under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) has been determined to the extent such parties have been identified on the basis of information available with the Company. Disclosure requirements as MSMED Act, 2006 has been given in note 50.

30 Other financial liabilities - current

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Interest accrued	167.88	101.05
Security deposits	459.39	161.40
Audit Fee Payable	19.34	19.50
Employee Related Payable	610.27	480.42
Expenses Payable	1,707.35	1,320.96
NPS Contribution Payable	2.40	-
Payables on Purchase of Property, Plant and Equipment and Intangible Assets	301.50	1,738.71
Total	3,268.13	3,822.04

1. Payables on Purchase of Property, Plant and Equipments and Intangible Assets includes MSME dues of INR 95.43 lakhs (Previous Year INR 203.77 lakhs)

31 Other current liabilities

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Advance received from customers	328.53	1,328.62
Deferred revenue	108.77	108.77
Statutory dues payable		
ESI & EPF	56.96	58.51
CGI	10.20	80.80
Income Tax (TDS/TCS)	141.96	251.70
Labour Welfare Fund Payable	1.84	1.83
Professional Tax Payable	2.60	2.43
Total	650.86	1,838.72



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

32 Provisions - current

Rs. in Lakhs

Particulars	As at	
	31 March 2025	31 March 2024
Provision for employee benefits		
Gratuity	106.77	125.19
Leave Encashment	21.79	24.71
Total	128.56	149.90

33 Current Tax Liabilities, net

Rs. in Lakhs

Particulars	As at	
	31 March 2025	31 March 2024
Current Tax Liabilities, net	-	926.25
Total	-	926.25

34 Revenue From Operations

Rs. in Lakhs

Particulars	For Year ended	
	31 March 2025	31 March 2024
Sale of products		
Manufactured Goods	1,84,452.13	2,11,786.71
Traded Goods	228.99	-
Sale of services	4,508.03	4,756.51
Other operating revenues		
Export Incentives	39.96	61.20
Scrap Sale	801.08	721.91
Total	1,90,030.19	2,17,326.33

Revenue from contracts with customers disaggregated based on nature of products

Rs. in Lakhs

Particulars	For Year ended	
	31 March 2025	31 March 2024
Finished Goods		
- Paper	84,497.88	1,04,859.55
- Newsprint	43,144.00	50,812.05
- Board	66,668.49	68,162.30
Traded Goods	228.99	-
Supply of Services	4,487.14	4,756.51
Total	1,99,026.49	2,28,590.41

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 March 2025	31 March 2024
Total Revenue from Contract with Customers	1,99,026.49	2,28,590.41
Less: Rebates and Discounts	-9,837.34	-12,047.20
Add: Scrap Sale	801.07	721.91
Add: Income from Export Incentives	39.96	61.20
Total	1,90,030.19	2,17,326.33

Reconciling the amount of revenue recognised in the statement of profit and loss disaggregated based on Geography

Rs. in Lakhs

Particulars	For Year ended	
	31 March 2025	31 March 2024
In India	1,85,397.29	2,11,255.98
Outside India	4,632.90	6,070.35
Total	1,90,030.19	2,17,326.33



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

Reconciling the amount of revenue recognised on Timing

Rs. in Lakhs

Particulars	For Year ended 31 March 2025		For Year ended 31 March 2024	
	At a point in Time	Over a Period of time	At a point in Time	Over a Period of time
	Total Revenue from Contract with Customers	1,99,026.49	-	2,28,590.41
Less: Rebates and Discounts	-9,837.34	-	-12,047.20	-
Add: Scrap Sale	801.07	-	721.91	-
Add: Income from Export Incentives	39.96	-	61.20	-
Total	1,90,030.19	-	2,17,326.33	-

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

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024	For Year ended 31 March 2025	For Year ended 31 March 2024
	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				
Total	-	-	-	-

Contract balances

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Trade Receivables	21,970.04	13,425.42
Contract Assets- Unbilled Revenue	-	-
Contract Liabilities	-	-
Advances from customers	-328.53	-1,328.63
Total	21,641.51	12,096.79



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

35 Other Income Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Interest Income		
On Bank Deposits	243.48	229.29
On other Financial Assets	44.64	39.83
Allowance for Bad Debts	5.57	22.18
Commission Received	61.69	95.00
Fair value gain on financial classified at fair value through P&L	6.35	21.46
Gain/Loss On Cancellation Of Hedging Contracts	3.86	108.70
Insurance Claims	2,385.92	286.77
Miscellaneous Income	108.78	243.08
Rental Income	5.40	11.34
Total	2,865.69	1,057.65

36 Cost of materials consumed Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Raw Material consumed		
Opening stock	17,242.62	6,452.39
Purchases	1,38,014.82	1,37,775.74
Adjustment	1,783.40	-
Less: Closing stock	18,781.34	17,242.62
Total	1,38,259.50	1,26,985.51
Total	1,38,259.50	1,26,985.51

37 Purchases of Stock-in-Trade Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Stock in trade	212.77	-
Total	212.77	-

38 Changes in inventories of finished goods, Stock in Trade and work in progress Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Opening stock		
Finished Goods	1,324.28	5,936.18
WIP	363.74	757.04
Process Waste	0.51	-
Less: Closing Stock		
Finished Goods	5,744.01	1,324.28
WIP	1,931.11	363.74
Process Waste	-	0.51
Total	-5,986.59	5,004.69



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

39 Employee benefits expense

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Salaries and wages	7,092.47	7,797.85
Contribution to provident and other fund	394.63	363.50
Gratuity and Leave Encashment (Refer Note 46)	243.86	279.70
Staff welfare expenses	197.18	180.57
Total	7,928.14	8,621.62

40 Finance costs

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Interest expenses		
On Borrowings from Related Parties	3.46	8.00
On Security Deposits	157.56	138.84
On term loan - Capex	1,115.68	586.62
On term loan - Property Loan	-	57.44
On term loan - Vehicle Loan	1.76	3.10
On Working Capital Borrowing	2,032.09	1,893.75
Others	94.61	32.15
Unwinding of Discount on Lease	168.81	153.83
Other borrowing costs	267.65	243.41
Total	3,841.62	2,917.14

The weighted average rate for capitalization of interest relating to general borrowings was approximately 8.60% and 8.58% for the years ended March 31, 2025 and March 31, 2024, respectively.

The borrowing costs capitalized during the period on qualifying assets (property plant and equipment) is INR 502.69 Lakhs and INR 572.83 Lakhs for the years ended March 31, 2025 and March 31, 2024, respectively.

41 Depreciation and amortisation expense

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Depreciation on Property, Plant and Equipments	6,475.08	5,749.94
Amortisation of Intangible Assets	8.99	12.19
Amortisation of Right of Use Assets	356.10	305.59
Total	6,840.17	6,067.72

42 Other expenses

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Auditors' Remuneration (Refer Note 47)		
Statutory Audit	17.00	17.00
Tax Audit	4.50	7.50
Commission	1,868.67	1,467.63
Freight outward	6,069.61	6,282.60
Insurance	480.91	522.68
Loss on sale of property, plant and equipment - (Net)	145.34	1.57
Net loss on foreign currency translation	3.54	21.68
Professional fees	1,235.97	910.92
Rent	0.41	250.16
Repairs to buildings	537.52	324.11
Repairs to machinery	574.92	818.67
Repairs others	919.31	882.53
Rates and taxes	32.31	25.05
Travelling Expenses	397.02	417.53
Other Expenses	520.70	416.40
Allowances made/(reversed) for Trade Receivables(net)	-5.05	111.80
Consumption of Stores & Spares	5,194.81	6,480.54
Impairment loss of other Financial Asset	-	114.27
Other Bank Charges	52.60	78.87
Packing Charges	3,737.72	3,822.73
Power, Coal & Water	25,073.88	27,797.75
Total	46,861.69	50,771.79



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

Consumption of stores and spare parts

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Consumption of Stores & Spares consumed		
Opening stock	7,741.15	6,979.47
Purchases	27,968.35	49,097.32
Adjustment	-	-
Less: Closing stock	8,491.76	7,741.15
Total	27,217.74	48,275.65
Packing Material consumed		
Opening stock	292.41	533.26
Purchases	3,730.42	3,581.87
Adjustment	-	-
Less: Closing stock	285.11	292.41
Total	3,737.72	3,822.73
Total	79,464.65	1,20,263.85

43 Tax expenses

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Current tax		
Current year tax expense	-	6,478.08
Rectification of excess provision of tax relating to prior years	-324.46	-
Deferred tax	400.75	-56.63
Total	76.29	6,421.45

Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Profit before tax	-7,060.30	17,810.32
Statutory income-tax(Normal Tax)	34.94%	34.94%
Tax expense at statutory income tax rate	-	6,223.71
Tax effect of		
Previous year taxes	-324.46	-
Net Tax impact of expenses which are not allowed under Income tax act	-	271.84
Effect of deduction under section 80 G	-	-17.47
Others	400.75	-56.63
Income tax expense recognised in the statement of profit and loss	76.29	6,421.45

44 OCI that will not be reclassified to P&L

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Remeasurements of the defined benefit plans		
Re-measurement (gain)/loss on defined benefit plans	61.06	-223.59
Exchange differences on translating the investments in Foreign Subsidiary	2.07	0.86
OCI Income tax of items that will not be reclassified to P&L		
Re-measurement (gain)/loss on defined benefit plans	-21.33	78.12
Total	41.80	-144.61



KHANNA PAPER MILLS LIMITED

Notes forming part of the Standalone Financial Statements

45 Earning per share

				For Year ended 31 March 2025	For Year ended 31 March 2024
Particulars					
Profit attributable to equity shareholders	A	Rs. in Lakhs		-5,288.82	11,388.87
Weighted average number of Equity Shares for Basic EPS	B	Nos.		2,65,37,945	2,65,37,945.00
Face value per equity share (Rs)		Rs		10.00	10.00
Earnings per share basic (Rs)	C	(A/B)	Rs	-19.93	42.92
Weighted average number of Equity Shares for Basic EPS					
Add/(less): Adjustment for Dilution				-	-
Weighted average number of Equity Shares for Diluted EPS	D			2,65,37,945	2,65,37,945.00
Face value per equity share (Rs)		Rs		10.00	10.00
Earnings per share diluted (Rs)	E	(A/D)	Rs	-19.93	42.92

46 Defined Benefit Plans

(i) Gratuity

Changes in the present value of the defined benefit obligation in respect of Gratuity (unfunded) Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Defined Benefit Obligation at beginning of the year	1,012.54	694.45
Current Service Cost	121.65	115.13
Interest Cost	72.80	51.11
Actuarial (Gain) / Loss	-61.06	223.59
Benefits Paid	-43.47	-71.74
Defined Benefit Obligation at year end	1,102.46	1,012.54

Reconciliation of present value of defined benefit obligation and fair value of assets Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Present value obligation as at the end of the year	1,102.47	1,012.54
Short term provision	106.76	125.18
Long term provision	995.71	887.36

Expenses recognized in Profit and Loss Account Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Current service cost	121.65	115.13
Interest cost	72.80	51.11
Total expense recognised in Profit and Loss	194.45	166.24

Amount recognized in Other Comprehensive Income Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Net actuarial loss/(gain) recognized during the year	-61.06	223.59
Total amount recognized in Other Comprehensive Income	(61.06)	223.59

Actuarial assumptions

Particulars	As at 31 March 2025	As at 31 March 2024
Discount Rate	6.93%	7.19%
Expected Rate of increase in Compensation Level	10.00%	10.00%
Mortality Rate	100% of IALM (2012 - 14)	100% of IALM (2012 - 14)
Retirement Age	60	58
Attrition at Ages-Withdrawal Rate	12.50% p.a.	13% p.a.

Sensitivity Analysis Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
A. Discount Rate		
0.50% Increase	-32.97	-27.79
0.50% decrease	34.88	29.30
B. Future salary increases		
0.50% Increase	32.56	27.44
0.50% decrease	-31.29	-26.44

Rs. in Lakhs



Expected Cash Flows	As at 31 March 2025	As at 31 March 2024
0 to 1 year	106.76	125.18
1 to 2 year	134.81	125.32
2 to 3 year	121.52	119.86
3 to 4 year	117.76	104.40
4 to 5 year	99.28	90.21
5 to 6 year	84.84	69.15
6 year onwards	437.49	378.42
Total Expected benefit payments	1,102.46	1,012.54

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 in respect of Compensated Absences

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Defined Benefit Obligation at beginning of the year	172.37	101.44
Current Service Cost	44.32	47.18
Interest Cost	12.39	7.47
Actuarial (Gain) / Loss	-7.31	58.81
Benefits Paid	-44.87	-42.53
Defined Benefit Obligation at year end	176.90	172.37

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

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Present value obligation as at the end of the year	176.90	172.37
Amount classified as:		
Short term provision	21.79	24.71
Long term provision	155.11	147.66

Expenses recognized in Profit and Loss Account

Rs. in Lakhs

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Current service cost	44.32	47.18
Interest cost	12.39	7.47
Net actuarial loss/(gain) recognized during the year	-7.31	58.81
Total expense recognised in Profit and Loss	49.41	113.46

Actuarial assumptions

Particulars	As at 31 March 2025	As at 31 March 2024
Discount Rate	6.93%	7.19%
Increase in Compensation Cost	10.00%	10.00%
Mortality Rate	100 % of IALM (2012 - 14)	100 % of IALM (2012 - 14)
Retirement Age	60	58
Attrition At Ages-Withdrawal Rate	12.50% p.a.	13.00% p.a.
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

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
A. Discount Rate		
0.50% Increase	-6.33	-5.64
0.50% decrease	6.74	6.04
B. Future salary increases		
0.50% Increase	6.51	5.82
0.50% decrease	-6.19	-5.55



Expected Cash Flows

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
0 to 1 year	21.79	24.71
1 to 2 year	21.29	20.87
2 to 3 year	18.17	19.47
3 to 4 year	17.18	16.23
4 to 5 year	14.40	13.46
5 to 6 year	12.09	11.19
6 year onwards	72.04	66.43
Total Expected benefit payments	176.90	172.36

47 Auditors' Remuneration

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	For Year ended 31 March 2025	For Year ended 31 March 2024
Payments to auditor as		
- Statutory Audit	17.00	17.00
- for Tax Audit- F.Y. 24-25	3.50	-
- for Tax Audit- F.Y. 23-24	1.00	2.50
- for Tax Audit- F.Y. 22-23	-	2.50
- for Tax Audit- F.Y. 21-22	-	2.50
- for Certifications	0.35	0.96
Total	21.85	25.46

48 Contingent Liabilities

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Claims against the Company not acknowledged as debt		
- In respect of custom matters	209.11	234.59
- In respect of excise matters	322.54	322.53
In respect of service tax matters	115.89	115.89
In respect of Legal matters	-	7.62
In respect of Income Tax matters	5.80	5.80
In respect of GST matters	181.64	-
Total	834.98	686.43

49 Commitments

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Capital Commitments*	3,734.65	2,841.39
Outstanding Bank Guarantees	1,085.25	1,887.97
Unexpired letter of credits	1,453.50	811.44
Total	6,273.40	5,540.80

* Capital commitment are without adjusting the advance payment made

50 Micro and Small Enterprises

Rs. in Lakhs

Particulars	As at 31 March 2025		As at 31 March 2024	
	Principal	Interest	Principal	Interest
Amount Due to Supplier	1,824.57	-	568.90	-
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.	-	-	-	-

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.

1. Amount due to suppliers includes Trade Payables amounting to INR 1729.14 lakhs (Previous Year INR 365.13 lakhs) and Payable on Purchase of Property, Plant and Equipments and Intangible Assets amounting to INR 95.43 lakhs (Previous Year 203.77 lakhs)



51 Disclosure regarding Leases as per Ind AS 116- 'Leases'

A Assets taken on Lease

The Company has leases for building, plant & equipments and land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Current lease liabilities	358.57	136.88
Non current lease liabilities	1,387.57	1,746.14
Total	1,746.14	1,882.52

The movement in Lease Liability is as follows:

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Balance at the beginning	1,882.52	-
Addition during the year	189.45	2,021.39
Finance cost accrued	168.81	153.83
Payment of lease liabilities	-494.65	-292.70
Total	1,746.14	1,882.52

Contractual Lease Liabilities on undiscounted basis as follows

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Future minimum rental payables under non-cancellable operating lease		
- Not later than one year	498.56	494.65
- Later than one year and not later than five years	1,389.23	1,716.84
- Later than five years	270.00	441.65

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due

Rental expenses recorded for short-term leases and low value leases is Rs. 375.67 lakhs during year ended March 31, 2025 (March 31, 2024 Rs. 388.12 Lakhs).

52 Segment Reporting

Business Segment

The Company is primarily engaged in the business of manufacture of Paper, News Print and Paper Board, along with business of commodity trading and hospitality. 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 business.

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	As at 31 March 2025			As at 31 March 2024		
	External	Intersegment	Total	External	Intersegment	Total
Revenue						
Manufacturing Business	1,92,666.89		1,92,666.89	2,18,378.04		2,18,378.04
Commodity Trading	228.99		228.99	-		-
Hospitality and Real Estate				5.94		5.94
Total Revenue	1,92,895.88	-	1,92,895.88	2,18,383.98	-	2,18,383.98
Result						
Manufacturing Business	-5,202.60		-5,202.60	18,275.19		18,275.19
Commodity Trading	16.22		16.22	-398.57		-398.57
Hospitality and Real Estate	-26.15		-26.15	-66.31		-66.31
Total Segment Result	-5,212.53	-	-5,212.53	17,810.32	-	17,810.32
Operating Profit			-5,212.53			17,810.32
Profit before tax			-5,212.53			17,810.32
Provision for current tax			-324.46			6,478.08
Provision for deferred tax			400.75			-56.63
Profit for the period			-5,288.82			11,388.87

* Total Revenue includes other income

Rs. in Lakhs

Particulars	Segment Assets		Segment Liabilities	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Manufacturing Business	1,53,180.01	1,37,286.59	84,075.73	62,961.45
Commodity Trading		-		-
Hospitality and Real Estate	2,303.41	2,329.56		-
Total	1,55,483.42	1,39,616.15	84,075.73	62,961.45
Total assets/liabilities	1,55,483.42	1,39,616.15	84,075.73	62,961.45

Rs. in Lakhs

Particulars	Capital Expenditure		Depreciation		Non-cash expenses other than depreciation	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
	Manufacturing Business	6,935.22	18,366.91	6,814.02	6,038.87	-5.05
Commodity Trading		-		-		
Hospitality and Real Estate			26.15	28.84		
Total	6,935.22	18,366.91	6,840.17	6,067.72	-5.05	225.87

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
	Revenue by Geographical Market	
In India	1,85,397.29	2,11,255.98
Outside India	4,632.90	6,070.35
Total	1,90,030.19	2,17,326.33
Carrying Amount of Segment Assets		
In India	1,55,397.94	1,38,228.04
Outside India	65.48	83.41
Total	1,55,463.42	1,38,311.44
Addition to Property, Plant and Equipment		
In India	12,529.54	12,166.08
Total	12,529.54	12,166.08

Information about major customers No single customer contributed 10% or more to company's revenue for both financial year 2024-25 and 2023-24



53 Related Party Disclosure

(i) List of Related Parties

	Relationship
Mr. Rahul Khanna	Managing Director
Mr. Brij Mohan Khanna	Whole Time Director
Mrs. Shivani Khanna	Non- Executive Director
Mrs. Renu Khanna	Whole Time Director
Mr. Manpreet Singh	Whole Time Director
Mr. Dhimant Singh	Whole Time Director
Mr. SVR Krishnan	Whole Time Director
Mr. Sunil Kumar Shah	Ex-CFO
Mrs. Priyanka	Company Secretary
Mr. Kamal Garg	Independent Director
Mr. Rakesh Sethi	Independent Director
Mr. Gurjot Singh Narang	Ex-Independent Director
Mr. Narender Sharma	Independent Director
Mr. Anurag Saxena	Ex-CFO
Mr. Saurabh Khanna	Relative of KMP
Ms. Siya Khanna	Relative of KMP
Khanna Fiber Private Limited	Wholly owned Subsidiary
Khanna Paper Inc.	Wholly owned Subsidiary
Grownd Realty Private Limited	Wholly owned Subsidiary
Grownd Crew Private Limited	Wholly owned Subsidiary
Brij Mohan Khanna HUF	Entity under control of KMP
SRN Recycling Private Limited	Entity under control of KMP
Shore To Shore Logistics India Limited	Entity under control of KMP
Samvira LLP	Entity under control of KMP
Dstressme Bravehearts LLP	Entity under control of KMP
New Lane Trading LLP	Entity under control of KMP
Ciena Beverages Private Limited	Entity under control of KMP
Tulika Exim And Tradecomm LLP	Entity under control of KMP
Blinkofanai Advisors LLP	Entity under control of KMP
Machino Polymers Limited	KMP-Influenced Entities
Machino Polymers India Private Limited	KMP-Influenced Entities
Trucap Finance Limited	KMP-Influenced Entities
J. K. Cement Limited	KMP-Influenced Entities
Heritage Finlease Limited	KMP-Influenced Entities
Khanna Paper DMCC	KMP-Influenced Entities



(ii) Related Party Transactions

Rs. in Lakhs

Particulars	Relationship	For Year ended 31 March 2025	For Year ended 31 March 2024
Remuneration			
- Mr. Rahul Khanna	Managing Director	366.37	362.83
- Mr. Brij Mohan Khanna	Whole Time Director	453.34	601.12
- Mr. Manpreet Singh	Whole Time Director	79.04	44.40
- Mr. Dhimant Singh	Whole Time Director	108.00	82.50
- Mr. SVR Krishnan	Whole Time Director	130.00	75.11
- Mrs. Renu Khanna	Whole Time Director	40.00	120.00
- Mr. Saurabh Khanna	Relative of KMP	-	398.57
- Mr. Sunil Kumar Shah	Ex-CFO	49.87	-
- Mrs. Priyanka	Company Secretary	12.81	12.41
Rent Paid			
- Mr. Rahul Khanna	Managing Director	120.00	100.80
- Mrs. Shivani Khanna	Non- Executive Director	-	97.20
- Brij Mohan Khanna HUF	Entity under control of KMP	-	82.50
Purchase of Land			
- Mr. Rahul Khanna	Managing Director	-	311.22
Reimbursement of expenses			
- Mr. Manpreet Singh	Whole Time Director	1.00	-
- Mr. Dhimant Singh	Whole Time Director	1.00	-
- Mr. SVR Krishnan	Whole Time Director	0.63	-
- Mr. Anurag Saxena	Ex-CFO	-	0.91
- Khanna Fiber Private Limited	Wholly owned Subsidiary	-	132.48
- Shore to Shore Logistics India Limited	Entity under control of KMP	0.03	9.25
Sitting Fees			
- Mrs. Shivani Khanna	Non- Executive Director	8.00	3.00
- Mr. Kamal Garg	Independent Director	9.50	1.00
- Mr. Rakesh Sethi	Independent Director	10.25	4.00
- Mr. Narender Sharma	Independent Director	10.50	4.00
- Mr. Gurjot Singh Narang	Ex-Independent Director	3.25	3.50
Interest Paid			
- Mrs. Shivani Khanna	Non- Executive Director	3.46	8.00
Unsecured Loan repayment			
- Mrs. Shivani Khanna	Non- Executive Director	100.00	-
Professional Marketing Services			
- Ms. Siya Khanna	Relative of KMP	-	6.00
Professional charges			
- Mr. Anurag Saxena	Ex-CFO	-	29.93
Purchase of Goods			
- Khanna Paper Inc.	Wholly owned Subsidiary	6.98	2,090.88
- Khanna Paper DMCC	KMP-influenced Entities	-	26.81
Charges Recovered			
- Khanna Paper Inc.	Wholly owned Subsidiary	-	7.32
Investment in Debentures			
- Grownd Realty Private Limited	Wholly owned Subsidiary	-	5,985.82
- Khanna Fiber Private Limited	Wholly owned Subsidiary	-	665.00
Loan Given			
- Grownd Realty Private Limited	Wholly owned Subsidiary	-	50.00
Sale			
- SRN Recycling Private Limited*	Entity under control of KMP	1.14	6.45



(iii) Related Party Balances

Rs. in Lakhs

Particulars	Relationship	As at 31 March 2025	As at 31 March 2024
Advances for Property, Plant and Equipment and Intangible Assets			
- Mrs. Renu Khanna	Whole Time Director	3,797.83	3,797.83
Unsecured Loan			
- Mrs. Shivani Khanna	Non- Executive Director	-	100.00
Trade Receivable			
- SRN Recycling Private Limited	Entity under control of KMP	32.96	22.42
- Shore to Shore Logistics India Limited	Entity under control of KMP	0.02	13.08
Other Receivables			
- Khanna Fiber Private Limited	Wholly owned Subsidiary	23.85	23.85
- Mr. Rahul Khanna	Managing Director	-	0.95
- Mr. Saurabh Khanna	Relative of KMP	14.89	14.89
Advance to vendor			
- Khanna Paper Inc.	Wholly owned Subsidiary	46.25	44.34
Investment			
- Grownd Realty Private Limited	Wholly owned Subsidiary	12,486.82	12,486.82
- Grownd Crew Private Limited	Wholly owned Subsidiary	1.00	1.00
- Khanna Fiber Private Limited	Wholly owned Subsidiary	1,486.00	1,486.00
- Khanna Paper Inc.	Wholly owned Subsidiary	85.48	83.41
Loan Given			
- Grownd Realty Private Limited	Wholly owned Subsidiary	50.00	50.00
Salary Payable			
- Mr. Sunil Kumar Shah	Ex-CFO	4.42	-
-Mrs. Priyanka	Company Secretary	0.92	0.78

(iv) Employee Benefits for Key Management Personnel

Particulars	For Year ended 31 March 2025	For Year ended 31 March 2024
Short Term Employee Benefits	1,280.93	1,742.36
Total	1,280.93	1,742.36

SRN Recycling Private Limited ceased to be a related party from May 22, 2024 correspondingly transactions upto the said period are mentioned above and balance is given as at March 31, Mr. Sunil Kumar Shah held position as CFO wef September 5, 2024 till 30th June 2025.

54 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.

A. Financial Assets and Liabilities

Rs. in Lakhs

Particulars	As at 31 March 2025			As at 31 March 2024		
	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI
Assets Measured at						
Investments	-	88.23	85.48	-	81.87	83.41
Trade receivables	21,970.04	-	-	13,425.42	-	-
Cash and cash equivalent	439.13	-	-	1,933.47	-	-
Other bank balances	5,143.69	-	-	2,815.57	-	-
Loans	50.00	-	-	50.00	-	-
Other financial assets	3,404.94	-	-	1,419.57	-	-
Total	31,007.80	88.23	85.48	19,644.03	81.87	83.41
Liabilities Measured at						
Borrowings	53,739.43	-	-	37,835.74	-	-
Trade payables	17,111.08	-	-	9,588.49	-	-
Lease liabilities	1,746.14	-	-	1,882.52	-	-
Other financial liabilities	5,359.86	-	-	5,829.13	-	-
Total	77,956.51	-	-	55,135.88	-	-

*Investment in subsidiaries carried at cost in Investment-Non-Current in note 7 represents investments in equity shares and optionally convertible zero coupon debentures of subsidiaries which are carried at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures". Hence, the same have been excluded from the above table.



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 March 2025			Total
	Level 1	Level 2	Level 3	
Financial Assets				
Investment				
Mutual Funds	-	88.23	-	88.23
	-	88.23	-	88.23

Particulars	As at 31 March 2024			Total
	Level 1	Level 2	Level 3	
Financial Assets				
Investment				
Mutual Funds	-	81.87	-	81.87
	-	81.87	-	81.87

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 take action.

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:

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Borrowing bearing fixed rate of interest	7,434.38	6,506.94
Borrowing bearing variable rate of interest	46,305.06	31,328.81
Total	53,739.44	37,835.75

(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.

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Interest Rate - Increase by 50 basis points	13.20	10.30
Interest Rate - Decrease by 50 basis points	-13.20	-10.30

(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	Current year Amount in Rs.	Previous year FC	Previous year Amount in Rs.
Trade Receivables	USD	3.36	290.33	1.73	140.69
Other Financial Assets	USD	17.28	1,493.29	25.87	2,131.00
Other Financial Assets	EUR	2.95	274.39	9.44	834.44
Other Financial Assets	SEK	0.63	4.90	-	-
Trade Payables	EUR	1.70	153.40	0.45	39.58
Trade Payables	GBP	-	-	0.66	71.10
Trade Payables	USD	46.40	4,024.53	62.50	5,234.57
Other Financial Liabilities	USD	0.10	8.73	0.01	0.45
Total		72.42	6,249.57	100.66	8,451.83

(ii) Sensitivity Analysis

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
INR/USD - Increase by 5%	-20.90	-21.72
INR/USD - Decrease by 5%	20.90	21.72

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 March 2025	As at 31 March 2024
Cash and Cash Equivalents	439.13	1,933.47
Bank balances other than above	5,143.69	2,815.57
Other receivables	21,970.04	13,425.42
Loans	50.00	50.00
Other financial assets	3,404.94	1,419.57
Total	31,007.80	19,644.03

(iii) Trade Receivable

For Trade receivables ageing refer note 13.

(a) Concentration of Trade Receivables:

Revenue from top customer is 5.85 % (Previous Year 4.13 %), hence none of the customers qualify to be in the disclosure bracket.
Revenue from top five customers is 19.86 % (Previous Year 17.65 %)

(iv) Expected Credit Losses:

The allowance for lifetime expected credit loss on Trade Receivables for the year ended March 31, 2025 was INR (5.05) Lakhs

Movement in ECL on Trade receivables

Rs. in Lakhs

Particulars	As at 31 March 2025	As at 31 March 2024
Balance at the beginning of the year	211.07	99.46
Loss Allowance measured at life time expected credit loss	-5.05	111.60
Balance at the end of reporting period	206.02	211.07

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	21,895	5,123	3,954	22,768	53,739
Trade Payables	17,111	-	-	-	17,111
Other Financial Liabilities	5,360	-	-	-	5,360
Lease Liability	359	392	429	567	1,746
Total	44,724	5,515	4,383	23,334	77,957

For Previous Year

Rs. in Lakhs

Particulars	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Borrowings	22,040	5,169	5,067	5,560	37,836
Trade Payables	9,588	-	-	-	9,588
Other Financial Liabilities	5,829	-	-	-	5,829
Lease Liability	326	359	392	606	1,683
Total	37,784	5,527	5,459	6,366	55,136



E. Capital Management

The Company's objectives when managing capital are to:

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:

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Total Borrowings	53,739.43	37,835.74
Less: Cash and cash equivalents	439.13	1,933.47
Net Debts (A)	53,300.30	35,902.27
Total Equity (B)	71,407.66	76,654.70
Capital Gearing Ratio (A/B)	0.75	0.47

55 Disclosure as per Section 186(4) of Companies Act, 2013-Loans

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Opening Balance	50.00	-
Loans given during the year	-	50.00
Loans repaid during the year	-	-
Total	50.00	50.00

*The loan is given to its wholly owned subsidiary, namely Grownd Realty Private Limited, for the purpose of its principal business activities.

56 Disclosure as per Section 186(4) of Companies Act, 2013-Investments

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Investment in Subsidiaries		-
Opening balance	14,057.23	7,405.54
Investment during the year		6,650.82
Exchange difference	2.07	0.87
Investment sold during the year		-
Total	14,059.30	14,057.23

57 Loans and Advances given to Related Parties

Type of Borrower	Rs. in Lakhs			
	As at 31 March 2025		As at 31 March 2024	
	Amount outstanding	% of Total	Amount outstanding	% of Total
Wholly Owned Subsidiary	50	100.00%	50	100.00%
Total	50	100.00%	50	100.00%

*The loan is given to its wholly owned subsidiary, namely Grownd Realty Private Limited, for the purpose of its principal business activities without specifying any terms or period of repayment.

58 Security of Current Assets Against Borrowings

The Company has availed various borrowings from financial institutions and banks during the reporting period. In accordance with the terms of these borrowings, certain current assets have been offered as security.

As per the amended Schedule III of the Companies Act, 2013, companies are required to disclose whether borrowings from banks or financial institutions are secured by current assets and whether the quarterly returns or statements of current assets filed with banks are in agreement with the books of accounts.

The Company confirms that the quarterly returns/statements filed with banks are in agreement with the books of accounts. Any discrepancies, if any, are duly reconciled and disclosed.

Reconciliation between Current Assets as per Quarterly statement filed with Bank and Current Asset as per Books of Account

Particulars	Rs. in Lakhs			
	Q1 2024-25	Q2 2024-25	Q3 2024-25	Q4 2024-25
Current Assets as per Quarterly Return filed with Bank	26,639.73	34,292.48	42,519.00	45,089.12
Add:	-	-	-	-
Less:				
Difference in Inventory Valuation	-	-	-	194.39
Difference in Inventory Valuation - Goods in Transit	-	-	-	331.01
Provision for Diminution of Value of Obsolete Inventory	66.61	-	60.71	-
Difference in Value of Trade Receivables	-	-124.32	-	138.86
Difference in Value of Trade Payables	-	-	-	-
Current Assets as per Books of Account*	26,573.12	34,416.80	42,458.29	44,424.86

* Current Assets only includes value of Inventory, Trade Receivables (net of advances from customers) and Trade Payables (net of advances to vendors)



59 Registration of Charge

During the financial year 2024-25, the Company has repaid certain secured borrowings in full, resulting in the satisfaction of corresponding charges. However, the intimation of satisfaction has not yet been filed with the Registrar of Companies (RoC) as required under Section 82 of the Companies Act, 2013.

However the intimation of satisfaction of charge shall be filed with the Registrar of company in term of section 82 of the companies act, once NOC/satisfaction letter will be received from banks.

The redressal is at bank's end and shall be affected upon receipt of approval for cancellation of duplicate charges registered by bank.

Particulars for delay in Registration of Charge

Particulars	Registrar Office	Delayed Period	Reason for Delay
Canara Bank	ROC gurgaon	More than one year	Require to be satisfied as on date, request for satisfaction given to bank
Hdfc Bank Limited	ROC gurgaon	More than one year	Require to be satisfied as on date, request for satisfaction given to bank
Icici Bank Limited	ROC gurgaon	More than one year	Require to be satisfied as on date, request for satisfaction given to bank
Indian Bank	ROC gurgaon	More than one year	Require to be satisfied as on date, request for satisfaction given to bank
Indusind Bank Ltd.	ROC gurgaon	More than one year	Require to be satisfied as on date, request for satisfaction given to bank
Kotak Mahindra Bank Limited	ROC gurgaon	More than one year	Require to be satisfied as on date, request for satisfaction given to bank

50 Ratio Analysis

Particulars	Numerator/Denominator*	As at	As at	Change in %	Reasons
		31 March 2025	31 March 2024		
(a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.20	1.38	-12.91%	
(b) Debt-Equity Ratio	$\frac{\text{Total Debts}}{\text{Equity}}$	0.75	0.49	52.47%	Increase in Debt due to decrease in profitability
(c) Debt Service Coverage Ratio	$\frac{\text{Earning available for Debt Service}}{\text{Interest + Installments}}$	0.90	4.13	-78.18%	Decrease in profitability due to cyclical decrease in sale price in paper industry without corresponding cost decrease
(d) Return on Equity Ratio	$\frac{\text{Profit after Tax}}{\text{Average Shareholder's Equity}}$	-7.14%	16.03%	-144.56%	Decrease in profitability due to cyclical decrease in sale price in paper industry without corresponding cost decrease
(e) Inventory turnover ratio	$\frac{\text{Total Turnover}}{\text{Average Inventories}}$	6.11	9.13	-33.07%	Increase in Inventory and Trade Receivables at year end in current year as compared to previous year is due to periodic plant shutdown in March 24
(f) Trade receivables turnover ratio	$\frac{\text{Revenue from operation}}{\text{Average Trade Receivable}}$	10.74	11.40	-5.81%	
(g) Trade payables turnover ratio	$\frac{\text{Total Purchases}}{\text{Average Trade Payable}}$	12.73	15.06	-15.47%	
(h) Net capital turnover ratio	$\frac{\text{Total Turnover}}{\text{Average Working Capital}}$	14.07	14.47	-2.79%	
(i) Net profit ratio	$\frac{\text{Net Profit}}{\text{Total Turnover}}$	-2.78%	5.24%	-153.11%	Decrease in profitability due to cyclical decrease in sale price in paper industry without corresponding cost decrease
(j) Return on Capital employed	$\frac{\text{Earning before interest and taxes}}{\text{Closing Capital Employed}}$	-1.06%	17.56%	-106.05%	Decrease in profitability due to cyclical decrease in sale price in paper industry without corresponding cost decrease
(k) Return on investment	$\frac{\text{Return on Investment}}{\text{Total Investment}}$	1.30%	1.47%	-11.48%	

*Reference Details

Current Assets = Total current assets as shown in the balance sheet (i.e. sum of Note 11 to 18)

Current Liabilities = Total Current Liabilities as shown in the balance sheet (i.e. sum of Note 27 to 33)

Total Debts = Borrowings_Non current Liabilities + Borrowings_Current Liabilities (i.e. sum of Note 21 & 27)

Equity = Total Equity as shown in balance sheet (i.e. sum of Note 19 & 20)

Earnings available for Debt Service = Profit/(Loss) before tax as reduced by Depreciation and amortisation expense & Finance Costs as shown in P&L (i.e. PBT(as per P&L) less Note 40 & 41)

Interest + Installments = Finance cost as shown in P&L + Current maturities of Long Term Borrowings (i.e. Note 40 + Current maturities component of Note 27)

Profit after Tax = PAT as shown in P&L

Average Shareholder's Equity = (Opening Total Equity + Closing Total Equity (as shown in balance sheet))/2

Total Turnover = Revenue From operations as shown in P&L (i.e. Note 34)

Average Inventories = (Opening inventory + Closing inventory (as shown in balance sheet))/2 (Note 11)

Average Trade Receivable = (Opening Trade Receivables + Closing Trade Receivables (as shown in balance sheet))/2 (Note 13)



Total Purchases = Purchases as per Note 36 (COMC) + Purchases as per Note 37 + Purchases as per Note 42 (Stores and Spares & Packing Material)
Average Trade Payable = (Opening Trade Payable + Closing Trade Payable (as shown in balance sheet))/2 (Note 29)
Average Working Capital = Total Current assets (As defined above) - Total Current liabilities (As defined above)
Net Profit = Profit after tax as shown in P&L
Earning before interest and taxes = Profit/Loss Before Tax as shown in P&L plus Finance cost
Closing Capital Employed = Borrowings Current + Borrowings Non Current + Total Equity + Deferred Tax Liabilities (Net) (i.e. sum of Note 27, 21, 19, 20 & 25)
Return on Investment = Interest Income + Any Gain/Loss on Change in value of investment or restatement of foreign subsidiary
Total Investment = Fixed deposits with banks + Investment in Mutual funds + Investments in subsidiaries (Equity/Debentures) (i.e. Note 15 & Bank deposits with more than 12 months maturity component Note 9 + Investments Non current (Note 7) + Investments Current (Note 12)

61 CSR Expenditure

Particulars	Rs. in Lakhs	
	As at 31 March 2025	As at 31 March 2024
Amount required to be spent by the company during the year	235.77	116.00
Amount of expenditure incurred	151.12	205.18
Total of previous years shortfall/ (excess)	-88.89	0.30
Net shortfall/ (excess) at the end of the year	-4.24	-88.89
Details of related party transactions, e.g., contribution to a section 8 company controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	-	-
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	-	-

In 2024-25:

Nature of CSR activities

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 company has spent on following activities

In 2024-25:

- Promoting health care including preventive health care
- Skill Development
- Sports Promotion
- Environment Sustainability
- Poverty Eradication
- Rural Development
- Availability of Drinking Water

In 2023-24:

- Eradicating hunger
- Promoting health care including preventive health care
- Making available safe drinking water
- Promoting education
- Promoting Animal Welfare
- Promoting Social Welfare
- Providing relief for flood victims
- Measures for the benefit of defence personnel
- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports
- Measures to support or benefit the underprivileged people
- Providing support to Ex-Servicemen and families

62 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 2024-25 and 2023-24.

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

Disclosure has been given under Note No. 56 & 57

(v.) Capital work In progress:

Refer Note no. 4

(vi.) Intangible Assets under Development

Refer Note no. 6

(vii.) 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.

(viii.) 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.

(ix.) 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.

(x.) 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 2024-25 and 2023-24.

(xi.) 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 2025.



(xii.) 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 2024-25 and 2023-24.

(xiii.) 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.

(xiv.) 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.

(xv.) 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

(xvi.) Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto or Virtual Currency during Financial Year 2024-25 and 2023-24.

63 Changes due to Prior Period Errors

During the preparation of the financial statements for the year ended 31 March 2025, the Company identified that one lease contract entered into during FY 2023-24 was omitted from accounting under Ind AS 116 – Leases. This resulted in the understatement of Right-of-Use (ROU) assets, Lease liabilities, Depreciation, Finance costs, interest income on ROU of Security Deposit and a corresponding impact on Retained Earnings as at 31 March 2024.

The error has been corrected retrospectively in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, by restating the comparative financial information for FY 2023-24.

Impact of Restatement

(a) Impact on Balance Sheet (as at March 31, 2024)

Rs. in Lakhs			
Particulars	As previously reported as at 31 March 2024	Adjustment	Restated as at 31 March 2024
Right of Use Assets	1,054.62	766.07	1,820.69
Lease liabilities - Non Current	-872.10	-874.04	-1,746.14
Lease liabilities - Current	-105.53	-30.85	-136.38
Security Deposits	1.07	-0.06	1.01
Retained Earnings	52,958.26	-138.88	52,819.38

(b) Impact on Statement of Profit and Loss (for the year ended March 31, 2024)

Rs. in Lakhs			
Particulars	As previously reported for the year ended 31 March 2024	Adjustment	Restated for the year ended 31 March 2024
Depreciation on ROU Assets	106.06	199.53	305.59
Finance Costs (Interest on Lease Liabilities)	63.13	90.70	153.83
Interest Income (Interest on Security Deposit)	-0.01	-0.00	-0.01
Rent Expenses (Cash Flow Effect)	-141.34	-151.36	-292.70
Profit After Tax	11,527.75	-138.88	11,388.87

(c) Impact on Statement of Changes In Equity (for the year ended March 31, 2024) - Retained Earnings

Rs. in Lakhs			
Particulars	As previously reported	Adjustment	Restated
Opening Balance	41,430.52	-	41,430.52
Profit for the year	11,527.75	-	11,527.75
Changes due to Prior Period Errors	-	-138.88	-138.88
Closing Balance	52,958.26	-138.88	52,819.38



64 Contingent Assets

The Company had lodged an insurance claim of about ₹180 Crores, out of which ₹103 Crores was received in 2013. Pursuant to arbitral proceedings and subsequent directions of the Hon'ble Delhi High Court, the Company received ₹17 Crores during FY 2023-24, which has been recognised in the financial statements. The Company has also sought modification of the Court's order for inclusion of interest on the ₹17 Crores received, as the earlier arbitral award had granted interest and the Court's order did not expressly set aside such entitlement.

The claim of ₹ 36.17 Crores together with related interest of Rs 44.16 cr is currently under litigation/appeal, and the inflow of economic benefits will depend upon the outcome of such proceedings. In accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets", no asset has been recognised in respect of this balance claim, and the same has been disclosed as a contingent asset.

65 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 & on Behalf of
Nimish Nagpal & Company
Chartered Accountants
FRN: 023104N

Nimish Nagpal
Partner 515749
UDIN: 25515749BMSCKF4931



For and on behalf of Board of Directors,
KHANNA PAPER MILLS LIMITED

Mandeep Singh
Whole Time Director
DIN: 00370447

Priyanka
Company Secretary

Place: Amritsar
Date: September 27, 2025

Rahul Khanna
Managing Director
DIN: 00067173

Ashish Kumar Jain
Chief Financial Officer

Place: Amritsar
Date: September 27, 2025

