



TRUSTED LEGACY

Marching ahead to build a Sustainable future



ANDHRA PAPER LIMITED

57th Annual Report

2020-21

The journey of Andhra Paper has been marked by remarkable milestones. Over the years, we've witnessed great achievements and successful endeavours –creating a lasting legacy of strength and endurance.

Since our inception, we have focused on acquiring unique skills. Along the way, we have focused on keeping our values intact and learning from our experiences. Today, we have emerged as one of the foremost players in our industry. With a diverse product portfolio, ability to innovate and introduce advanced solutions, we have consistently satisfied stakeholder requirements.

We also understand our responsibility towards the natural environment. We, therefore, strive to reduce emissions, improve the forest cover, reduce waste, increase energy efficiency and adopt methods to reuse and recycle resources. Our relentless emphasis on creating a financially stable and environmentally sustainable organisation motivates us to explore better avenues of growth and sustain our quest for excellence – as we march ahead to build a sustainable future.

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WE ARE ANDHRA PAPER



One of India's oldest and largest integrated paper and pulp manufacturers, Andhra Paper Limited is catering the needs of its customers in Domestic and International markets with its innovative, sustainable and recyclable products

We believe in 'Customer First' approach and continue to march on the path to the creation of more value for our customers. We strive to achieve highest level of customer satisfaction and our ability to deliver 'right products for right applications' at cost effective price stands as a testimony to the fact. We also invest in sustainable business growth and innovate products that enable us to reduce our customer's environmental footprints.



Vision:

To become the top performing and most respected Paper Company in India



Performance for the year 2020-21

Rs. 88,675 lakh

Revenue from operations

Rs. 7,170 lakh

EBITDA

Rs. (460) lakh

PAT

164,408 MTs

Paper Production

175,659 MTs

Sales volume



Values:

- ❖ We fulfil our commitments with the highest ethical standards
- ❖ We focused on superior results to create value for our shareholders
- ❖ We are responsible towards our environment and our community



Business Objectives:

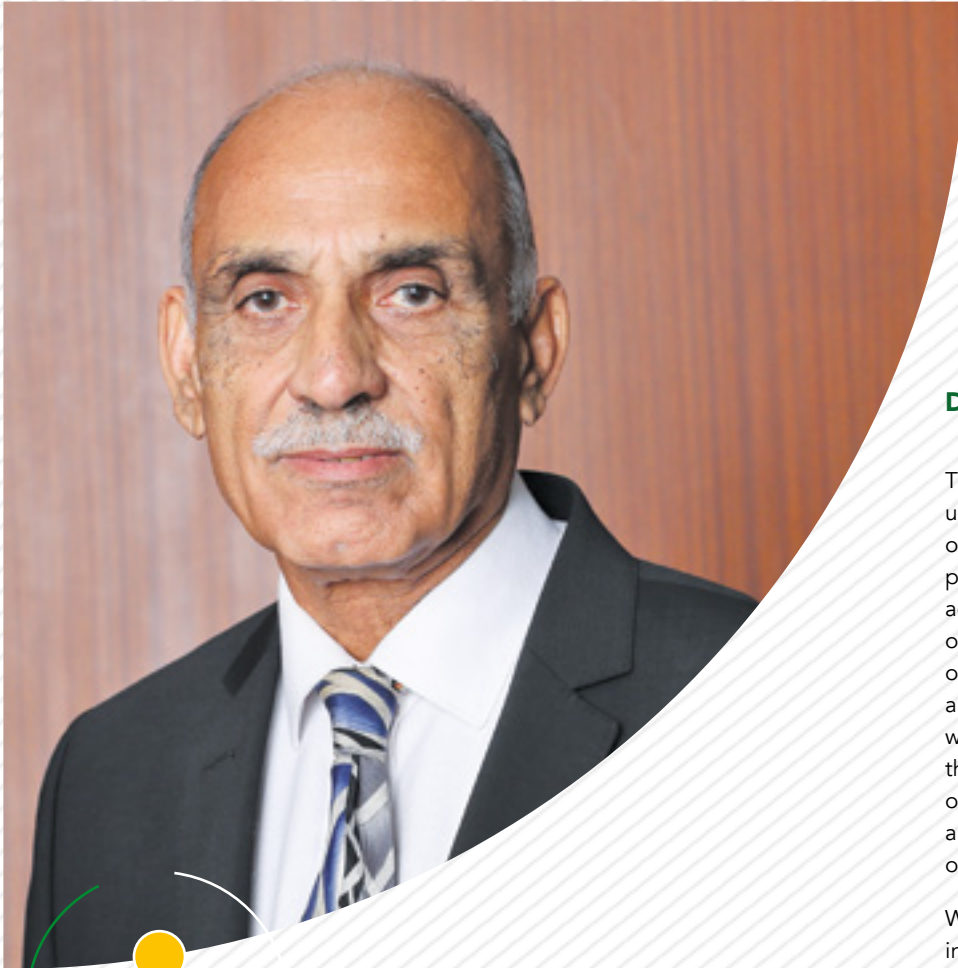
- ❖ Meet our financial objectives
- ❖ Become the preferred choice of customers
- ❖ Create a great place to work



Operating Principles:

- ❖ Achieve world class productivity
- ❖ Become the low cost producer
- ❖ Customer support excellence
- ❖ Grow in profitable segments
- ❖ Create a performance culture

MESSAGE FROM THE CHAIRMAN



Shree Kumar Bangur

Chairman & Managing Director



At APL, we are committed to a series of long-term goals and we plan to accomplish them with courage and agility.

Dear Shareholders,

The year 2020 was marked by unprecedented challenges. Our way of life changed like never before and people were compelled to adapt and adjust to new realities. The resilience of our business model and our values of Performance, Care and Integrity allowed our people to come together with a real sense of purpose. Although the COVID-19 pandemic is far from over, the Group remains strategically and operationally poised to take the organisation ahead.

We believe, every realm of society is interconnected - including communities, the environment, businesses, institutions and governments. In this context, organisations like us play a crucial role for enabling responsible change. If, in the past, the main purpose of organisations was to generate shareholder value, now the focus has changed towards sustainable development. Keeping our sustainability initiatives at the core of our operations, we remain committed to build a better future.

Despite the disruptions caused by the Covid-19 pandemic in the first quarter of the year under review, we have remained resilient and continued operations with great courage and determination. In the final quarter of FY 2021, we pushed hard to increase our standalone quarterly revenue to INR 36,666.41 lakh from INR 28,423.53 lakh in the year ago



We continue to align our actions to our 'Vision 2030' sustainability goals, founded on 3 important aspects - Sustaining fibre source, investing in people and improving the planet.

period. Although the pandemic is yet to subside and a devastating second wave continue to take a heavy toll on human lives, we are prepared to learn from our experiences and lay the trajectory for future growth.

Sustainable by Design

We are driven by an overarching zeal to contribute towards a better world with the manufacturing of products that are sustainable by design. We strive to innovate new methods to efficiently reduce our environmental footprints and deliver exceptional paper products. Our endeavours are also focused on making a difference to lives.

Our focus on environmental sustainability is not just a statutory obligation but, encompass a greater responsibility towards the planet. Since our paper products are largely derived from trees, we concentrate on sustaining the fiber source with a dedicated forestry program that generates more wood than we consume. Our investments towards responsible farm forestry allows us to sustain a healthy and productive forest ecosystem.

Moreover, awareness about environmental sustainability continue to encourage demand for sustainable and efficient products that generate lesser amounts of waste. Our customers seek answers from us, especially due to our

domain knowledge and expertise in delivering a wide range of sustainable, fit-for-purpose primary and secondary packaging material, made with paper (where possible) and plastic (when useful).

Our social sustainability initiatives are centred around education, community engagement, health and wellness. In times of crisis, a strong culture underpinned by the right values is important for supporting a flexible and collaborative approach. Delivering on our sustainability agenda is a strategic and operational imperative – empowering us to address challenges and initiate meaningful transformations within our areas of existence. We continue to align our actions to our 'Vision 2030' sustainability goals, founded on 3 important aspects - Sustaining fibre source, investing in people and improving the planet. With our sights set on formidable goals and objectives, I look forward with tremendous faith in APL to achieve our vision for business growth, sustainability and responsibility to encourage paper conservation.

We continue to promote a safety culture within the organisation and are proud to uphold the highest standards of safety for all our employees. Even during the COVID-19 pandemic, we ensured the physical and mental well-being of our people. Our teams worked efficiently to keep up the safety performance of APL.

At APL, we are committed to a series of long-term goals and we plan to accomplish them with courage and agility. Despite the challenges faced in the last year, I remain optimistic about FY2021-22 and in every crisis, we strive to find an opportunity. It's time to review our course, make adjustments, and prepare for a different and better future. Waves of growth and recession have shaped human lives since the beginning of time. But, we must be prepared to weather any storm, always learning from our experiences and improving our capabilities.

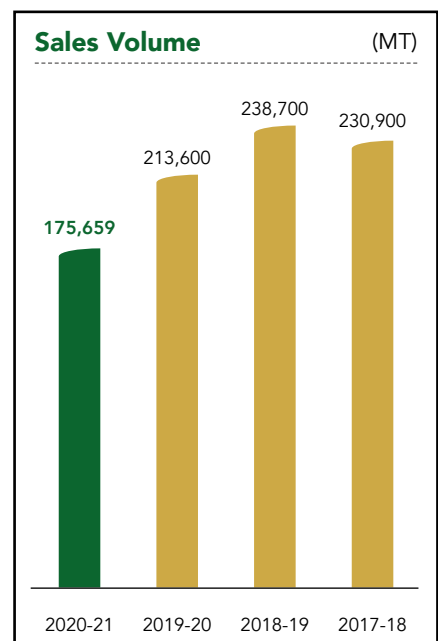
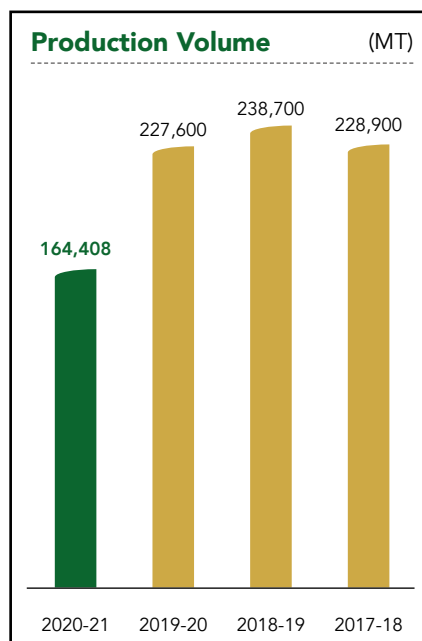
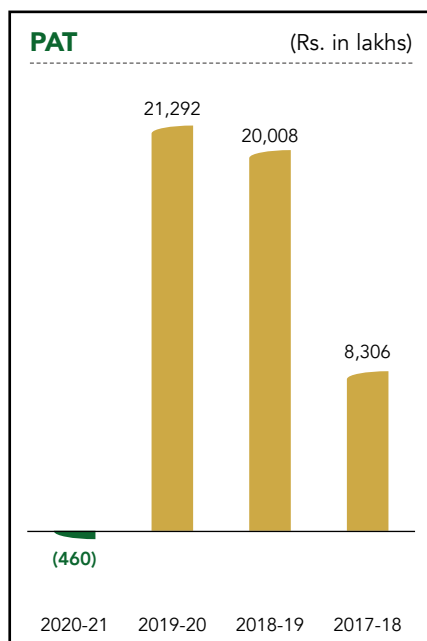
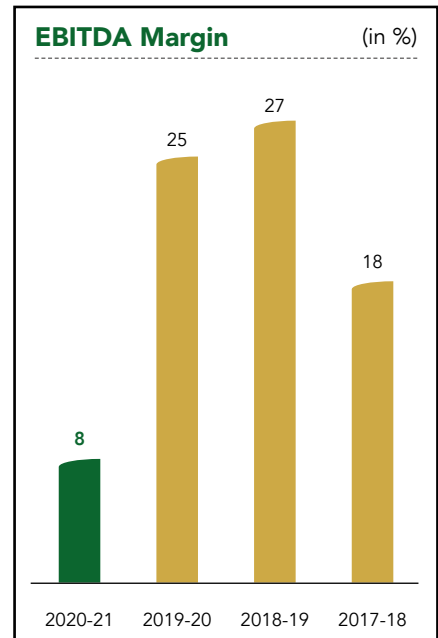
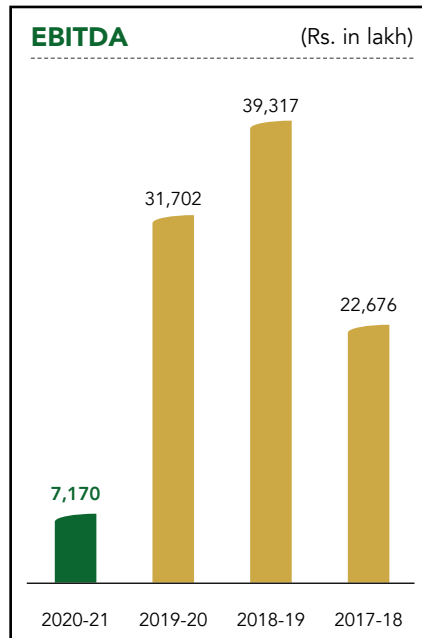
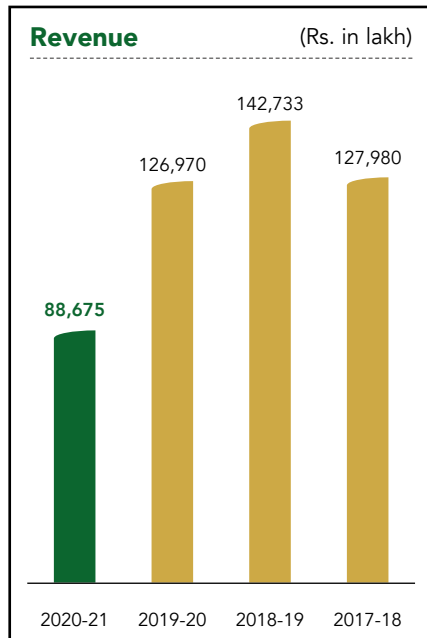
I would like to express my gratitude towards our people for their relentless efforts and their untiring zeal to take Andhra Paper to newer heights of success. I am also thankful to all our stakeholders – our dealers, suppliers, strategic partners, shareholders and the community at large for bestowing their trust in us. With rapid transformations, we remain committed to excel and prosper, resting on our enthusiasm to build a better tomorrow and chart new frontiers of excellence.

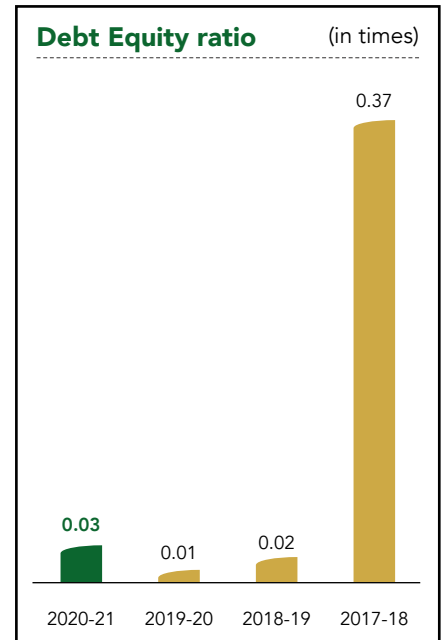
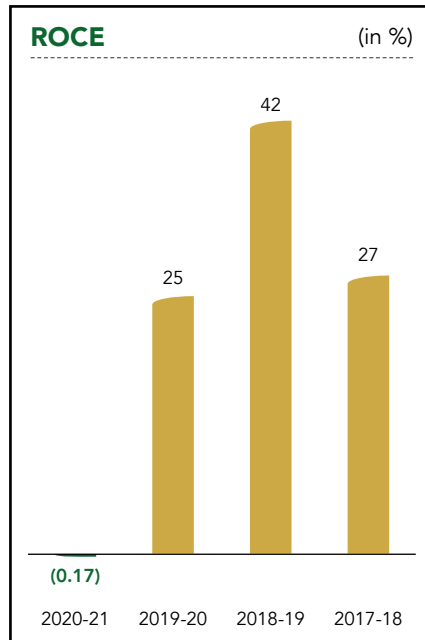
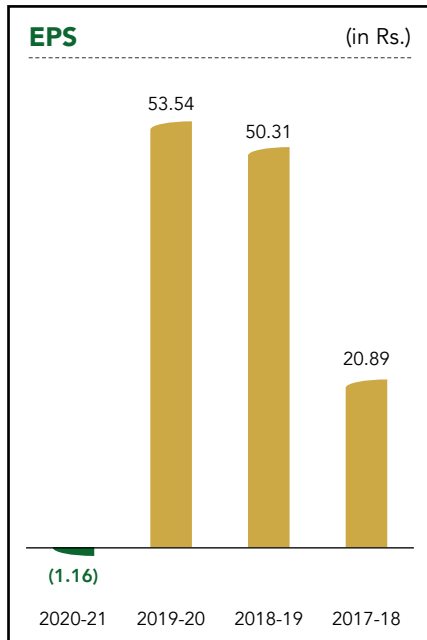
Warm Regards,

Shree Kumar Bangur
Chairman & Managing Director

MAKING STEADY PROGRESS

Key Financial and Operational Highlights





OUR SUSTAINABLE PRODUCT OFFERING

At Andhra Paper, we are focused on offering low carbon and sustainable products to our customers that are based on finite resources. We combine our expertise and local resources to create innovative, sustainable and recyclable products that not only meets the requirement of our customers but exceeds their expectations.

Writing and Printing

We produce and offer a wide range of papers for businesses and home uses through our signature brands including PRIMAVERA, PRIMAVERA WHITE, SKYTONE, White Choice, STARWHITE and CCS.



End uses:



Journals



Text books



Reference books



Notebooks



Calendars



Diaries

Copier

We produce and offer an array of diverse office documentation and multi-purpose papers from economy to premium grades which are suited for both personal and commercial use. We leveraged Elemental Chlorine Free (ECF) Pulp technology to produce superior quality and high brightness and premium multi-purpose paper. We offer our products through various well-renowned brand Reflection.

Application:

- ❖ High Volume photo copying
- ❖ Used in all types of Laserjet, Inkjet printers & Fax machines
- ❖ High quality colour printing



Specialty

We produce and offer specialty grade products that are customised to suit specific and diverse range of applications. Through our offerings we ensure superior converting performance, excellent finish quality and good aesthetic appeal.

Application:

- | | |
|--------------------------------|--------------------------|
| ❖ Wedding Card Inserts | ❖ Detergent Cake Wrapper |
| ❖ Invitations | ❖ Paper Cups |
| ❖ Poster Printing | ❖ Cupstock Bottom |
| ❖ Card Covers / Envelopes | ❖ Thermal Paper |
| ❖ Other Packing Solutions | ❖ Carbonless Paper |
| ❖ Soap Wrapper (Outer Wrapper) | ❖ Chromo Paper |



HOW WE CREATE VALUE

Inputs



Financial Capital

97,522 lakh

Shareholders fund



Human Capital

4,843

No. of total employees

2,974

No. of temporary employees



Social Capital

Rs. 418 lakh

CSR spent



Manufacturing Capital

2,41,000 MT Paper Capacity

2 manufacturing locations

Rs. 95,085 lakh

Plant, Property & Equipment



Natural Capital

571 lakh

Saplings & Seedlings distributed through Farm-Forestry initiatives

Rs. 1,615 lakh

Spent on Environment initiatives

Inspired PERFORMANCE

Sustaining

Innovative PRODUCTS

SDGs Covered

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION

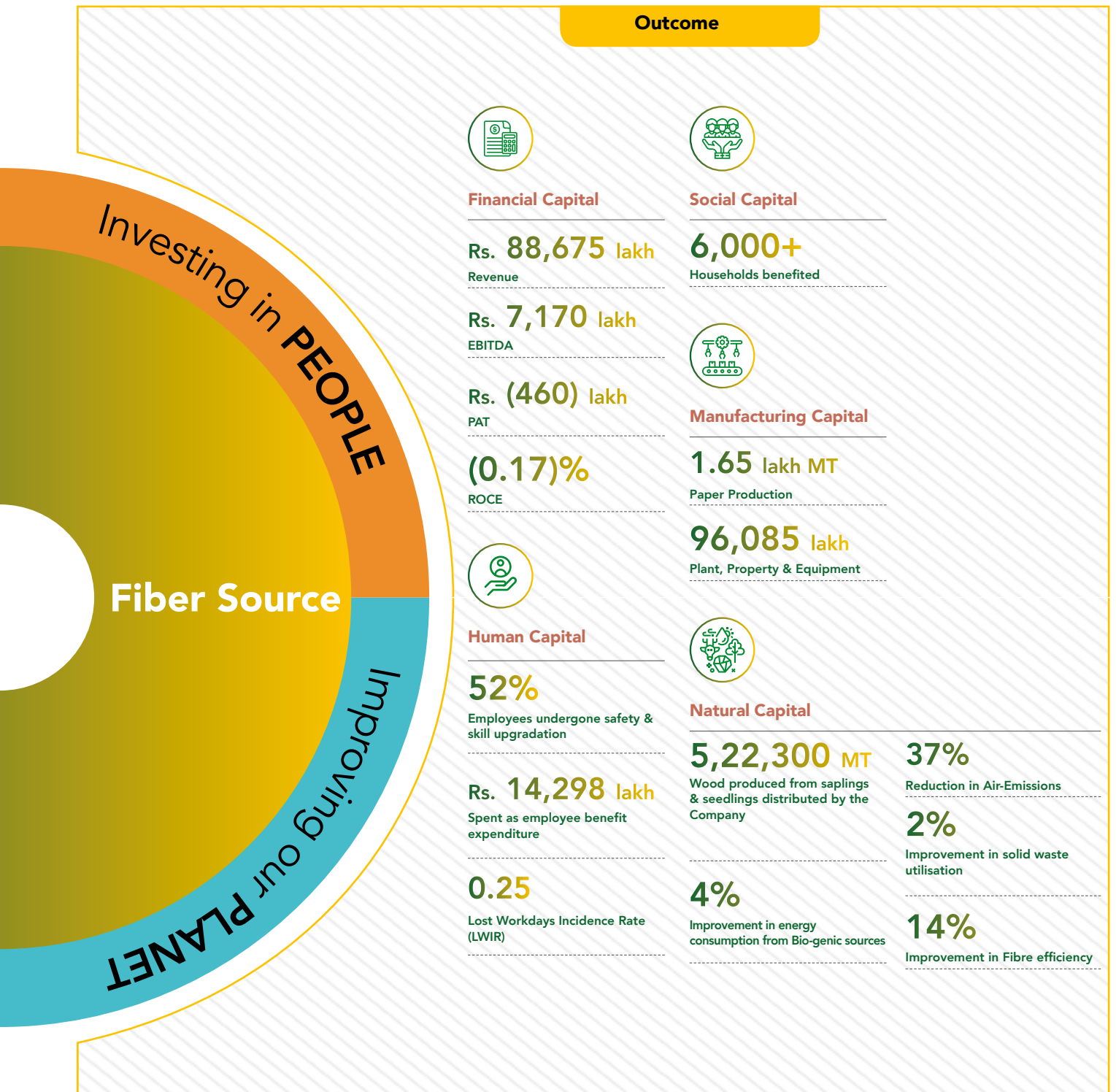


7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH





BUILDING A STRONG WORKFORCE

At Andhra Paper, we believe that our human resources are the key to our success. Thus, we constantly invest towards building our human resource by attracting and retaining diverse and talented people. We constantly emphasize on creating and maintaining a safe and inclusive work environment in which our employees have the opportunities to develop, expand their knowledge and reach their full potential.

4,843

Employees across our operation

2,567

Employees undergone Safety & Skill Up-gradation training



Health & Safety

We hold the safety of our employees as the important aspect of our core functionality and have taken the best possible measures to ensure their well-being and security. Our leadership team has put in place commendable safety programs which emphasises on constant training & certifications. Our employees are consistently provided with the tools and facilities to empower themselves and be responsible for their own safety and of their colleagues. For our operating staff including mill employees and workmen, we focused on safe isolation for which we developed a robust safety programme.

We are regularly updating and maintaining our safety systems, making sure that there are no irregularities. We break down our safety priorities and rationalise whether each of them are still relevant or need to undergo a change of outlook. As the way of life for all of us varies over time, we are also adding new processes which reflect these changes and adjust them to suit our current needs for health and safety.





Employee engagement

The Company's agenda for engaging and developing its employees includes initiatives to attract, develop and retain talent. The key focus areas include diversity and inclusion, succession planning, developing a talent pool for critical positions, quality of life programs and leadership development.

The Company has taken a professional approach to industrial relations. The

Company continued to treat people with dignity and respect as well as upheld important principles of labour relations.

Manufacturing system

Our Manufacturing Excellence (ME) system provides operating frame work for improving efficiency and productivity of our operations and covers all aspects of the company resources such as

Environment, Health, Safety, People, Cost reduction, Reliability and Capital. To achieve the operational excellence, we train and certify expertise in techniques using 6-Sigma, Lean, RCFA and process improvement. We have ~76 certified green and black belts who take on improvement projects to make our operations better, while another ~64 trained yellow belts inculcate lean culture into everyday practices.

SUSTAINABILITY AT CORE

At Andhra Paper, we are committed to ensure responsible use of natural resources and protection of the environment. Over the years, we have strived to continuously reduce our environmental footprint and ensure efficient use of scarce resources while protecting ecosystem and the natural habitat.

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Our method

- ❖ Conserve water resources to ensure availability for desired uses by recycling techniques
- ❖ Reduction of solid and other landfill wastes by reuse, recycling and give to beneficial end users for their manufacturing usages.
- ❖ Regular checks, evaluation and monitoring of environmental performance indicators.
- ❖ Establishment and effective implementation of ISO Quality and Environmental Management systems.

Farm-Forestry

Our Company's farm forestry program generates more wood on the earth than we consume; in fact, at more than double the rate of consumption. Our

investment towards responsible farm forest stewardship ensures a healthy and productive forest eco-system.

The Company has begun execution of its fiber strategy to increase procurement within a radius of 150 KM of the mills. In this direction, the Company initiated partnerships with leading forestry institutions to complement its forestry R&D program. The Company is committed to increase farmers' income by increasing per unit yield from their pulpwood plantations.

Research and development

Our research and development projects have helped in ensuring higher survival percentage of seedlings, higher productivity per unit area and reduction in the rotation cycle. In order to be environmentally-friendly, we have eliminated the traditional practices of polybag nursery techniques, and other low cost planting techniques have been introduced. Your company has also introduced high yielding, disease resistant Casuarina clonal saplings, which ensures additional silvicultural gains for the farmers. The clonal research activities have been extended to the mill catchment areas of Andhra Pradesh in order to meet the growing demand of the beneficiaries.



Our Sustainability Targets for 2030

At Andhra Paper, we remain committed in our endeavour to reduce carbon footprint and contribute to building a sustainable future. As one of India’s largest pulp and paper manufacturers, we recognize our environmental responsibilities. Aligned to our long-term goals, we embarked upon an ambitious journey to identify global trends and material issues that impact our business. Our long term sustainability goals termed as “Vision 2030 Goals” are built around our key growth drivers:

- (a) Sustaining fiber source
- (b) Investing in people and
- (c) Improving our planet

Our goals to reduce / improve on key parameters by 2030

20%
Energy

15%
Efficient Quality

30%
Water Stewardship

6%
Solid waste

20%
GHG emissions

75%
Fiber efficiency

34%
Air Emissions



OUR RESPONSIBLE INITIATIVES

At Andhra Paper, we strive to accomplish the inclusive development of our communities through our CSR initiatives. We are continually refining our programs and seeking opportunities to make a positive impact in the communities where we operate. Social development initiatives of the company are carried out predominantly in and around the mills at Rajahmundry and Kadiyam.

The triple bottom line of the company are Planet-Profits-People, wherein People is not limited to our employees, customers, shareholders but includes members of our community - because of whom we are, will be!





CSR Vision

To make positive contributions to communities around the Company's manufacturing facilities and farm forestry areas.



CSR Mission

To address and engage in the areas of



Education



Health & Wellness



Community Engagement



CSR Goal

To continue to impact our community in a positive way leading to inclusive growth and development. To be seen by every community member as an asset to the town and village where our Mills are functioning – not just as an employer but as a responsible corporate citizen.

Key Highlights for FY2020-21

6000 + households

Number of families benefitted through the CSR initiatives

15 villages and 1 town

Number of villages and towns impacted through our CSR initiatives

9,29,681 kilo litres

(i.e. 2547 kilo litres / day)

of Safe drinking water supplied to communities under social accountability

Contributions to the Community during Covid-19 pandemic

Due to the impact of the Covid-19 pandemic, many communities were adversely affected and requiring relief. Being a responsible citizen, we did our part to uplift the communities during these challenging times.



Rs. 21 lakh

Worth of essential food material supplied to the needy at Rajahmundry

Rs. 10 lakh

Donated to East Godavari District Collector to undertake COVID-19 relief measures

BOARD OF DIRECTORS



Mr. Shree Kumar Bangur
Chairman & Managing Director



Mr. Virendraa Bangur
Vice Chairman



Mr. Praveen P. Kadle
Independent Director



Mr. Adhiraj Sarin
Independent Director



Mr. Sudarshan V. Somani
Independent Director



Mr. Arun Kumar Sureka
Independent Director



Mr. Rajendra Jain
Non-Executive Director



Ms. Veni Mocherla
Independent Director



Mr. Saurabh Bangur
Joint Managing Director



Mr. Anish T. Mathew
Director - Commercial &
Chief Financial Officer

LEADERSHIP TEAM



Mr. Anish T. Mathew
Director - Commercial &
Chief Financial Officer



Mr. Atanu Chakrabarti
Sr. Vice President
(Sales & Supply Chain)



Mr. Sura Reddy Mallidi
Sr. Vice President (Mill Operations)



Mr. Sreenivas Pamidimukkala
Vice President (Information Technology)



Mr. Shyam Srivastava
Vice President (Purchase & Forestry)



Mr. Aravind Matta
Company Secretary &
Vice President (Corporate Affairs)

CORPORATE INFORMATION

Registered Office

Rajahmundry – 533 105
East Godavari District
Andhra Pradesh, India
Phone: +91 883 247 1831 to 1834
Fax: + 91 883 246 1764

Works

Unit: RAJAHMUNDRY

Rajahmundry – 533 105
East Godavari District,
Andhra Pradesh, India
Phone: + 91 883 247 1831 to 1834
Fax: + 91 883 246 1764

Unit: KADIYAM

Industrial Area,
M R Palem – 533 126
Kadiyam Mandalam,
East Godavari District,
Andhra Pradesh, India
Phone: +91 883 245 4651
Fax: +91 883 245 3538

CIN: L21010AP1964PLC001008

Statutory Auditors

Deloitte Haskins & Sells,
Chartered Accountants,
Hyderabad

Cost Auditors

Narasimha Murthy & Co.,
Cost Accountants,
Hyderabad

Internal Auditors

KPMG,
Chartered Accountants,
Hyderabad

Secretarial Auditors

D. Hanumanta Raju & Co.,
Company Secretaries,
Hyderabad

Corporate Office

Krishe Sapphire Building,
8th Floor, 1-89/3/B40 to 42/KS/801,
Hi-tech City Main Road,
Madhapur,
Hyderabad – 500081
Telangana, India
Phone: +91 40 6810 1200
Fax: +91 40 6810 1255

www.andhraper.com

Bankers

State Bank of India
Axis Bank Limited
HDFC Bank Limited
Standard Chartered Bank

MANAGEMENT DISCUSSION & ANALYSIS

Forward looking statements

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

Global Economy

The year 2020 has been an unparalleled year in modern times. The COVID-19 pandemic impacted human life extensively across the globe, and led to curtailment of economic activities, the impact of which has resulted in significant contraction of the global economy. The slowdown across economies witnessed in 2019 exacerbated further in 2020 by the shock delivered by the pandemic. As a result, the global GDP is believed to have contracted by ~3.3% in 2020, with all major economics moving into

negative territory. The economic upheaval could have been much more severe had it not been for the timely response from central banks and governments globally. The supportive measures undertaken by governments, globally, ensured easy availability of funding and support for both private and public consumption. This support has been instrumental in the recovery in the last two quarters of the calendar year as compared to the significant contractions observed in the first two quarters. The sequential recovery in global trade coupled with the easy liquidity conditions have also led to a sharp rise in commodity prices, especially in the last quarter of 2020. This has been further aggravated by large-scale disruptions in the global supply chain, with shipping line capacities and container availability posing a major challenge.

Outlook

According to IMF economic outlook, April 2021 report, world GDP to expand by 6% in 2021 after contracting by 3.3% in 2020. The emerging markets and the developing countries' economy is expected to grow by 6.7% YOY, which are the major drivers for paper demand. Whereas, the developed countries' economy is expected to grow by 5.1% in 2021 after contracting by 4.7% in 2020.

Indian Economy

In line with the global economy, India witnessed major economic disruptions in FY 2020-21, as the outbreak of COVID-19 perversely impacted human health and safety of the country's inhabitants. This prompted the government to undertake one of the world's tightest lockdowns, bringing manufacturing and trade activities to a screeching halt. Prolonged lockdown exacerbated existing vulnerabilities of the country including the weakened financial

sector, private investments, liquidity constraints and consumption demand. An accommodative monetary policy from the Reserve Bank of India (RBI) and fiscal policy interventions by the central government, coupled with the gradual reopening of the economic activities from June 2020, have led to a sequential recovery in economic output. India's economy contracted during the first half of FY 2020-21, before returning to positive territory in third quarter of FY 2020-21 with a growth of 0.4 per cent. GDP had seen revival, albeit marginally, as economic activities resumed after a long and arduous lockdown and overall sentiment improved with the rollout of vaccination drive.

The recovery largely centered around the formal part of the economy. The informal players, especially the Micro, Small and Medium-sized Enterprises (MSMEs) in many industries have taken a disproportionately large hit. Inflation picked up over the year, despite the pandemic, primarily led by food inflation and higher fuel taxes. On the exchange rate front, post the initial bout of depreciation in the Indian currency in the beginning of the financial year, the currency has been relatively well supported on account of robust portfolio inflows in the economy as well as a better current account position.

Outlook

The vaccination drive across the major economies, including India, beginning last quarter of FY 2020-21 has invigorated the much-needed stimulus for a sustained recovery of economic activities across the globe. Almost all major central banks have pledged to continue an accommodative monetary stance to reinforce the economic green shoots. Coupled with the base-effect, economic growth is expected to bounce back strongly in FY 2021-22 on the global as well as the domestic front. However,

a lot would depend upon the pace of vaccination, containment of pandemic and easing the restrictions on economic activities. Given the resurgence of the virus and the spread of infections, there has been a re-imposition of restrictions on business activities in many states, which has again disrupted the demand momentum which has had in the last quarter of FY 2020-21. Adding to this, inflation in commodity prices has risen significantly since the last quarter of FY 2020-21, and continues to be on the uptrend. The uncertain demand conditions and inflationary pressure, would place strong emphasis on managing the business in a dynamic manner and altering operational priorities to suit the changing market conditions.

Despite the challenges posed by the pandemic in current year, the outlook for FY 2021-22 seems promising. This is largely attributed to mass vaccination drives, normalising business activities, the government's thrust on reviving infrastructure sector, revival in housing demand backed by historically low-interest rates, improving banking balance sheet and India's increasing prominence in the global supply chain.

Paper Industry Overview

Global Paper Industry

The global consumption of paper and paper products amounted to 399 million MT in 2020^[1]. Asia Pacific was the largest region in the global paper products market, accounting for 35% of the market in 2020. North America was the second largest region, accounting for 26% of the global market. Africa was the smallest region in the global paper products market^[2]. The global paper and pulp industry has contracted slightly over the past five years, primarily due to disrupting technology, and shift in customer demand.

Paper industry occupies a prestigious position among the various manufacturing enterprises in view of its significant contribution to the society. Role of paper in promotion of literacy & education, print media for an important source of



Role of paper in promotion of literacy & education, print media for an important source of information & knowledge and in packaging of commodities of commercial value makes it an indispensable product.

information & knowledge and in packaging of commodities of commercial value makes it an indispensable product. With the focus now shifting towards eco-friendly and sustainability, paper packaging is expected to gain traction with many countries pushing for paper packaging products over plastic packaging, which poses a significant threat to the environment. Higher recycling demand will further push the use of paper as a packaging material, with consumers and businesses looking for solutions that help in cost reduction as well as keeping the environment safe while keeping government regulations intact. The centre of paper industry is also shifting towards eco-friendlier goods and technology.

Outlook:

The demand for paper and paperboard is expected to increase steadily over the next decade, reaching approximately 461 million MT in 2030. The industry is expected to grow at CAGR of 0.8% in between 2019 to 2023. The global pulp and paper market size is projected to reach US\$ 368.10 billion by 2027^[3]. Booming eCommerce sector is expected to gain impetus for the global paper and pulp market. Demand for cut size

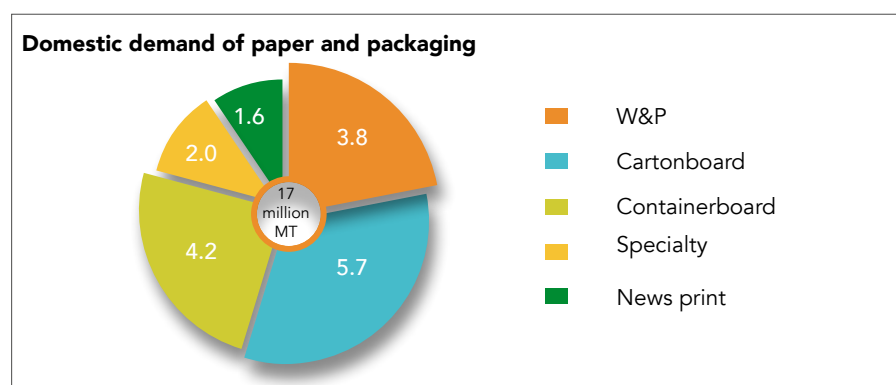
papers, away-from-home tissue and foodservice paper products at workplace will come down gradually. It will provide unprecedented possibilities in areas such as the increasing demand for personal hygiene paper products, food packaging products, corrugated packaging materials, medical specialty papers, etc.

Indian Paper Industry

Industry Capacity and Structure

The domestic demand of paper and packaging is ~17 million MT, which accounts for ~4.8% of the world's consumption. Over 50% of the global W&P market is in Asian countries and India is the 2nd largest Asian market with a total consumption of 3.8 million MT, after China with ~15 million MT.

The India paper industry segmentation comprises of Writing & Printing (W&P), Cartonboard, Containerboard, Newsprint and Speciality papers. The Writing & Printing segment, in which Andhra Paper operates, accounts for ~22% of the industry capacity. This segment is growing at the rate of 3-4%. Overall, the industry has grown at the rate of 4-4.5% over a period of last 5 years.



^[1] <https://www.statista.com/statistics/1089078/demand-paper-globally-until-2030/>

^[2] <https://www.thebusinessresearchcompany.com/report/paper-products-global-market-report-2020-30-covid-19-impact-and-recovery>

^[3] <https://www.fortunebusinessinsights.com/pulp-and-paper-market-103447>

The Demand for W&P in India is dominated by the book segment and generally educational end-use such as text books using Creamwove paper. This differs from western markets where cut size still represents nearly half of W&P consumption. As the Indian economy further expands, there is likely to be some trend for the end-use to move towards those of Europe and North America. An emerging segment in India is office printing. As business activity increases this sector is growing. Maplitho and copier are the dominant grade used for office stationery and office printing. However, with accelerated shift towards digitalisation, the demand from education and corporate sector could result in lower W&P growth of 2-3% CAGR up to FY 2024-25.

The demand for paperboard segment (Carton board and Container board) is driven by consumer durables, FMCG, pharmaceuticals industry and rising penetration of e-commerce. Within paperboard, the consumer packaging segment, is expected to grow by 6-7% CAGR up to FY 2024-25, driven by multiple demand levers like FMCG, pharmaceuticals, cosmetics, apparels, ready-to-eat foods. Demand from pharmaceuticals will also be aided by increased exports and new drug launches. Further, the ban on single-use plastics is expected to augur well for the paper industry.

With good long-term growth projected for the industry, capacity utilisation is expected to go up significantly and so would be the capacity additions. Along with this, industry consolidation has gained traction over the last couple of years. With couple of stressed business liability being resolved under the Insolvency and Bankruptcy Code 2016 (IBC), couple more in the resolution process, the mergers and acquisitions are expected to increase resulting in improvement in the market position, cost synergies and improved profitability.

The long-term outlook for the Indian paper industry looks positive. The demand for paper is largely driven by:



- **Education:** Efforts to improve the primary and higher education is driving the students' enrolment and continuance of education.
- **Offices:** Printing paper usage for legal and formal documents, sticky work habits favouring paper.
- **E-commerce:** Internet penetration is creating new business models and demand for industrial packaging, consumer packaging and printing & writing paper.
- **Economic activity:** The increase in economic activity is expected to open up more avenues (Manufacturing sector, Office space) for paper demand.
- **Demographics and economy:** Increased literacy rate, telecom penetration and emerging middle class increased spending on books, magazines, online shopping, fast food consumption, pro- environment choices (plastic ban).
- **Consumerism:** Higher disposable income coupled with urbanisation is expected to drive new and different consumer behaviours and drive demand for paper products.

Industry performance in FY 2020-21

The Paper industry contracted by ~12-15%. While the Paperboard demand registered a marginal growth of 0-2%, the writing & printing segment contracted by 35-40%. The Paperboard demand was impacted due to moderation of demand from FMCG and consumer durables sectors. However, healthy demand from E-commerce and pharma sector supported the demand growth. The sharp fall in W&P demand was due to closure of schools and colleges resulting in shift to digital mode of education, lower demand from office space due to working from home, fall in advertising spends on billboards, lower demand from Government for printing materials like, dairies, festival greeting cards etc.

The demand contraction coupled with operational constraints in operating the production facilities due to Covid -19 restrictions led to significant drop in capacity utilisation. The industry operating rates was 55-60%, the lowest over the past five years. While the Paperboard players operated at higher capacities due to healthy demand, the W&P operated at 45-50% capacity.

The demand contraction and the supply overhang led to substantial decline in the price in the first three quarters, before it picked up in fourth quarter of FY 2020-21.



Over 50% of the global W&P market is in Asian countries and India is the 2nd largest Asian market with a total consumption of 3.8 million MT, after China with ~15 million MT.

Opportunities and Threats

Opportunity

In India, W&P market is expected to grow by 2-3% until 2025. The growth is expected to come mainly from cut-size and books. Demand for UFS in India is dominated by the book segment and generally educational end-use such as text books using Creamwove paper. The cut-size paper market is still foreseen to continue on fast growth track, driving the overall performance of W&P sector. The growth is expected to be the highest in cut-size among the end-uses ~3-4% per annum up to 2025 in India, mainly driven by economic / business activity and office printing.

Your Company produces writing & printing papers for foreign and domestic markets and offers a wide range of high quality specialty grade products for a diverse range of applications. These products are designed to provide outstanding performance, functional excellence and exceptional finish quality.

The well-known cut-size papers of the Company offer a wide range of office documentation and multipurpose papers, from economy to premium grades, ideal for both home and commercial use. The papers are available in best-in-class brightness and produced with elemental chlorine free (ECF) pulp technology. The range is perfect for high volume photocopying and high-quality color printing needs and engineered to run flawlessly on all types of photocopiers, laserjet and inkjet printers, fax machines.

The high growth segment of Paperboard, especially the container board, provides significant opportunity for your Company to expand into this segment. Though your Company presence in this segment is minimal, the geographical location of your Company (Fiber source), the balance sheet strength and the group patronage offers significant business opportunity to grow in this segment.

The W&P market growth allows good opportunity to augment existing capacity to support segment growth especially maplitho and copier, innovate new product offerings to support end-use application. The paperboard growth is a business opportunity which shall be the new growth driver for your Company. With the parent Company already having presence in the board segment, your Company would be able to leverage the experience and market knowledge to realise this market opportunity.

Threats

Imports of paper and paperboard

Imports of paper and paperboard from ASEAN countries (Import duty at 0%) pose a challenge to Indian paper industry. However, lower sales prices are realized in India compared to other export destinations. Domestic players who are non-integrated players have fairly weak competitiveness against potential importers. Solid competitive position can be reached via high pulp integration and competitive scale.

The India government implemented an anti-dumping duty on uncoated freesheet copy paper to prevent dumping of low priced imports to the Indian market. The anti-dumping duty has helped to ensure a competitive price for copier paper imports thus normalizing the supply demand balance. However, this did not restrict dumping of goods by a third country routed through an FTA partner country. To address the concerns, the Government had notified the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020, which came into force from 21st September 2020. These Rules (CAROTAR 2020) will apply to imports into India of goods at preferential rates of basic customs duty under free trade and other trade agreements and seek to curb the misuse of the Rules of Origin under the FTAs by requiring the importer to submit detailed information about the imported goods while importing under the claim of a preferential rate of duty. This rule will also benefit the Indian Paper industry in curbing the import of paper. The new norms have been framed with a view to checking inbound shipments of low-quality products and dumping of goods by a third country routed through an FTA partner country. These measures taken by the government resulted in reduction of imports and bringing relief to the domestic players.

Risks and Concerns

The Company is subject to many internal and external risks. It has put in place systems and processes, along with appropriate review mechanisms to actively monitor, manage and mitigate these risks.

The industry specific risks are broadly discussed below:

Risk	Risk Definition	Risk Impact (Low, Medium, High)	Risk Mitigation
Occupational Health & Safety	Occupational hazard and accidents may result in fatal injury including loss of life of our employees, workmen or contractors, apart from direct and indirect loss of production and property.	Medium/ High	The company considers health and safety as fundamentals values and strives to develop, operate and maintain accident and injury-free workplaces for the employees. Continuous efforts are being made to comply with EHSS standards with Safety Leading indicators and appropriate training with assessment protocols.
Raw Materials	Developments in the global economies affect commodity prices and crisis such as pandemic can lead to unusual surge in input prices which can affect the business of the company.	High	The company's management is cognizant of the risk from unavailability of raw materials and thereby has entered into mutually beneficial partnership with the local communities to procure fresh supply of wood required in the production. Moreover, the company took on some learnings from the pandemic wherein supply chains were disrupted across global economies. The company has revisited the inventory stocking strategy and improved its market intelligence for efficient production planning.
General Economic Factors	Political, economic or other factors that are typically beyond the organization's control may have an adverse effect on the business. Moreover, the paper industry has a positive correlation with economic growth and thereby susceptible to such risks.	High / Medium	The Company maintains a strong vigil of the global and domestic events and strives to anticipate the effect of changes in policies thereafter, in the concerned markets, to plan for adequate mitigation.
Product substitution	An accelerated trend in enterprises adopting digital communication tools, due to the pandemic induced remote working, along with narrative for paper-less organization can severely dent the business operations. Moreover, with schools and colleges shifting towards online medium, the paper business is prone to demand contraction in the new world order post covid-19 with consequent risk to the business from these segments	Medium	The company recognizes the threat potential and is deliberating on strategies related to product and marketing to address the going concern in specific segments in the future.
Cyclicality of Industry	Cyclical demand for paper could have an adverse impact on sales. The reduction in sale prices will affect APL's operations. The cyclicality of the business could depress margins or growth.	Medium	Andhra Paper has continuously rationalized and strived to improve efficiencies to lower its costs, added to its scale of operations and stepped up its volume of value-enhancing products. Efforts are being made to scale up the operations and lower the fixed costs per ton of paper to protect margins.

Risk	Risk Definition	Risk Impact (Low, Medium, High)	Risk Mitigation
Foreign exchange risk	Risks associated with foreign exchange transactions particularly during imports such as trade payables, credit notes, trade receivables etc., could lead to loss of financial business if left unaddressed.	Medium	The company has a dedicated team of professionals who consistently monitor financial markets and leverage on various hedging instruments along with their risk coverage as a mitigation strategy.
Credit Risk	The risk arises if a customer is unable to fulfill its contractual obligations of a financial transaction to which it is a party. This could lead to stress in cash flow management and loss of revenue	Medium	The company has put in place a mechanism wherein all financial transactions entered into by the company is regularly monitored and updated. Necessary interventions are taken in anticipation of any event which could hurt company's business.
High competition and threat from imports	There is increased competition from manufacturers and addition to capacities by many of them will add to pressures in the market. It's a highly competitive field with several peers seeking to improve their market presence.	High	Andhra Paper has grown into one of the most competitive producers of pulp and paper, and with its product development, investment in quality and branding, the Company retains a significant competitive edge in the market. Andhra Paper has been recognized for the branding and quality of its grades and the newly introduced varieties have been received well by the market. Leadership positions in terms of product quality have been earned over the decades in some of the key segments such as cut-size and high-grade writing and printing papers.
Technology	Failure to keep pace with production technology can lower the competitive edge indigenously and globally	High/ Medium	Efforts are ongoing to enhance its processes and optimize on resources to meet the needs of the market. The Company is committed to consistently reduce its cost of production by adopting the latest in technology while improving the quality of its end products.
Utilities	The paper industry consume significant power, fuel and water to operate. Lack of availability of any of these utilities can add to the cost sensitivities of the company.	Medium / High	<p>Andhra Paper has minimized its risk by investing in a recovery boiler, a coal fired boiler and a 34MW turbine that supplements the power drawdown from the grid. Availability and quality of coal supplies have improved. The Company salvages the residual lignin in wood in its pulping process to fire in the recovery boiler and hence uses every part of the wood. Andhra Paper has considerably reduced its need for fossil fuels and made adequate plans to protect its needs. There is adequate availability of coal as the Company has ties with producers such as Singareni Collieries and Mahanadi Coalfields Limited for uninterrupted supplies.</p> <p>Unit:Rajahmundry is adjacent to the River Godavari which has copious availability of water. Yet, the mill has invested in suitable processes to recycle water and strives to conserve the use of precious natural resource. As far as possible, the Company recycles water and, more important, minimizes wastages. Over the years, the Company has been consistently reducing energy and water costs per MT of product manufactured.</p>

Risk	Risk Definition	Risk Impact (Low, Medium, High)	Risk Mitigation
Environment Risk	The paper industry, in contrast to other manufacturing industries, consumes a large amount of energy and emits pollutants along with greenhouse gases. The waste generated from the pulp and paper industry causes severe harm to the aquatic life, disturbs the food chain, and also causes various health implications. The consequent risks to business due to non-compliance and loss of reputation can hurt future prospects for the company	High	The company is cognizant of the environment risks and is committed to protect the environment in which it operates. The company has installed various waste recycling facilities within the manufacturing centre and engages with the employees and community to increase awareness. The company also regularly monitors the emission from the manufacturing process and deploys appropriate technology to arrest any emission of harmful gases into the atmosphere.
Human Resource Risk	The inability to secure appropriate human resources may result in restrictions to the business operations, which may affect the business performance and financial position of the company. Moreover, the occurrence of labour-related compliance violations (employment issues, harassment, human rights infringements, etc.) may lead to lawsuits or impair society's trust in Andhra Paper, and affect the business performance and financial position of the company.	Low	The company conducts measures to minimize any labour related risk such as through appropriate labour management according to laws and regulations. Our human resource department focuses on employee engagement and motivation, which further helps in achieving the strategic objectives of the organization. Our human resource practices are aimed at recruiting talented individuals, ensuring continuous development and addressing their grievances, if any, in a timely manner.

Covid-19 Disruptions

For the FY 2020-21, business was significantly impacted by disruption caused by the lockdown. Though fourth quarter of FY 2020-21, saw substantial improvement in the business operations, the second wave of pandemic, beginning of quarter one of FY 2021-22 saw reversal of the business prospects, though the impact of which is much lesser in so far as it relates to paper production. With vaccination drive picking up and lockdown getting eased out, the economic activities are expected to pick up much faster than what was witnessed in 2021. The Company is better prepared, this time, to address both the operational and commercial challenges.

The Company initiated various measures to minimise any short-term impact and mitigate any long-term impact arising on account of these challenges. This includes realigning the cost structures to the new activity levels, Company-wide initiative to optimise costs and conserve cash.

The Company is comfortable with the liquidity position. The Company has good cash reserve of Rs. 340 Crores with additional committed funds to meet any emergency. The Company continues to enjoy good credit rating of CARE AA- with stable outlook (long-term facilities) and CARE A1+ (short-term facilities) from CARE which enables the Company to raise additional capital in case it's necessary.

Adequate safety precautions are in place in all the manufacturing locations and offices to ensure the safety of Staff, workmen, transporters, vendors etc., which includes, drive to vaccinate all the Company employees and workmen and their families.

Access to quality and cost competitive raw material

India is a wood-fibre deficient country as the Government of India does not permit industrial plantations in the country. Raw material availability domestically

is a major constraint for the paper industry. Additionally, the recovery rate of wastepaper in India is quite low (~30%) due to lack of an effective collection mechanism. With issues like availability of quality raw material at competitive prices, many players depend on the imports of pulp, wastepaper and even pulpwood to meet their raw material needs and often have to pay premium for availing them thereby impacting profitability and capacity addition.

The Company has implemented a farm-forestry strategy that collaborates with private nurseries and research organisations, develops free saplings in partnership with farmers to sustain 100% consistent supply of Company's fiber needs with a long-term vision to bring down haulage radius from present up to 300 KM to within 150 KM from mills in the state of Andhra Pradesh. Our Farm-forestry program has led to the plantation of 52.1 lacs high yielding Casuarina clones, along with 271 lacs Casuarina

seedlings within 150 KM radius of the mills. This covered 4066 hectares of plantation and generated 20.3 lacs million man-days of employment for farmers. The Company's strategy to reduce distance of fibre procurement area has helped in reducing the price of virgin fibre during FY 2020-21.

Outlook

Paper and board (including newsprint) demand is expected to grow at ~11-14% YoY in FY 2021-22, after a steep fall of ~12-15% in FY 2020-21. For the FY 2021-22, W&P segment is likely to witness a growth of ~8-10% YoY, whereas, the paperboard segment is expected to grow by a robust ~12-15% growth rate on back of healthy demand from the end-use industries.

The midterm to long-term outlook for the industry is positive. We expect demand to recover and grow at a healthy five-year CAGR of ~5.5-6.5% to ~23-25 million MT by FY 2024-25. Demand will be led by healthy growth in paperboard volume, which is expected clock ~7-9% CAGR over the next 5 years, and writing & printing which is expected to grow at 2-3% CAGR over the next 5 years.

Domestic prices of writing & printing paper (W&P), paperboard expected to pick up with increasing demand from the end-use industries, coupled with sharp rise in raw material and commodity prices.

Strategy

The business environment keeps changing very fast, largely driven by the domestic factors and the global pulp and paper market. To stay competitive, it's vital to understand the domestic market requirements and facilitate that by creating capability within and serve them on time and reduce the cost of production.

With an objective to sustain growth and stay competitive, your Company

is pursuing several strategic initiatives to stay competitive, relevant to the customers, serve better products and most importantly increase the enterprise value and maximise shareholder returns. The key strategic initiatives include:

1. **Optimise the existing production capability:** This involve investments aimed at augmenting existing paper machines capacity and pulping capacity. This will help realise the full potential of the existing capacities to support top line and bottom-line improvement.
2. **Customer base expansion:** These are aimed at improvising the quality of the products to serve the existing customers and / expanding new customer base, which includes investment in improving the machines capability and processes.
3. **Cost and efficiency improvement:** These initiatives involve investments directed towards improving efficiency of machines and processes, technology upgradation, input material substitution, process and facility integration etc., to supplement margin improvement and process rationalisation.
4. **Farm-Forestry initiatives:** These initiatives aim at securing fibre source to support long-term requirement for pulp production and fibre cost optimisation. The initiatives include clonal propagation, seedling distribution, sourcing within 150 KMs radius, R&D in the areas of new varieties and cropping methods etc. aimed at improving fibre supply and price normalisation.
5. **Environment Sustainability:** These initiatives involve supplementing, improving and advancing environmental compliance with respect to air, water and effluent norms.
6. **New business development:** This involves efforts in developing and blueprinting foray into the growing paperboard segment.

Human Capital

We strongly believe people are the foundation of our Company, so investing to develop capabilities is important to achieve our goals. The Leadership Model of 3 C's – Character, Capability, and Catalyst – have become a natural part of our leadership language and are well integrated into our people development tools and systems. We have robust talent management processes that include individual performance & development plans, organization assessments and succession planning for leadership positions. We use a balance of approaches to develop our teams including engagement plans, training & skill development, career planning and health & wellness programs to build a strong organization and strong individuals.

With safety as a top priority, we make extensive investments in training and skill development to raise awareness of risks and certify knowledge for procedures and conditions. We fervently use Lean Six Sigma tools and techniques under Manufacturing Excellence program to continuously improve our daily processes. A strong team of about 160 trained and certified Black Belts, Green Belts and Yellow Bets has been built from every function and all locations over past seven years. They take up improvement projects year-on-year to reduce variation and eliminate wastes from our processes. Apart from this, close to 83% of remaining employees, including workmen are trained under White Belt program who participate in improvement projects and also use these techniques in day-to-day problem solving.

We advocate diversity and inclusion including diversity of experience, background, gender and race. People with diversity of background and experience bring new ideas, challenge the old norms and better prepare us to compete and serve our diverse customers and markets.

We are an equal opportunity Company and committed to create a healthy working environment that enables the employees to work without fear of prejudice, gender bias and sexual

harassment. The Company provides a dedicated helpline to enable employees to report on improper or unethical practices or issues of sexual harassment.

APL has ~ 1,900 employees and an additional ~3,000 contract workers.

Information Technology

The Company's vision is to take the systems landscape into next generation which focuses on:

- Availability
- Reliability
- Scalability
- Productivity

The system landscaping and digital journey are focused on problems of greatest need to the Company with due consideration of the 4 inter-related domains such as technology, data, process, and organizational change capability.

During the year, the Company embarked on initiatives to strengthen security environment and the core data support system with emphasis on analytical capability. The initiatives include upgradation of SAP to S/4 HANA, strengthening of data security environment, upgradation of manufacturing facility attendance system with emphasis on future capability

enhancements, introduction of SAP Analytics on Cloud (SAC) for insights and decision making and proliferation of visualisation tools like Power BI across the function.

Employee experience has always been important to build employee engagement and enhance productivity across. A new-age employee portal has been launched that provides a single window experience for the employee needs.

We will continue to explore opportunities which will augment our IT vision and make investment to support the business while delivering on business support and data security.

Business performance

Though the demand picked up significantly, and production facilities operated at 100% capacity in fourth quarter of FY 2020-21, the full year sales volume were at 1,72,821 MTs, 20% lower vs previous year and production were at 1,61,493 MTs 30% lower vs. previous year. Though the demand contraction significantly impacted the revenue and operating capacity, our concerted strategy on process improvements, commodity and price negotiations and discretionary spend management resulted in substantial savings and helped improve our financial performance. The fixed cost spent was lower by 20% vs. previous year,

and the variable cost pricing initiatives led to 3% improvements, offsetting the cost increases driven by inefficiencies on account of lower capacity utilisation.

Financial Performance

During FY 2020-21, revenue from operations was Rs. 886.75 Crores, a decrease of 30% compared to Rs. 1,269.70 Crores of previous year. The drop in revenue was on account of lower sales volume (15%) and lower price realisation (15%). The EBITDA was Rs. 69.52 Crores, decrease of 77.60% vs. Rs. 310.33 Crores of previous year. Net profit was at Rs. (4.60) Crores, decrease of 102% compared to Rs. 212.92 Crores in the previous year. The Company generated a free cash flow of Rs. 103.80 Crores. The total accumulated cash surplus is Rs. 320.63 Crores as at the FY 2020-21 and the same is invested in fixed deposits and mutual funds.

Ratios

The Company has maintained a healthy capital structure as is evident from its debt to equity ratio. The COVID -19 lock down impacted the sales and profit for FY 2020-21, thereby negatively impacting majority of the ratios and Return on Net Worth.

S. No	Ratio	March 31, 2021	March 31, 2020
1	Debtors Turnover Ratio in days (Net sales/Average Receivables)	15	22
2	Inventory Turnover Ratio in days (Sales/Inventory)	5	6
3	Interest Coverage Ratio (EBIT/ Interest Expenses)	(0.42)	50.71
4	Current Ratio (Current asset/ Current Liabilities)	2.21	2.56
5	Debt Equity Ratio (Debt /Equity)	0.03	0.01
6	Operating Profit Margin % (Operating profit/Sales)	(0.19)	18.99
7	Net Profit Margin % (PAT/Sales)	(0.52)	16.77
8	Return on Net Worth % (Net Earnings/Net worth)	(0.47)	21.82



Internal Financial Controls Systems and their Adequacy

The management of Andhra Paper is responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls over financial reporting is the process designed by, or under the supervision of, our Chairman & Managing Director and Chief Financial Officer, and effected by our Board of Directors, Audit Committee, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and therefore can provide only reasonable assurance of achieving the designed control objectives. The Company's internal control system is supported by written policies and procedures, contains self-monitoring mechanisms, and is audited by Independent Auditors.

Appropriate actions are taken by management to correct deficiencies as they are identified. The Company has a process in place to continuously monitor the processes and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Company performed an evaluation and made an assessment of the adequacy and effectiveness of the Company's internal financial controls as at March 31, 2021. Based on this assessment, the management believes that, as of March 31, 2021, the Company's internal controls over financial reporting was effective and our Statutory Auditors have expressed an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting as per their report.

The internal control environment includes an enterprise-wide attitude of integrity and control consciousness that

establishes a positive 'tone at the top'. This is exemplified by our ethics program that includes long-standing principles and policies on ethical business conduct that require employees to maintain the highest ethical and legal standards in the conduct of Andhra Paper business, which have been distributed to all employees; a toll-free telephone helpline whereby any employee may anonymously report suspected violations of law or Company's policy; and an office of ethics and business practice.

The internal control system further includes careful selection and training of supervisory and management personnel, appropriate delegation of authority and division of responsibility, dissemination of accounting and business policies throughout the Company, and an extensive program of internal audits with management follow-up.

The Board of Directors, assisted by the Audit Committee, monitors the integrity of the Company's financial statements and financial reporting procedures, the performance of the Company's internal audit function and independent auditors, and other matters set forth in its charter. The Committee, which consists of independent directors, meets regularly with representatives of management, and with the independent auditors and the Internal Auditor, with and without management representatives in attendance, to review their activities.

The Committee has reviewed and discussed the financial statements for the year ended March 31, 2021, including critical accounting policies

and significant management judgments, with management and the independent auditors.

Outlook

Andhra Paper has created a platform for sustainable growth while working with the core priorities. Despite the competitive challenges in the external environment, the team at Andhra Paper is committed to making sure that the present momentum is maintained in the future as well.

In order to create a vibrant organization that works for sustainable growth, significant up-gradation has been done to the systems and processes to enhance safety, productivity, performance and accountability; significant investment has been made in people development, operational excellence, customer contact and sustainable solutions; increased employee engagement; considerable work done to become a low cost producer; improved manufacturing reliability levels; and overall created a winning organization. All of these are being put together to make Andhra Paper an increasingly better and a more competitive Company.

Our Company's priority is to delight our customers with high quality products and best in-industry service. To do this we will ensure the highest standards of people, safety, ethics, talent development, sustainability of forests, increased volume and revenue, higher productivity, become cost competitive and enhance profitability.



BOARD'S REPORT

Dear Members,

The Board of Directors has the pleasure in presenting its 57th Report along with the Audited Accounts for the year ended March 31, 2021.

Performance Review

The performance of the Company for the financial year under consideration was significantly impacted by the disruptions caused due to COVID-19 lockdown, restrictions, curtailed economic and academic activity. However, the performance of the Company has witnessed substantial improvement in the last quarter of the financial year.

Summary of Financial Results

(In ₹ Crores)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from Operations	886.75	1,269.70
Earnings before interest, depreciation and taxation (EBITDA)	76.11	317.02
Finance costs	4.51	5.32
Depreciation	73.38	75.90
(Loss) / Profit before exceptional items	(1.79)	235.80
Exceptional items	(4.41)	-
(Loss) / Profit before tax	(6.20)	235.80
Tax expense	(1.60)	22.88
(Loss) / Profit for the year	(4.60)	212.92

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

Dividend

The Board of Directors at their Meeting held on May 11, 2021 recommended a dividend of ₹5 per equity share of ₹10 each, for approval of the Shareholders at the forthcoming Annual General Meeting.

Reclassification of Promoters

During the year International Paper Investments (Luxembourg) S.a.r.l. (IP LUX) sold its entire shareholding representing 20% of its paid up capital of the Company through stock exchange mechanism. IP LUX and IP International Holdings Inc. (IPIH) applied to the Company seeking their reclassification from Promoters to Public Shareholders. The shareholders have approved the proposal through Postal Ballot on January 30, 2021 and the Company submitted the application(s) to Stock Exchanges for reclassification. The shareholding of IP LUX and IPIH as on March 31, 2021 is nil.

The applications are pending for Stock Exchanges' approvals.

Markets, Customers and Commercial Excellence

The Company always believes in "**Customer First**" and continues to move in the right direction to create more **value for the customers**.

The Customers prefer Company's products to print, publish, convert and sell. The Company's products enable & enhance their business success. The Company creates paper that facilitate education and communication.

The Company is one of the largest manufacturers of uncoated freesheet and produces a range of Writing & Printing Papers along with other speciality papers like Cupstock, Virgin Kraft etc. for business & home consumers. Customers rely on the Company's signature brands including Truprint Ultra, Primavera, Writechoice, Sapphire Star, Reflection Copier and Cupstock to name a few, for a wide range of printing and converting applications.

Though FY 2020-21 is a challenging year which is mainly affected by Lockdowns, Partial Lockdowns, Containment Zones, closure of Corporates & Educational Institutions, restrictions on logistics due to Covid-19, the Company had put in its best efforts to achieve OTIF delivery rate (On- Time-In-Full) at 96%, forecast accuracy to 91% and improved complaint closure to ~84% which is top tier in the Indian paper industry.

Due to the pandemic, demand pattern has changed dramatically in FY 2020-21, wherein the demand for Writing & Printing Paper has dropped predominantly due to closure of educational institutions & corporates and at the same time demand for Packaging and Food Grade paper increased substantially. In order to meet the changed requirements of the customers the Company has come

out with new & innovative products which helped the Company to cater to the needs of the customers as well as generate revenues by optimising the resources.

The Company has changed the Product Mix by developing new products on war-footing to ensure that the machines are well covered during the changed demand environment. New products developed during the year like Pharma Print, Thermal Base Paper, Andhra SuperPrint, Cupstock variants, Virgin Kraft, Fresho Pack etc. are well accepted in market.

It's our continuous endeavour, keeping in mind the industry dynamics and changing needs of our customers, to develop innovative, sustainable and recyclable products. Apart from developing new products, the Company's efforts are always on to improve and improvise the existing products to suit the end applications & requirements based on feedback from customers & channel partners.

The Company's concept of "**Think Customer**" continues to yield desired results to enhance customer value by way of offering '**right products for right applications**' at an increased speed to address customer needs & grievances.

FY2021 Highlights:

- OTIF score - 96%, one of the best in paper industry
- Increased sale of Cupstock variants (Cupstock & Bottom) by 169% (23,990 MT vs., 8,915 MT) — Thus, increased sale in Industrial segment by 10%
- Launched various products like, Pharma Print, SuperPrint, Virgin Kraft, Cupstock variants helped us in covering the machines and increasing revenues & contribution

Raw Material Security

The Company continues its focus on production of high yielding clones with major focus on R & D program, for production of second generation clones for increasing productivity of land. The Company realizes that the long term sustainability of virgin fiber supply depends on sustaining various farm forestry models by providing high yielding clones for increasing farmer income and keeping farmers engaged in farm forestry programs in the catchment areas. To achieve this goal, the Company continued the collaboration with the Institute of Forest Genetic & Tree Breeding, Coimbatore (IFGTB) to ensure appropriate approach for sharing best practices, capacity building and executing R&D program for enhancing productivity.

The Company also continued its focus on capacity building of local farming community by partnering with them for production and distribution of clones in the catchment area of the mill. In this effort, the Company had partnered with 17 nurseries for production and distribution of clones. The Company remains focused on developing virgin fibre within a radius of 150 KM from the mill by linking farmer community with partner nurseries for

increasing plantation in the catchment area for sustainable supply of virgin fibre. The Company has developed a system to reach out to farmers and create awareness on the Company practices of price, ensure that they get best price and also ensure that farmers gets maximum benefit in the supply chain of Virgin Fibre.

The Company's farm forestry program focused on the catchment area of the mill and resulted in the plantation of 52.1 lacs clones and 519 lacs seedlings, covering 6,580 hectares of land and generated 32.9 lacs man-days of employment to the farmers.

Employee Development and Engagement

The Company's agenda for engaging and developing its employees includes initiatives to attract, develop and retain talent. The key focus areas include diversity and inclusion, succession planning, developing a talent pool for critical positions, quality of life programs and leadership development.

The Company has taken a professional approach to industrial relations. The Company continued to treat people with dignity and respect as well as upheld important principles of labour relations.

Leveraging the power of Information Technology

In an effort to enable better decision making, timely and accurate management information and improved financial and operation controls, the Company successfully upgraded existing ECC system to S/4 HANA. The Company also enabled Fiori Apps which enables the top leadership to approve Purchase Requisitions and Purchase orders through an APP.

Community Service and Engagement

The Company is committed to the cause of communities where it operates by supporting Education, Health & Wellness and Community Engagement.

The Company had adopted a CSR Policy which is placed on the Company's website: www.andhrapaper.com. The Members of Corporate Social Responsibility Committee as on March 31, 2021 comprised of:

Mr. Sudarshan V. Somani	– Chairman
Mr. S.K. Bangur	– Member
Mr. Virendraa Bangur	– Member
Mr. Rajendra Jain	– Member

The Annual Report on CSR activities is attached as Annexure - 1 to this report.

Related Party Transactions

All related party transactions that were entered into during the financial year under review were at arm's-length basis and also in the ordinary course of business. There were no materially

significant related party transactions entered into by the Company with the Promoters, Directors, Key Managerial Personnel which may have a potential conflict with the interests of the Company at large.

The Board of Directors approved a Policy on Related Party Transactions which is placed on the Company's website. The related party disclosures are given in Notes to the financial statements.

Remuneration Policy

The Company has adopted the Nomination and Remuneration Committee Charter which contains, inter alia, framework for Directors' appointment and remuneration, criteria for determining the qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Companies Act, 2013 ("The Act").

Pursuant to Section 178(4) of the Act, the Company also adopted Remuneration Policy relating to remuneration for the Directors, Key Managerial Personnel and Senior Executives in the rank of Vice President and above. The Remuneration Policy is placed on Company's website.

Energy Conservation, Technology Absorption & Foreign Exchange earnings and outgo

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in Annexure - 2 attached to this Report.

Risk Management

The Company has a robust business risk management framework to identify and evaluate business risks and opportunities. This framework aims to create transparency, minimize adverse impact of risks on the business objectives and enhance the Company's competitive advantage. Some of the critical risks that have been identified are Fibre Procurement, Competition risk, Occupational Health & Safety, etc.

Directors

a. During the year under review, Mr. Saurabh Bangur resigned as Chief Executive Officer of the Company effective May 31, 2020 and was appointed as Joint Managing Director of the Company effective June 1, 2020.

b. Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Act and Regulations 16(1)(b) and 25(8)

of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations") and that they are independent from the Management of the Company. Further, all the Independent Directors have given declarations that they complied with the Companies (Appointment and Qualifications of Directors) Rules, 2014.

A separate Meeting of Independent Directors was held on February 9, 2021. All the Independent Directors of the Company attended the said Meeting.

c. Non-Executive Directors

Mr. Rajendra Jain, Director is liable to retire by rotation at the ensuing Annual General Meeting, as per the provisions of the Companies Act, 2013 and being eligible, offered himself for reappointment.

d. Details of Key Managerial Personnel

As on March 31, 2021, Mr. Shree Kumar Bangur, Chairman & Managing Director, Mr. Saurabh Bangur, Joint Managing Director, Mr. Anish T. Mathew, Director - Commercial & Chief Financial Officer and Mr. Aravind Matta, Company Secretary were the Key Managerial Personnel of the Company.

e. Meetings of the Board

During the year under review, four Board meetings and four Audit Committee meetings were held. The details of the meetings held are given in the Corporate Governance Report forming part of this Report.

f. Performance Evaluation

Pursuant to the provisions of the Act and Regulation 17 of the SEBI Listing Regulations, the Board has carried out the annual performance evaluation of Board, as well as the evaluation of the working of its Committees, on various parameters.

A separate exercise for the financial year 2020-21 was carried out to evaluate the performance of individual directors including the Chairman & Managing Director, Joint Managing Director and Director – Commercial who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interests of the Company and its minority shareholders etc.

g. Board Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him/her, which *inter alia* explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the compliances required from him/her under the Act, the SEBI Listing Regulations and other relevant Laws and Regulations. Details of Familiarization of Directors are disclosed on the Company's website.

h. Audit Committee

The Audit Committee as on March 31, 2021 comprised of Mr. Praveen P. Kadle as Chairman and Messrs Adhiraj Sarin, Arun Kumar Sureka and Shree Kumar Bangur as other Members. All the recommendations made by the Audit Committee were accepted by the Board.

Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is provided in Annexure-3. If any Member is interested in obtaining information on Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, such Member may write to the Company Secretary at the Registered Office in this regard.

Vigil/Whistle Mechanism

The Company has adopted Whistle Blower Policy to deal with instance of fraud or any unethical or improper practices. A copy of this Policy is placed on the Company's website.

Internal Financial Controls

The Company established internal financial control(s) commensurate with the size, scale and complexity of the operations. Internal audit function is being handled by a professional firm of chartered accountants. The main function of Internal Audit is to monitor and evaluate adequacy of internal control system in the Company, its compliance with the operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners take corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions are reported to the Audit Committee.

Statutory Auditors audited the Internal Financial Controls (IFC) over financial reporting of the Company as of March 31, 2021 in conjunction with audit of the financial statements of the Company for the year ended on that date. Unmodified opinion on IFC was given by them.

Statutory Auditors

The Members of the Company at the 55th Annual General Meeting held on August 1, 2019 reappointed Messrs Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company for a second term of three years to hold office from the conclusion of 55th Annual General Meeting till the conclusion of the 58th Annual General Meeting.

The Report of Auditors does not have any qualifications, reservations or adverse remarks.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Messrs D. Hanumanta Raju & Co., a firm of Company Secretaries to undertake the secretarial audit of the Company for the financial year 2020-21. Secretarial Audit Report under Section 204(1) of the Act issued by Messrs D. Hanumanta Raju & Co., Practicing Company Secretaries, in respect of financial year 2020-21 is attached as Annexure-4 to this Report.

The Report of Secretarial Auditors does not have any qualifications, reservations or adverse remarks.

Cost Auditors

In terms of Section 148 of the Act read with the Companies (Audit & Auditors) Rules, 2014, the Board at their meeting held on May 11, 2021, on the recommendation of Audit Committee, appointed M/s. Narasimha Murthy & Co., Cost Accountants as Cost Auditors of the Company for the financial year 2021-22, at a remuneration of ₹ 7 lakhs (excluding applicable taxes) plus reimbursement of out-of-pocket expenses and their remuneration is being submitted for ratification by the Members at the forthcoming Annual General Meeting.

Cost Accounting Records and Cost Audit

Cost accounting records for the financial year under review were maintained as per the Companies (Cost Records and Audit) Rules, 2014. M/s. Narasimha Murthy & Co., Cost Accountants were appointed as Cost Auditors of the Company to audit the Cost Records for the year ended March 31, 2020. The Cost Audit Report for the financial year ended March 31, 2020 was filed with the Ministry of Corporate Affairs in September, 2020.

The Cost Audit Report for the year ended March 31, 2021 will be filed within the due date.

Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Particulars of loans, guarantees or investments

No loans, guarantees, and securities covered under the provisions of Section 186 of the Act were given during the year under review. Details of investments made are disclosed in the financial statements attached to this Report.

Subsidiary Company

The Company made an investment of ₹5.00 lakhs by way of share capital in Andhra Paper Foundation (Formerly known as IP

India Foundation) ("Foundation"), incorporated under Section 25 of the Companies Act, 1956, wherein the excess of income over expenditure will be applied for promoting its objectives. Accordingly, the accounts of Andhra Paper Foundation were not consolidated, since the holding Company will not derive any economic benefit from its investment in Foundation.

The Company undertakes that annual accounts of Foundation and the related information will be made available to the members of holding company seeking such information at any point of time. The annual accounts of Foundation are placed on the Company's website and are also available for inspection by any Member at the Registered Office of the Company during business hours on all working days of the Company. A statement containing salient features of the financial statement of Foundation for the financial year ended March 31, 2021 is attached as Annexure-5 to this Report.

Annual Return

In terms of Section 92(3) of the Act, the Annual Return for the financial year ended March 31, 2021 is displayed on the website of the company <http://www.andhraper.com/index.html>.

Business Responsibility Report ('BRR')

Pursuant to Regulation 34 of the SEBI Listing Regulations, 'Business Responsibility Report' forms part of this Report as Annexure-6, which describes the initiatives taken by the Company from an environmental, social and governance perspective.

Material changes and commitments affecting the financial position of the Company which occurred between end of financial year and date of the Report

There were no material changes and commitments affecting the financial position of the Company which occurred between end of financial year and date of the Report.

Directors' Responsibility Statement

The Board of Directors hereby confirms and declares that:

- in the preparation of final accounts for the year ended March 31, 2021 the applicable accounting standards had been followed;
- they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year ended March 31, 2021 and of the profit and loss of the Company for the year;
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they had prepared the accounts for the year ended March 31, 2021 on a 'going concern' basis;

- they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

General

- During the year under review, the Chairman & Managing Director of the Company has not received any remuneration or commission from the subsidiary company.
- There were no significant material orders passed by the regulators or courts or tribunals which would impact the going concern status of the Company and its future operations.
- The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All women employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year, no complaints were received by the Company under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- All Policies as required under the Act or the SEBI Listing Regulations are available on the website of the Company <http://www.andhraper.com>.

Acknowledgements

The Board of Directors wish to place on record their gratitude to the Central Government, Government of Andhra Pradesh, Government of Telangana and Banks for their continued support during the year.

The Board of Directors wish to convey their thanks to the valued customers and dealers for their continued patronage and place on record their appreciation of the contribution made by all the employees during the year under review.

For and on behalf of the Board

Place: Hyderabad
Date: June 21, 2021

Shree Kumar Bangur
Chairman & Managing Director

ANNEXURE –1

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

(All the figures in this CSR Annual Report are rounded off to ₹ lakhs)

1. Brief outline on CSR Policy of the Company

CSR vision of the Company is to support, enhance and respect the communities and stakeholders wherever the company operates its business. The focus areas of Company's CSR activities are Education, Health & Wellness and Community Engagement, which make positive contributions to communities around the Company's manufacturing facilities and farm forestry areas. The Company is continually refining its programs and seeking opportunities to make difference in the communities where they live and operate.

2. Composition of CSR Committee as on March 31, 2021

Sl. No.	Name of Director	Nature of Directorship	Designation (Committee)	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1	Mr. Sudarshan Somani	Non-Executive Independent Director	Chairman	1	1
2	Mr. S.K. Bangur	Chairman & Managing Director	Member	1	1
3	Mr. Virendraa Bangur	Non-Executive Non-Independent Director	Member	1	1
4	Mr. Rajendra Jain	Non-Executive Non-Independent Director	Member	1	1

- The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <http://www.andhraper.com/investors-csr-information.html>
- The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: **Not Applicable**
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Nil**
- Average net profit of the company as per section 135(5): **₹20884 lakh**
- Two percent of average net profit of the company as per section 135(5): **₹418 lakh**
 - Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
 - Amount required to be set off for the financial year, if any: **Nil**
 - Total CSR obligation for the financial year (7a+7b- 7c): **₹418 lakh**
- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹ lakhs)	Amount Unspent (in ₹ lakh)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
188.00	235.00*	30.04.2021		Not Applicable	

*₹5 Lakh to be set off against 2021-22 CSR obligation

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

(₹ in lakhs)

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration (approved time line for completion)	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes /No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Construction of Emergency Medicine Floor & installation of equipment - District Hospital, RJY	Health Care	Yes	Andhra Pradesh	East Godavari	March 31, 2022	150.00	-	150.00	Yes	N.A.	N.A.
2	Laundry unit to ESI hospital, RJY	Health Care	Yes	Andhra Pradesh	East Godavari	September 30, 2021	15.00	-	15.00	Yes	N.A.	N.A.
3	Infrastructure and other support to APPM Model High School, RJY	Education	Yes	Andhra Pradesh	East Godavari	March 31, 2022	70.00	-	70.00	Yes	N.A.	N.A.
Total							235.00	-	235.00			

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

(₹ in lakhs)

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/No)	Mode of implementation -Through implementing Agency	
				State	District			Name	CSR Registration number
1	Construction of water pipeline to Katheru village	Safe drinking water	Yes	Andhra Pradesh	East Godavari	135.00	Yes	N.A.	N.A.
2	Installation of SDW Plants, Maintenance of the SDW Plants installed, Supply of SDW through Tankers and related expenditure	Safe drinking water	Yes	Andhra Pradesh	East Godavari	17.50	Yes	N.A.	N.A.
3	Supply of essential food material to needy at Rajahmundry, during COVID-19 National wide lockdown	Eradicating hunger, poverty and malnutrition	Yes	Andhra Pradesh	East Godavari	21.00	Yes	N.A.	N.A.
4	Skilling – Tailoring Center for Women in Mallayya Peta, Rajahmundry and Kadiyam	Promoting gender equality, empowering women etc.	Yes	Andhra Pradesh	East Godavari	2.25	Yes	N.A.	N.A.
5	Office equipment to DISHA MAHILA SPECIAL police station, Rajahmundry	Empowering women	Yes	Andhra Pradesh	East Godavari	4.25	Yes	N.A.	N.A.
Total						180.00			

- (d) Amount spent in Administrative Overheads : ₹8.00 lakh
- (e) Amount spent on Impact Assessment, if applicable : Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹423.00 lakh (₹ 188 lakh was spent during the year and ₹ 235 lakh was allocated towards ongoing projects)
- (g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹ lakh)
(i)	Two percent of average net profit of the company as per section 135(5)	418.00
(ii)	Total amount spent for the Financial Year	423.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	5.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	5.00

- 9 (a) Details of Unspent CSR amount for the preceding three financial years: ₹129 lakhs for 2019-20
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not applicable, as the provisions relating to 'ongoing projects' are applicable with effect from the financial year 2020-21**
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – **Nil/Not Applicable**
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not applicable

Place: Hyderabad
Date : June 21, 2021

Shree Kumar Bangur
Chairman & Managing Director

Sudarshan V. Somani
Chairman – CSR Committee

ANNEXURE -2

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

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

(A) Conservation of energy-

I. The steps taken or impact on conservation of energy:

At Unit: Rajahmundry -

- VFD for Causticizing No 8 Tank Pump
- VFD for Caustizing Slaker Feed Pump
- VFD Panel for Turpulanka Effluent Pump at ETP

At Unit: Kadiyam -

- Lighting Transformer for Mill Wide Lighting
- Replacement of KA1 Refiner with efficient one
- Replacement of Old Series Inefficient Motors
- Replacement of Inefficient Pumps at KA3(Phase1)

II. The steps taken by the company for utilising alternate sources of energy: NIL

III. The capital investment on energy conservation equipment's:

At Unit: Rajahmundry -

- VFD for Causticizing No 8 Tank Pump
- VFD for Caustizing Slaker Feed Pump
- VFD Panel for Turpulanka Effluent Pump at ETP

At Unit: Kadiyam

- Lighting Transformer for Mill Wide Lighting
- Replacement of KA1 Refiner with efficient one
- Replacement of Old Series Inefficient Motors
- Replacement of Inefficient Pumps at KA3(Phase1)

(B) Technology absorption-

I. Efforts made towards technology absorption:

• NEW SPECTRODENSOMETER (QC) :2020 AT UNIT: RAJAHMUNDRY

The X-rite spectrodensometer 500 series is used at QC lab for ensuring Colour lock property for AM & HP copiers. It is having feature of auto self-calibration, easy to operate for checking ink density of colour lock through Draw Down test on Paper.

• QCS, DCS FOR RJ2 at Unit: Rajahmundry

ABB QCS NP800 with server, work stations, caliper sensor and DCS designed in Ireland, manufacturing

& import from China. ABB's Network Platform 800 for on-line high-performance measurement scanning offers the ability to apply the highest quality measurement technology on all applications. The advanced frame technology provides excellent strength-to-size ratio providing cost-effective & quick installation in the tightest locations. This is the robust scanner of this size for continuous measurement and maximum uptime, ease of maintenance, long life-span and low lifecycle cost.

• UNILUX STROBE LIGHT FOR PAPER MACHINE 2020 AT UNIT: RAJAHMUNDRY

Unilux handheld stroboscopic lights allow to quickly confirm quality and spot product imperfections anywhere on the line. It provides powerful output to inspect fine detail in any location now made even easier by units that are one-third lighter than previous models. An adjustable flash rate and flash duration make it easy to synchronize with the speed of motion to inspect quality, reduce waste, and deliver the quality product that customers are expecting. It is a handheld portable device.

• HIGH VELOCITY SPRINKLING SYSTEM FOR LARGE TRANSFORMERS 2020 AT UNIT: RAJAHMUNDRY

A different variant of Fire Sprinkler System was installed to large size transformers where fire is likely to rapidly spread out of control, within a short duration. Examples of such places are 132KV switch yard, RJ6 power transformer.

• EMERGENCY COMMUNICATION PUBLIC ADDRESS SYSTEM 2020

It is a centralized communications and emergency management tool installed in Rajahmundry & Kadiyam units to provide real-time instructions and information to building occupants/ offices/ work areas and visitors during an emergency event. Events like - Weather emergency, Area wise emergency, Security announcement, Public attention, Fire Condition, Outage Announcements, Daily Safety Talk, etc. It is instrumental in making mass communications mill wide which can avoid mass gatherings in present COVID condition.

- **QCS for KA2 MACHINE KADIYAM 2020**

Valmet's 8th generation IQ Quality Management System. Valmet IQ sensors are being used for providing fast, high resolution sheet quality profiles from edge to edge. A solid construction plus built-in intelligence and diagnostics ensure trouble-free operation year after year. The intelligence built into Valmet IQ Scanner allow its scanning speed, acceleration and deceleration rates to be adjusted and controlled to suit the CD and MD control requirements.

- **SOFTENER FOR TG COOLING TOWER MAKE UP WATER AT UNIT: KADIYAM**

Softener for supplying Makeup water to cooling tower with less than 5PPM hardness even we use the bore or canal water as an input for softener plant. From this quality water circulation for condenser, we have improved performance of condenser which helped to increase TG loading with optimum vacuum level.

II. Benefits derived like product improvement, cost reduction, product development or import substitution: The metrics could not be measured.

III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

1.	a.	Details of technology imported	Reel turn up system for RJ2,3&5: To avoid manual intervention in reel change at paper machines, we have provided automatic reel change keeping man away from rotating equipment. Apart from safe operation, it gives easier operation, and wrinkle free sheet transfer. Technology was imported from M/s. IBS, Austria
	b.	Year of import	2018
	c.	Has the technology been fully absorbed?	Yes
	d.	If not fully absorbed, areas where absorption has not taken place and the reasons thereof	Not Applicable
2.	a.	Details of technology imported	Double Doctor for RJ5 pick up roll: Replaced existing single doctor to double doctor to avoid water carry over and to improve dryness of web. Technology imported from M/s. IBS, Austria
	b.	Year of import	2018
	c.	Has the technology been fully absorbed?	Yes
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable
3.	a.	Details of technology imported	Andritz burner for RB#4, RLK1&2: Eliminated hand torch for light up of Start-up Burners of Recovery Boiler#4, RLK-1&2 by replacing with gas based pilot burner and Oil Burners and incorporated with the BMS PLC system as per IP Orange Book guidelines. Technology imported from M/s. Andritz, Finland.
	b.	Year of import	2018
	c.	Has the technology been fully absorbed?	Yes
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable
4.	a.	Details of technology imported	QCS FOR RJ2 ABB QCS NP800 designed in Ireland, manufacturing & import from China. ABB's Network Platform 800 for on-line high-performance measurement scanning offers the ability to apply the highest quality measurement technology on all applications.
	b.	Year of import	2020
	c.	Has the technology been fully absorbed?	Yes
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable

5. a.	Details of technology imported	QCS FOR KA2 Valmet's 8th generation IQ Quality Management System. Valmet IQ sensors, providing fast, high resolution sheet quality profiles from edge to edge.
b.	Year of import	2020
c.	Has the technology been fully absorbed?	Yes
d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable

Research and Development

Specific Area in Which R&D carried out by the company	<p>New Product Development – Andhra Virgin Kraft for premier packaging segment. Cup Stock development on RJ6 and Lower GSM Cup Stock Non-surface size SUPER PRINT, 52 GSM WRITECHOICE & SKYTONE;</p> <ul style="list-style-type: none"> - Pharma Print and Thermal Paper grades were developed for Industrial and E-commerce applications. <p>Product quality improvement – Reduction in Paper machine CD profile variations achieved by installation of upgraded QCS systems at both Units. Brightness variation reduction through Pulp Mill Optimization. Head box Replacement in Paper Machines RJ1 & RJ4 for better CD profile and Machine Runability, Installation of Confiner at RJ1 for improved refining for better BF in Plain NS Kraft grades.</p> <p>Process optimisation - Head box Replacement in Paper Machines RJ1 & RJ4 for better CD profile and Machine Runability, Conservation of Water (100m³/hr) by Reuse at D1 stage of Fiber line Bleach Plant. Optimization for Bleach Chemical Consumption, Lime mud dryness improvement for improving Fuel efficiency.</p> <ul style="list-style-type: none"> - Plant Trials for Cost Reduction - Bleach Plant Scale Control chemical trials, WBL per ton of unbleached reduction to Evaporator. OBA and Dye trials were conducted for Cost reduction. - Evaluation of new fibrous raw materials.
Benefits derived as a result of R&D	<p>New products were developed as per market demand.</p> <ul style="list-style-type: none"> - Modification of products for Customer satisfaction; - Identification of additives for quality; - Improvement and cost reduction; - Identification of alternate fibrous raw materials.
Future Plan of Action	<ul style="list-style-type: none"> - Product Development (Oil & Grease Resistant paper for Food Grade Applications), Print Release (Sublimation) Paper and Thermal Paper. Cup Stock and Paper Straw at RJ5; <p>Quality Improvement Bulk Improvement and roughness Improvement using PCC as Filler in place of GCC. Replacement of Head box at RJ2 for CD profile variation reduction; and</p> <p>Process optimisation Bleach Chemicals reduction, OBA optimization, BOD/COD and Colour reduction of treated effluent by aeration optimization and tertiary Clarification. Advance Process Control (APC) for optimizing Fuel Efficiency at Lime Kilns.</p> <p>Plant Trials for Cost Reduction. Alternative Dyes' trials for cost reduction, Fine Bar tackles for Refiners, OBA optimization trials and Water conservation at Fiber line. Higher Black Liquor Solids firing at Recovery Boiler.</p>

(C) Expenditure incurred on Research and Development:

	(₹ in lakhs)
a. Capital	-
b. Recurring	95.06
c. Total	95.06
d. Total R & D expenditure as percentage of total turnover (%)	0.11

(D) Foreign exchange earnings and Outgo-

	(₹ in lakhs)
Foreign Exchange earned in terms of actual inflows	7,566.22
Foreign Exchange outgo in terms of actual outflows	1,637.45

ANNEXURE –3

The information required pursuant to Section 197 (12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2020-21:

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for the financial year 2020-21 (₹ in lakhs)	% increase / (decrease) in the remuneration	Ratio of remuneration of each director to median remuneration of employees
i.	Shree Kumar Bangur Chairman & Managing Director	-	-	N.A
ii.	Virendraa Bangur Vice Chairman	6.25	N.A [§]	1.24
iii.	Saurabh Bangur* Joint Managing Director	116.84	N.A	23.18
iv.	Praveen P. Kadle Independent Director	39.49#	-79.96	7.84
v.	Adhiraj Sarin Independent Director	40.24#	-75.99	7.98
vi.	Sudarshan V. Somani Independent Director	5.50	N.A [§]	1.09
vii.	Arun Kumar Sureka Independent Director	7.75	N.A [§]	1.54
viii.	Rajendra Jain Non-Executive Director	5.50	N.A [§]	1.09
ix.	Ms. Veni Mocherla Independent Director	4.00	N.A [§]	0.79
x.	Anish T. Mathew Director - Commercial & Chief Financial Officer	77.36	-93.23	15.35
xi.	Saurabh Bangur* [§] Chief Executive Officer	4.66	N.A	N.A.
xii.	Aravind Matta* Company Secretary	26.90	N.A	N.A.
xiii.	Milind Sarwate [^] Independent Director	32.49	N.A	6.45
xiv.	M.S. Ramachandran [^] Independent Director	32.49	N.A	6.45
xv.	C. Prabhakar* Company Secretary	61.87	N.A	N.A.

* employed / appointed for a part of the year in 2020-21 and therefore remuneration can not be compared.

§ employed/appointed for a part of the year in 2019-20 and therefore remuneration can not be compared.

includes commission paid for seven months relating to the financial year 2019-2020 during the financial year 2020-2021

[^] Ceased to be a Director w.e.f. October 30, 2019 and commission for seven months (relating to the financial year 2019-2020) was paid during the financial year 2020-2021

The percentage increase in the median remuneration of employees in the financial year	The median remuneration of employees in the current financial year registered decrease of 29.26% over the previous financial year.
The number of permanent employees on the rolls of the Company	There were 1,869 employees as on March 31, 2021
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification need to be given for increase in the remuneration thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<p>The average increase in salary/wages of the employees was -27.93% (other than managerial personnel) whereas remuneration to managerial personnel increased by 12.02% during the year.</p> <p>There are no exceptional circumstances for increase in the managerial remuneration during the year. However the decrease in average percentile of the salaries of employees (other than the managerial personnel) during the financial year, compared to the previous year, is driven by various reasons viz., separation of considerable number of employees at senior positions and with higher remuneration, non-payment of variable pay and leave encashment to the employees during the financial year etc., Further, during the previous financial year the total salaries of employees included a considerable amount towards payment of bargaining settlement arrears to ~ 900 workmen. Accordingly the average percentile of the salaries of employees (other than the managerial personnel) have come down by an equivalent amount.</p>

It is hereby affirmed that the remuneration paid is as per Remuneration Policy of the Company.

For and on behalf of the Board

Place: Hyderabad
Date: June 21, 2021

Shree Kumar Bangur
Chairman & Managing Director

ANNEXURE –4

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
ANDHRA PAPER LIMITED
(FORMERLY KNOWN AS INTERNATIONAL PAPER APPM LIMITED),
Rajahmundry – 533 105,
East Godavari District,
Andhra Pradesh

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Andhra Paper Limited (Formerly Known as International Paper APPM Limited)** (hereinafter called the Company). Secretarial Audit was conducted in accordance with the guidance note issued by the Institute of Company Secretaries of India and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign

Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – (Not applicable to the company during the period under review);
 - (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - (Not applicable to the company during the period under review);
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - (Not applicable to the Company during the period of audit);
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - (Not applicable to the Company during the period of audit);

- (i) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - (Not applicable to the company during the period under review); and
 - (j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) Other laws **specifically** applicable to the Company include:
- A. Factories Act, 1948
 - B. Indian Boilers Act, 1923
 - C. The Environment (Protection) Act, 1986 and allied Environment Laws
 - D. Contract Labour Act, 1971 and A.P Contract Labour Rules

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting Board members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that company has subscribed to an Online Compliance Management System whereby system generated reports are submitted quarterly to the members of the Board about non-compliance and delayed compliance, if any, with respect to all laws and rules that are applicable to the Company. The Board in their meetings takes note of this report and suggests corrective action if deemed necessary.

We further report that during the period under review International Paper Investments (Luxembourg) S.a.r.l and IP International Holdings Inc. requested for re-classification from promoters to public shareholders of the Company. Accordingly, shareholders' approval in the form of ordinary resolution through postal ballot was obtained on 30.01.2021 and applications made to BSE Limited and National Stock Exchange of India Limited are under consideration by the respective Stock Exchanges.

We further report that during the audit period, the Company has no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **D.HANUMANTA RAJU & CO.,**
COMPANY SECRETARIES

CS D. HANUMANTA RAJU
PARTNER

Place: Hyderabad
Date: 04.05.2021

FCS: 4044, CP NO: 1709
UDIN: F004044C000235981

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To
The Members,
ANDHRA PAPER LIMITED
(FORMERLY KNOWN AS INTERNATIONAL PAPER APPM LIMITED),
Rajahmundry – 533 105,
East Godavari District,
Andhra Pradesh.

Our report of even Date is to be read along with this letter:

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness and with which the management has conducted the affairs of the Company.

For **D.HANUMANTA RAJU & CO.,**
COMPANY SECRETARIES

Place: Hyderabad
Date: 04.05.2021

CS D. HANUMANTA RAJU
PARTNER
FCS: 4044, CP NO: 1709
UDIN: F004044C000235981

ANNEXURE –5

Form AOC-I

Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Name of the subsidiary	Andhra Paper Foundation (Formerly known as IP India Foundation)
The date since when subsidiary was acquired	20-06-2013 (incorporated as a wholly subsidiary of the Company)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not Applicable
Share capital	₹5,00,000
Reserves & surplus	₹13,06,837
Total assets	₹19,13,337
Total Liabilities	₹19,13,337
Investments	₹16,81,019
Turnover / Income	₹94,752
Excess of Income over Expenditure, before taxation	₹24,066
Provision for taxation	NIL
Excess of Income over Expenditure, after taxation	₹ 24,066
Proposed Dividend	Not applicable
% of shareholding	100

- Names of subsidiaries which are yet to commence operations - Nil
- Names of subsidiaries which have been liquidated or sold during the year – Nil

Part B: Associates and Joint Ventures Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

The Company does not have any Associates/Joint Ventures.

For and on behalf of the Board

Hyderabad
June 21, 2021

Shree Kumar Bangur
Chairman & Managing Director

ANNEXURE –6

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	:	L21010AP1964PLC001008
2.	Name of the Company	:	Andhra Paper Limited (formerly known as International Paper APPM Limited)
3.	Registered address	:	Rajahmundry, East Godavari District, Andhra Pradesh – 533105
4.	Website	:	www.andhraper.com
5.	E-mail id	:	aravind.matta@andhraper.com
6.	Financial Year reported	:	2020-2021
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	17011, 17016 and 17093
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	:	Paper, board and pulp
9.	Total number of locations where business activity is undertaken by the Company	:	
	a. Number of International Locations (Provide details of major 5)	:	Nil
	b. Number of National Locations	:	Units -3, Corporate Office, Regional Sales Offices-6
10.	Markets served by the Company	:	National/International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR Crore)	:	39.77
2.	Total Turnover (INR Crore)	:	886.74
3.	Total (loss) after taxes (INR Crore)	:	(4.60)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	N.A.
5.	List of activities in which expenditure in 4 above has been incurred: -	:	
	a. Health & Wellness	:	
	b. Education	:	
	c. Community Engagement	:	

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?

The Company has one Subsidiary Company as on March 31, 2021, i.e. Andhra Paper Foundation.

- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

No, at present our subsidiary company does not participate in the BR Initiatives of the parent.

- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No, at present our suppliers, distributors etc. do not participate in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. Details of Director(s) responsible for BR

- a. Details of the Director/Director responsible for implementation of the BR policy/policies

DIN Number	Name	Designation
07995480	Anish T. Mathew	Director – Commercial & C.F.O.

- b. Details of the BR head

Sl. No.	Particular	Details
1.	DIN Number (if applicable)	N.A.
2.	Name	Aravind Matta
3.	Designation	Company Secretary & Vice President (Corporate Affairs)
4.	Telephone number	040-68101284
5.	e-mail id	aravind.matta@andhrpaper.com

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

Principles as per NVG:

Principles	Description	Company's Policy
Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Code of Business Conduct & Ethics and Whistle Blower Policy
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Sustainability Policy & Controlled wood policy and Environment, Health and Safety Policy (EHS Policy)
Principle 3	Businesses should promote the well-being of all employees	EHS Policy
Principle 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Corporate Social Responsibility Policy (CSR Policy) and Policy on Prevention of Sexual Harassment of Women at Workplace (POSH policy)
Principle 5	Businesses should respect and promote human rights	Supplier Code of Conduct and Code of Business Conduct & Ethics
Principle 6	Businesses should respect, protect and make efforts to restore the Environment	Environment Health and Safety Policy, Sustainability Policy & Controlled wood policy
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Code of Business Conduct & Ethics
Principle 8	Businesses should support inclusive growth and equitable development	CSR Policy, Sustainability Policy & Controlled wood policy
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Quality Policy

3. Governance related to BR

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

BR performance of the Company is reviewed annually by the Board of Directors as a part of Annual Report.

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

Yes, starting from financial year 2019-20, we started publishing the Business Responsibility Report along with our Annual Report once in a year. The hyperlink is <http://www.andhrpaper.com/>.

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of the business and to meet its obligations to the stakeholders. Accordingly, the Company believes in and has consistently practiced good Corporate Governance. In pursuance of this philosophy, the management adheres to transparency, professionalism and accountability in performance of its role.

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

The Policy covers only the Company.

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

Stakeholders Complaints		
No. of Complaints Received	No. of Complaints Resolved	No. of Complaints Pending
0	0	0

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

We make paper products from fibre, which comes from nature and sustainable forests. Along with promoting sustainable forestry practices, our goal is to minimize the environmental impact and promote the long-term sustainability of natural capital. In the short term, we take deliberate efforts to improve our use of water,

chemicals and energy as well as improve our stack air emissions and solid waste disposal.

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

Company's Products like Skytone, HP & Reflection have incorporated social/environment concerns, risks and or/ opportunities. These products confirm to Forest Stewardship Council (FSC) requirement and carry FSC Logo.

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

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

The Company is committed to reducing the consumption of resources. However, the operations were impacted due to COVID-19 outbreak. The markets observed limited business activity as a results of countrywide Lockdowns. This has restricted the production plans and resulted in increase of Specific consumptions of various resources.

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

N.A.

- 3. Does the company have procedures in place for sustainable sourcing (including transportation)?

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

Yes, we have a Pre-Screening Questionnaire (PSQ) as a part of initial vendor screening which aims at gauging a vendor from the Sustainability point of view at a high level.

Every vendor, with the exception of (1) Govt. entities and (2) Agricultural Marketing Committees of State government, signs a Supplier Code of Conduct (SCOC) which is to hold our suppliers / contractors / transporters accountable for upholding laws of the land, Labour and human rights, welfare, health and safety of their employees, environmental footprint etc. This process helps us communicate our commitment to sustainability to the vendors before we on-board them.

Andhra Paper (APL) procures its entire pulpwood following guidelines of Forest Stewardship Council® (FSC®). APL holds FSC® FM certificate that enables it to procure FSC certified wood, called FSC 100%. APL also has FSC COC-CW certificate that enables it to procure FSC controlled material. During 2020-21, APL procured 43.8% certified virgin fiber (FSC 100%) and balance was FSC controlled material.

The Company uses waste paper (Recovered Fiber) to produce writing and printing paper at Kadiyam mill. Here, the Company used ~55% FSC Controlled material and ~11% of FSC RM (Reclaimed Material) during FY 2020-21.

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

Yes, from 2019-20, we are making conscious efforts to develop local producers, who are placed within 200 km of our mills for our 'B' and 'C' class MRO (Maintenance, Repair and Overhaul) purchases. The company is also actively engaging local service providers for work force supplies.

The Company has procured 37% of virgin fiber within 150 km from mill during 2020-2021 and has taken several initiatives to promote afro-forestry plantations among nearby communities. It is targeting for procuring 51% of virgin fiber requirement from within 150 km radius by 2026.

Further, the Company is promoting virgin fiber plantation activities in its catchment area by providing high quality planting material (saplings) at subsidized rates to the farmers. The Company has established a Clonal Propagation Centre (CPC) and also tied up with local farmers for growing saplings within 150 km radius. This has enabled transfer of technology to the farmers and capacity building of the farming communities within the mill's target / catchment area.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes, we recycle 5-10% of our products (semi- finished /un-finished and broke) and utilize up to 93% of solid waste by recycling and reuse.

The Company is having a well- structured mechanism in place of recycling of its products and reuse its waste.

There is a comprehensive waste generation monitoring system to record and recycle or reuse its waste and non-conforming products. Bark and chip dust generated in wood processing operations is used in AFBC Boiler and PG Plant. ETP sludge generated is used as a fuel in the AFBC boiler for steam generation. Paper machines and Finishing & Converting sections generate wastage of un-finished paper & broke between 5% to 10%, which is re-pulped /recycled again at Stock Preparation area and sent to paper machines for paper making.

The Fly Ash generated during the year 2020-21 was 59,152 Tons. It is disposed to brick manufactures for their beneficial use. It is in line with compliance with Regulatory norms.

A. The major solid wastes recycled under hazardous waste categories:

- 18,736 Tons of ETP sludge was generated during the year 2020-21. It is used partly in our boiler and partly disposed to end users.
- 35.21 Tons of Used lubrication oil is generated during the year 2020-21 and is partly used within the premises and partly disposed to authorized recyclers.
- The containers liner (103 Tons) are disposed to recyclers after cleaning.

B. The major solid wastes recycled under Non Hazardous categories during the year 2020-21

- Waste Lime sludge (5,372 Tons) generated was disposed to cement & brick kiln industries for beneficial use.
- Total Chip dust from wood processing (16,497 Tons) generated was used in boiler.
- Waste wood bark (11,737 tons) generated was majorly used in boiler and partly disposed to end user.
- ESP Ash (775 tons) was generated and disposed to cement industries and brick manufactures for their end use.
- Discarded Batteries generated were disposed to authorized dealers or return back to suppliers.
- E waste is being disposed to authorized dismantlers or recycler.
- Bio Medical waste generated from Occupational health center is being given to approved off site treatment and disposal facility.

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

The Company's agenda for engaging and developing its employees includes initiatives to attract, develop and retain talent. The key focus areas included diversity and inclusion, succession planning, developing a talent pool for critical positions, quality of life programs and leadership development. We advocate diversity and inclusion including diversity of experience, background, gender and race. People with diversity of background and experience bring new ideas, challenge the old norms and better prepare us to compete and serve our diverse customers and markets. To encourage health and well-being of our workforce, we provided free annual health check-up facility for all employees during the year.

We use a balance of approaches to develop our teams including engagement plans, training & skill development, career planning and health & wellness programs to build a strong organization and strong individuals.

1.	Please indicate the Total number of : employees. (approx.)	4,843
2.	Please indicate the Total number of : employees hired on temporary/ contractual/ casual basis (approx.)	2,974
3.	Please indicate the Number of permanent : women employees.	40
4.	Please indicate the Number of permanent : employees with disabilities	14
5.	Do you have an employee association that : is recognized by management?	Nil
6.	What percentage of your permanent : employees is members of this recognized employee association?	NA

- Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

- What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - Permanent Employees: ~78%
 - Permanent Women Employees: ~69%
 - Casual/Temporary/Contractual Employees: ~77%
 - Employees with Disabilities : 67%

With safety as a top priority, we make extensive investments in training and skill development to raise awareness of risks and certify knowledge for procedures and conditions. Our

Manufacturing Excellence (ME) program trains and certifies expertise in techniques using 6-sigma, Lean, RCFA and process improvement.

The Company periodically conducts various workshops/trainings viz., EHS refresher training, POSH trainings, behavior trainings, near miss identification and reporting training, CSM & HIRA training, H&S Systems etc., to the employees based on identified needs. The Company provides training to workmen & staff through Internal & External Faculty for enhancing various skills.

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

The Company firmly believes that practice of Corporate Governance, inter alia, should aim at meeting the aspirations of the stakeholders and the expectations of the society at large.

- Has the company mapped its internal and external stakeholders? Yes/No
Yes.
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
Yes.
- Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

The Company has taken various initiatives in this regard viz., Community Engagement programmes, providing self-employment/skill development training to women through various CSR initiatives of the Company, Whistle blower mechanism, Prevention of sexual harassment at work place, are a few of them.

Principle 5 - Businesses should respect and promote human rights

The Company is deeply committed to upholding human rights and has Policies for the same applicable to its employees at all the locations. We have policies covering the supply chain also.

These Policies serve as the guiding principle when it comes to adherence to applicable laws of human rights in line with various national and international standards in this area. We have been continuously strengthening and introducing systems to ensure sound implementation of Policies with respect to Human Rights and decent work place. We have a code of conduct for Vendors who have adopted this voluntarily requiring compliance with applicable laws relating to, inter alia, human rights, environmental conservation, and quality of products and services.

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

The Company's code of conduct that primarily enshrines and advocates, inter alia, respect of human rights, covers employees at all the locations of the Company. As regards supply chain, we have Supplier Code of Conduct which covers suppliers/vendors ensuring their adherence to the human rights principle.

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

The company has not received any complaint on human rights during the previous financial year. In case of violations, there are mechanisms in place where employees can lodge complaints which are addressed suitably.

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

We are committed to ensure compliance with environmental regulations and continuously monitor our actions and output to ensure we operate within limits. Our mills have direct links to the Andhra Pradesh PCB monitoring systems providing live daily feeds. We are investing capital to reduce water consumption, convert sludge to energy and improve controls for boiler stack emission and odorous chemicals. The monitoring of effluent treatment plant performance has facilitated the reuse, reduction and recycling of sludge. We have implemented projects to reuse and recirculate water within our mills to minimize consumption of fresh water. We invest in R&D and collaborate with both farmers and government to support a sustainable forestry strategy ensuring a healthy forest and sustained access to fibre for years to come.

Both the units of the Company at Rajahmundry and Kadiyam are ISO 14001:2015 certified. This gives a system approach towards environment management.

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

The policy related to Principle 6 extends to suppliers and contractors also. All signatories to Company's Supplier Code of Conduct (SCOC) are bound to follow the principles adopted by the company.

The Company considers its obligation to maintain highest standards of safety and environment management in its operations. The Company has a well-defined Environment Policy in place. The policy covers the Company and its employees. The Company encourages its Suppliers and Contractors to adapt to environment friendly and safe work practices in their day to day operations.

The Company has embraced FSC FM Certification process, which is based on Environmental, Social & Economic development and Sustainability. Consequently, all farmers and vendors working with us follow this process, thereby ensuring respect, protection and restoration of environment.

The Company has so far covered an area of 26,256 hectares and 8,769 FMU covered under FSC FM certification program. Company's also provides regular training to these farmers on the 10 principles of FSC FM.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the Company has rolled out Sustainability Goals 2030 to envisage and mitigate the business sustainability challenges in environmental & social context which invariably contribute to address global environmental issues such as global warming and climate change. The company is focused at reducing Green House Gas (GHG) emission, Water conservation, maximizing Solid Waste utilization & reduction in Effluent discharge. With continued focus on its sustainability Goals, the Company achieved 52% of its energy consumption sourced from Biogenic or Non-Fossil fuels thereby providing its contribution towards addressing environment challenges such as global warming.

The Company has a Goal Tracking mechanism to monitor & review the progress of sustainability goals month on month basis. The inputs from the monthly reviews are used to prioritize the strategy for mitigation plans to reach identified gaps.

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

Yes, potential risks are identified a part of Company's risk management activity. The Company has an EHS Council in place with the objective of identifying environmental risk and devising risk mitigation plans therefore to ensure 100% compliance with environmental laws.

The Environmental Cell department closely works with all manufacturing teams to assure that day-to-day operations are performed within Environment norms. Any exceedance of limits, or environmental release or any notice of violations is promptly communicated to senior management through incident reporting system for immediate action and also referred to EHS council for incorporating in the mitigation strategy plan, if needed.

The Company is certified for (Quality Management System) ISO 9001: 2015, (Environment Management Systems) ISO 14001:2015 and (Occupational Health & safety Management system) ISO 45001:2018. These standards help company to systematically engaged in environment impact assessments and use recognized environmental standards systems to identify, assess and mitigate the potential environmental risks.

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

The Company continues to work towards cleaner production by using cleaner fuels and maximum utilization of energy from manufacturing processes. Inclusion of Sustainability Goal No. 7 to reduce GHG gas emission indicates Company's commitment for working towards Cleaner Development Mechanism. The company has fully functional global best practice of manufacturing excellence (Six Sigma & Lean Manufacturing) as a vehicle to execute its improvement projects. A few projects for cleaner production are:

- Water conservation projects
- Effluent reduction by reuse and recycle
- Use of biofuels in boiler partially in place of coal i.e. Effluent Sludge (8302 Tons), Wood Bark (11695 Tons in 2020-21), wood chip dust (16497 Ton in 2020-21) & wood rejects from Pulp
- Black liquor from Pulp Mill as fuel in Recovery Boiler to generate steam and captive power. Recovery Boiler contributes to max. 60-70% power needs.
- Chemical recovery process i.e. uses of recovery boiler furnace smelt (green liquor) to produce / recover for Whiter Liquor, Weak white Liquor. CaCo₃ is returned to reduce requirement of CaO (Calcium Oxide) necessary for White Liquor production.

As these are voluntary initiatives of the Company, no compliance report has been filed.

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

Yes, the Company executes various projects oriented towards energy efficiency improvement, clean technology and renewable energy. Some projects undertaken by the Company are as below:

- Use of ETP sludge in multi-fuel AFBC Boiler
- Around 8302 Tons ETP sludge used in boiler during 2020-21
- VFDs are installed at various key locations in manufacturing process to save electricity based evaluation study.
- Use of Fine Bar technology for pulp refining used in central refining plant for saving energy.
- Installation of LED lightings in phased manner to conserve energy
- Energy efficient Pumps installation in paper machine and Stock Preparation area

- Weak Black Liquor concentration increased to reduce steam consumption at Evaporators thereby saving on energy consumption

The Company has an efficient waste management system. The wastes are segregated in hazardous and non-hazardous wastes.

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

- Water consumption and waste water discharges are within stipulated norms. Quality of treated water is meeting permissible limits given by State Pollution Control Board.
- Hazardous and solid non-hazardous wastes quantities are within permissible limits.
- Air emission averages are meeting the prescribed norms of CPCB/SPCB. Further strengthening of reliable and sustainable operations of Recovery boiler emission control systems is planned.

The company is committed to minimize its waste and emissions.

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

There are no pending legal or show cause notices which received from CPCB / SPCB as on end of Financial Year for non-compliance with environmental laws & regulations.

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

We are associated with prominent industry institutions that are engaged in policy advocacy. We are guided by the values of commitment, integrity, transparency while raising a concern or undertaking a public advocacy issue.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
- a. Confederation of Indian Industry
 - b. The Federation of Telangana Chambers of Commerce and Industry
 - c. The Federation of Andhra Pradesh Chambers of Commerce and Industry
 - d. Indian Paper Manufactures Association
 - e. Federation of Indian Export Organizations

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

Yes. The Company participates in various forums of the aforesaid Associations and provides relevant insights on governance and administration, sustainable business principles, inclusive development policies (with a focus on skill building and literacy), economic reforms, tax and other legislations. The Company uses Code of Conduct, other Company's policies and in general the NVG principles as a guide for its actions in influencing public and regulatory policy.

Principle 8 - Businesses should support inclusive growth and equitable development

We are committed to community development and aim to bring about a meaningful change in the lives of people around us. We engage with the society stakeholders to ascertain the priority of development works to be taken up in the nearby society and accordingly, the projects are implemented which are monitored by in house teams. The major areas of community development are health, education and community engagement. Suitable mechanisms are in place to evaluate the impact of these interventions to ensure desired goals are achieved.

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

Inclusive growth is one of the basic concepts of the CSR activities of the Company. Hence, we have designed 3 pillars under which the CSR activities of our company are carried forward. They are:

Health & Wellness: Under this pillar the activities that are carried are broadly in the areas of-

- strengthening public health infrastructure – contribution to government run hospitals in the form of equipment or renovations;
- supporting our communities to have access to Safe Drinking Water – installation of water purification plants in schools, communities and their maintenance.

Education: Under this pillar we support government and government aided schools in areas of a) academic improvement of students b) infrastructure support to school buildings like building toilets to giving furniture c) scholarships.

Community Engagement: Under this pillar we carry out activities that involve bringing in people to improve the quality of living ranging from Road Safety related activities to tree plantations to volunteering by employees to paint a school building.

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

The projects are all supervised/monitored by the in-house team of the Company.

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

The Company did not carry out any impact assessment, as it is statutorily not required.

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

The Company has spent ~ ₹188 lakhs during the financial year 2020-2021. Full details of the projects can be visited at the CSR Annual Report of the Company, forming part of this Annual Report. Further the Company identified Ongoing Projects for an amount of ₹235 lakhs to be carried out in 2021-22.

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

Health & Wellness: In case of Safe Drinking Water projects, which have crossed 60 in number over the past 5 years, we regularly visit the Gram Sabhas to remind people to utilize the facility and ensure protection from water borne diseases.

Education: In case of school infrastructure support and specifically building toilets, our teams organise sessions through the teachers during school assembly on sanitation.

Community Engagement: In case of Road Safety project, the school students have been motivated to become Road safety Ambassadors who approach families and give messages and also take their feedback – all of which is documented.

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

The Company is committed to providing products that offer best-in-class quality. The Company adopts benchmarked manufacturing practices and robust quality assurance systems for its products. A well-established system is in place for dealing with customer feedback. IT enabled customer complaint redressal system is in place to manage the complaints in an effective manner.

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

We use SFDC - salesforce.com platform, monitored by CTS (Customer Technical Services), through which all customer complaints are addressed. All stakeholders have access to SFDC to have a 360° visibility on quality complaints. The complaints are routed to respective Quality Control Heads of the Mills along with relevant samples. The complaints are

investigated through various steps viz., Route Cause Analysis, Corrective Action Plan (CAP) etc., and appropriate actions are taken on the complaints with well-defined timelines.

Despite the Covid situation, maximum complaints are attended, addressed and resolved to ensure maximum customer satisfaction. We've used alternate communication methods (like video calls) where our CTS representatives couldn't travel due to Lockdown related restrictions to resolve the customer complaints. More than 83% of complaints are closed during the year. The percentage of pending complaints that were pending as on the end of financial year – 16.4%.

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

We provide additional data like Product Applications etc. on Copier Wrappers only, over and above mandatory information as per local laws. Product labeling is done as per statutory requirement.

- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years

and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No complaints were filed by any stakeholder against the Company in the above areas.

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

Yes, we do take customer feedback once in 6 months (at least twice in a year) as per ISO guidelines. The Company has given strong focus on value creation for customers and achieving higher level of customer satisfaction. Customer satisfaction surveys are carried out on a regular basis. This provides valuable feedback to continuously improve in delivering superior value to customers.

The feedback score for last three years is as under:

2017		2018		2019		2020	
H1	H2	H1	H2	H1	H2	H1	H2
4.5	4.0	4.0	4.2	4.0	3.9	*	4.4

*(H1 – 2020 survey couldn't be done due to lockdown)

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Code of Governance

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of the business and to meet its obligations to the stakeholders. The Company firmly believes that practice of Corporate Governance, *inter alia*, should aim at meeting the aspirations of the stakeholders and the expectations of the society at large. Accordingly, the Company believes in and has consistently practiced good Corporate Governance. In pursuance of this philosophy, the management adheres to transparency, professionalism and accountability in performance of its role.

2. Board of Directors

a. Composition of Board

We believe that our Board needs to have an appropriate mix of executive, non-executive and independent directors to maintain its independence, and separate its functions of governance and management. The Listing

Regulations mandate that every listed company shall have an optimum combination of executive and non-executive directors with at least one-woman director and not less than fifty percent of the board of directors shall comprise of non-executive directors.

As on March 31, 2021, the Board comprised ten members, consisting of one Chairman & Managing Director, one Joint Managing Director, one Executive Director (whole time), two non-executive non-independent directors, five non-executive independent directors including one independent woman director. Independent Directors constitute 50% of the Board's strength complying with the requirements of the Companies Act, 2013 and Listing Regulations.

As on March 31, 2021, Independent directors occupied the position of chairmanship for each of the Board committees viz., audit committee, nomination and remuneration committee, stakeholders' relationship committee and corporate social responsibility (CSR) committee.

- a) Composition and category of directors, number of other board of directors or committees in which the director is a member or chairman as on March 31, 2021 are as follows:

Name of Director	Indian-listed companies	Category of Directorship	All companies around India ⁽¹⁾⁽³⁾	Committee membership ⁽²⁾⁽³⁾	Committee Chairman ⁽²⁾⁽³⁾
Executive Directors:					
Mr. Shree Kumar Bangur	Jayshree Chemicals Limited	Non-Executive, Non-Independent Director	11	2	1
	West Coast Paper Mills Limited	Executive, Promoter, Chairman & Managing Director			
	Andhra Paper Limited	Executive, Promoter, Chairman & Managing Director			
Mr. Saurabh Bangur	West Coast Paper Mills Limited	Non-Executive, Non-Independent Director	7	1	-
	Andhra Paper Limited	Executive, Joint Managing Director			
Mr. Anish T. Mathew	Andhra Paper Limited	Executive, Whole-time Director	2	-	-

Name of Director	Indian-listed companies	Category of Directorship	All companies around India ⁽¹⁾⁽³⁾	Committee membership ⁽²⁾⁽³⁾	Committee Chairman ⁽²⁾⁽³⁾
Non-Executive Non-Independent Directors:					
Mr. Rajendra Jain	West Coast Paper Mills Limited	Executive, Whole-time Director	2	3	-
	Andhra Paper Limited	Non - Executive, Non-Independent Director			
Mr. Virendraa Bangur	West Coast Paper Mills Limited	Executive, Joint Managing Director	12	2	-
	Jayshree Chemicals Limited	Non - Executive, Non-Independent Director			
	Taparia Tools Limited	Non - Executive, Non-Independent Director			
	Andhra Paper Limited	Non - Executive, Non-Independent Director			
Non-Executive Independent Directors:					
Mr. Adhiraj Sarin	Tinna Trade Limited	Non - Executive, Independent Director	2	2	-
	Andhra Paper Limited	Non - Executive, Independent Director			
Mr. Praveen P. Kadle	Persistent Systems Limited	Non-Executive, Independent Director	14	-	4
	Tide Water Oil Co. (India) Limited	Non-Executive, Independent Director			
	Andhra Paper Limited	Non-Executive, Independent Director			
Mr. Sudarshan V. Somani	West Coast Paper Mills Limited	Non-Executive, Independent Director	6	2	2
	Starteck Finance Limited	Non-Executive, Independent Director			
	Andhra Paper Limited	Non-Executive, Independent Director			
Mr. Arun Kumar Sureka	Andhra Paper Limited	Non-Executive, Independent Director	11	1	-
Ms. Veni Mocherla	NACL Industries Limited	Non-Executive, Independent Director	2	-	-
	Andhra Paper Limited	Non-Executive, Independent Director			

1. Directorship in companies around India (Listed Public, Unlisted Public, No profit & Loss and Private Limited companies)

2. Disclosure includes membership / chairman of the audit committee and stakeholders relationship committee in Indian public companies (listed and unlisted)

3. Including Andhra Paper Limited

- b. Attendance of each director at the Meeting of the board of directors and the last annual general meeting:

Name of the Director	Last AGM dated September 21, 2020	Board Meetings		
		Held during the tenure	Attended	% of attendance
Mr. Shree Kumar Bangur (Chairman & Managing Director)	Yes	4	4	100.00
Mr. Saurabh Bangur (Joint Managing Director) ¹	Yes	3	2	66.66
Mr. Rajendra Jain	Yes	4	4	100.00
Mr. Virendraa Bangur (Vice Chairman)	Yes	4	4	100.00
Mr. Adhiraj Sarin	Yes	4	4	100.00
Mr. Praveen P. Kadle	No*	4	4	100.00
Mr. Sudarshan V. Somani	Yes	4	4	100.00
Mr. Arun Kumar Sureka	Yes	4	4	100.00
Ms. Veni Mocherla	Yes	4	4	100.00
Mr. Anish T. Mathew	Yes	4	4	100.00

¹ Appointed as an Additional Director with effect from June 1, 2020.

* Due to technical problem in connecting to e-meeting of AGM

- c. No. of meetings of the Board of Directors held and dates on which held:

During the financial year, four meetings of Board of Directors were held on May 29, 2020; August 7, 2020; October 29, 2020 and January 28, 2021.

- d. Mr. Virendraa Bangur and Mr. Saurabh Bangur (sons) are related to Mr. Shree Kumar Bangur (father) and other directors are unrelated to each other except as members of the Board.

- e. None of the Non-Executive Directors and Independent Directors hold equity shares and convertible instruments of the Company.

- f. The details of Familiarization Programme are placed on the Company's website viz., www.andhraper.com.

- g. A chart or a Matrix for skills/attributes identified by the Board of Directors as required in the context of business/sectors to function effectively is given in Appendix – 1.

- h. In the opinion of the Board, the independent directors fulfill the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

- i. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure accuracy and correctness;

- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

- iv. Reviewing with the management of the annual financial statements before submission to the Board, with particular reference to the following:

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of Judgement by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Modified opinion(s) in the draft audit report.

3. Audit Committee

- a. Brief description of terms of reference of Audit Committee as per the Charter approved by the Board are:

- v. Reviewing with the management quarterly financial statements before submission to the Board for approval;
- vi. Reviewing the functioning of the whistle blower mechanism;
- vii. Evaluation of internal financial controls and risk management systems.

b. Composition of Audit Committee

The composition of the Audit Committee as on March 31, 2021 is as follows:

Name	Category	Designation
Mr. Praveen P. Kadle	Non-Executive, Independent Director	Chairman
Mr. Adhiraj Sarin	Non-Executive, Independent Director	Member
Mr. Arun Kumar Sureka	Non-Executive, Independent Director	Member
Mr. Shree Kumar Bangur	Executive Director	Member

All Members of Audit Committee are financially literate and Mr. Praveen P. Kadle have accounting and related financial management expertise.

c. Meetings and attendance during the year

During the financial year, four meetings of Audit Committee were held on May 29, 2020; August 7, 2020; October 29, 2020 and January 28, 2021.

The details of the Meetings attended by the Members are given below:

Name	Number of Meetings held during the tenure	Number of Meetings attended
Mr. Praveen P. Kadle	4	4
Mr. Adhiraj Sarin	4	4
Mr. Arun Kumar Sureka	4	4
Mr. Shree Kumar Bangur	4	2

The Company Secretary acts as the Secretary to the Committee.

4. Nomination and Remuneration Committee

Brief description of terms of reference of Nomination and Remuneration Committee as per the Charter approved by the Board are:

a. Terms of reference

- Formulating criteria for determining the qualifications, positive attributes and independence of a director;
- Identifying the persons who are qualified to become Executive Directors, Non-Executive Directors and Independent Directors and to recommend to the Board their appointment and removal;
- Identifying persons who may be appointed in Senior Management and to recommend to the Board their appointment and removal;
- Devising a policy on Board diversity;
- Succession Planning;
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

b. Composition of Nomination and Remuneration Committee

The composition of Nomination and Remuneration Committee as on March 31, 2021, is as follows:

Name	Category	Designation
Mr. Arun Kumar Sureka	Non-Executive, Independent Director	Chairman
Mr. Adhiraj Sarin	Non-Executive, Independent Director	Member
Mr. Shree Kumar Bangur	Executive Director	Member
Mr. Virendraa Bangur	Non-Executive, Non-Independent Director	Member

The Company Secretary acts as the Secretary to the Committee.

c. Meetings and attendance during the year:

During the financial year, one Meeting of Nomination and Remuneration Committee was held on May 29, 2020.

All the four members attended the meeting.

d. Performance evaluation criteria for independent directors

The Board of Directors evaluates the performance of Independent Directors on yearly basis in terms of provisions of Code of Independent Directors.

5. Remuneration of Directors

a. All pecuniary relationship or transactions of the Non-Executive Directors

The details of sitting fees paid to the Non-Executive Directors and commission (relating to financial year 2019-2020) paid to Independent Directors during the financial year ended March 31, 2021 were as follows:

(In ₹ Lakhs)

Name	Sitting Fees	Commission*	Total
Mr. M.S. Ramachandran(1)	N.A	32.49	32.49
Mr. Adhiraj Sarin	7.75	32.49	40.24
Mr. Milind Sarwate (2)	N.A	32.49	32.49
Mr. Praveen P. Kadle	7.00	32.49	39.49
Mr. Rajendra Jain	5.50	-	5.50
Mr. Sudarshan V. Somani	5.50	-	5.50
Mr. Arun Kumar Sureka	7.75	-	7.75
Mr. Virendraa Bangur	6.25	-	6.25
Ms. Veni Mocherla	4.00	-	4.00
TOTAL	43.75	129.96	173.71

*Excluding applicable taxes

(1) Resigned with effect from the closure of Board Meeting dated October 30, 2019 due to change in the Management

(2) Resigned with effect from the closure of Board Meeting dated October 30, 2019 for re-organization of the portfolio of his Board Memberships across various companies

Apart from the above, there were no other pecuniary relationships or transactions between the Company and any of its Non-Executive and/or Independent Directors, during the year.

not exceeding one percent of net profits of the Company calculated as per Section 198 of the Companies Act, 2013, as may be decided by the Board from time to time.

b. Criteria of making payments to Non-Executive Directors

The Board of Directors at its meeting held on January 28, 2020 approved to pay all Non-Executive Directors including Independent Directors a sitting fees of ₹1,00,000 per meeting for attending the Board Meeting and ₹ 75,000 per meeting for attending the Meetings of Committees of Board with effect from January 28, 2020.

The Shareholders at the 51st Annual General Meeting held on August 27, 2015 approved to pay, for a period of five years, commission to Independent Directors at a rate

c. Disclosure with respect to remuneration

Sitting fees was paid to all Non-Executive Directors for attending the Board/Committee Meetings held during the financial year 2020-21. One per cent proportionate Commission for seven months calculated on the net profits relating to financial year 2019-20 was equally paid to four Independent Directors who were on the Board as on October 30, 2019.

The Executive Directors were appointed for three years and the service is terminable by giving three month's notice on either side. No severance fees is payable to Directors.

The details of remuneration paid to Executive Directors for the financial year 2020-21:

(In ₹ Lakhs)

Particulars of Remuneration	Name of Executive Director		
	Mr. Anish T. Mathew	Mr. Saurabh Bangur	Mr. Shree Kumar Bangur
Gross salary			
a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	77.36	116.84	-
b. Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-	-
Total	77.36	116.84	-

The Company did not issue any stock options during the year.

6. Stakeholders Relationship Committee

The Composition of Stakeholders Relationship Committee as on March 31, 2021 is as follows:

Name	Category	Designation
Mr. Sudarshan V. Somani	Non- Executive, Independent Director	Chairman
Mr. Virendraa Bangur	Non-Executive, Non-independent Director	Member
Mr. Rajendra Jain	Non-Executive, Non-independent Director	Member

During the financial year, the Stakeholders Relationship Committee met on January 28, 2021.

All the three Members attended the meeting.

The Company Secretary acts as the Secretary to the Committee.

Name and Designation of the Compliance Officer: Mr. Aravind Matta, Company Secretary & Vice President (Corporate Affairs).

The details of the status of complaints received from the security holders during the financial year ended March 31, 2021 are furnished below:

No. of pending complaints as on March 31, 2020	1
No. of shareholders' complaints received during the financial year	0
No. of complaints solved to the satisfaction of shareholders	1
No. of complaints not solved to the satisfaction of shareholders	0
No. of pending complaints as on March 31, 2021	0

7. General Body Meetings

a. The location and time of the last three Annual General Meetings held

Year ended	Date and time	Venue
March, 2018	August 2, 2018 at 12.30 P.M.	Cherukuri Veerraju Subbalakshmi Convention Center, Jawaharlal Nehru Road, Rajahmundry -533 103
March, 2019	August 1, 2019 at 12.30 P.M.	Cherukuri Veerraju Subbalakshmi Convention Center, Jawaharlal Nehru Road, Rajahmundry -533 103
March, 2020	September 21, 2020 at 11.00 A.M.	Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")

b. Special Resolutions passed in the previous three Annual General Meetings

Date	Description of Special Resolutions passed
August 2, 2018	NIL
August 1, 2019	<ol style="list-style-type: none"> 1. Re-appointment of Mr. M.S. Ramachandran as an Independent Director for a second term of three consecutive years from April 1, 2019 to March 31, 2022. 2. Re-appointment of Mr. Praveen P. Kadle as an Independent Director for a second term of three consecutive years from April 1, 2019 to March 31, 2022. 3. Re-appointment of Mr. Adhiraj Sarin as an Independent Director for a second term of three consecutive years from April 1, 2019 to March 31, 2022. 4. Re-appointment of Mr. Milind Sarwate as an Independent Director for a second term of three consecutive years from April 1, 2019 to March 31, 2022.
September 21, 2020	<ol style="list-style-type: none"> 1. Appointment of Mr. Shree Kumar Bangur as a Director and Chairman & Managing Director for a period of 3 years from October 30, 2019 to October 29, 2022 and to continue to hold such directorship post attaining the age of seventy (70) years, without any remuneration. 2. Appointment of Mr. Anish T. Mathew as a Director and Whole Time Director of the Company, designated as Director - Commercial & Chief Financial Officer, for a period of three years from October 30, 2019 to October 29, 2022. 3. Appointment of Mr. Saurabh Bangur as a Director and Joint Managing Director for a period of three years from June 1, 2020 to May 31, 2023.

- c. No Special Resolution was passed through postal ballot during the financial year ended March 31, 2021.
- d. At present no special resolution is proposed to be conducted through postal ballot. The procedure laid down in Companies (Management and Administration) Rules, 2014 would be followed as and when necessary.

8. Means of Communications

Quarterly, half-yearly and annual financial results are usually published in Business Line (English Version) and vernacular regional newspaper viz. Andhra Prabha. The results are placed on the Company's website: www.andhrpaper.com.

Official news releases and interactions or presentations made to media, analysts, institutional investors etc. are being displayed on the website of the Company.

9. General Shareholder Information

a. Date, Time and Venue of Annual General Meeting

	Date & time	Venue
57th Annual General Meeting	Thursday, August 12, 2021 at 12.00 Noon (IST)	Through Video Conferencing / Other Audio Visual Means

b. Financial calendar – (Tentative and subject to change)

Financial year: April 1, 2021 to March 31, 2022

Particulars	Period ended	On or before
Unaudited Financial Results for the quarter ending	June 30, 2021	August 14, 2021
Unaudited Financial Results for the quarter ending	September 30, 2021	November 14, 2021
Unaudited Financial Results for the quarter ending	December 31, 2021	February 14, 2022
Audited Financial Results for the year ending	March 31, 2022	May 30, 2022
Annual General Meeting for the year ending	March 31, 2022	September 30, 2022
Details of Record Date		Friday, July 30, 2021
Details of payment of Dividend on equity shares	Within 30 days from the date of declaration	

c. Listing on stock exchanges

BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	National Stock Exchange of India Limited (NSE) “Exchange Plaza” Bandra-Kurla Complex Bandra (East), Mumbai – 400 051
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The Company paid the Annual Listing fees for the financial year 2021-22 to BSE and NSE.

d. Stock Code

BSE	502330	
NSE	Symbol : ANDHRAPAP	Series :EQ
ISIN (for Dematerialization)	INE435A01028	

e. The details of monthly high and low quotations of the equity shares of the Company traded on the stock exchanges are given below:

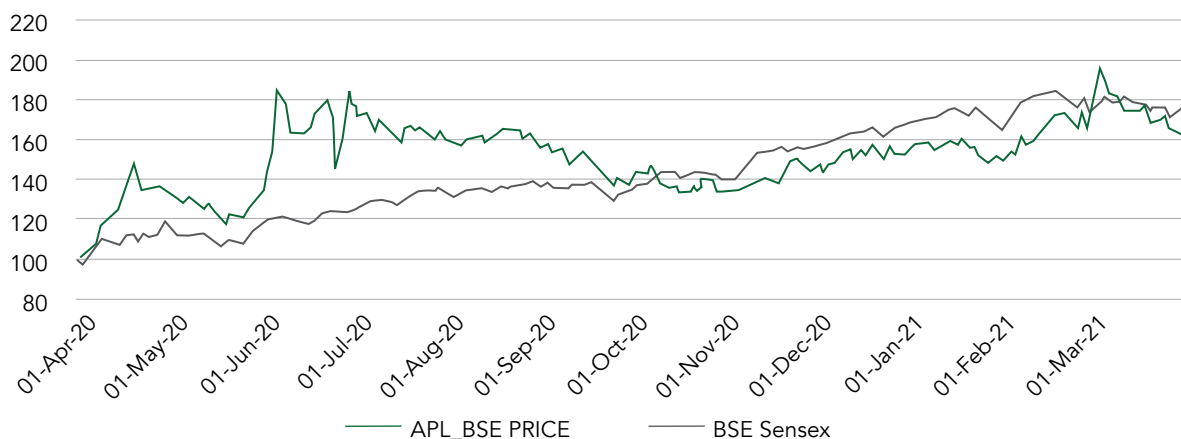
i. BSE

Month	Share Price ₹		BSE Sensex	
	High	Low	High	Low
2020				
April	212.00	131.00	33,887.25	27,500.79
May	184.45	160.25	32,845.48	29,968.45
June	298.95	180.00	35,706.55	32,348.10
July	254.80	215.45	38,617.03	34,927.20
August	234.00	211.50	40,010.17	36,911.23
September	221.15	177.50	39,359.51	36,495.98
October	204.00	179.65	41,048.05	38,410.20
November	209.00	183.05	44,825.37	39,334.92
December	224.70	196.40	47,896.97	44,118.10
2021				
January	224.20	201.60	50,184.01	46,160.46
February	247.70	205.30	52,516.76	46,433.65
March	275.00	218.10	51,821.84	48,236.35

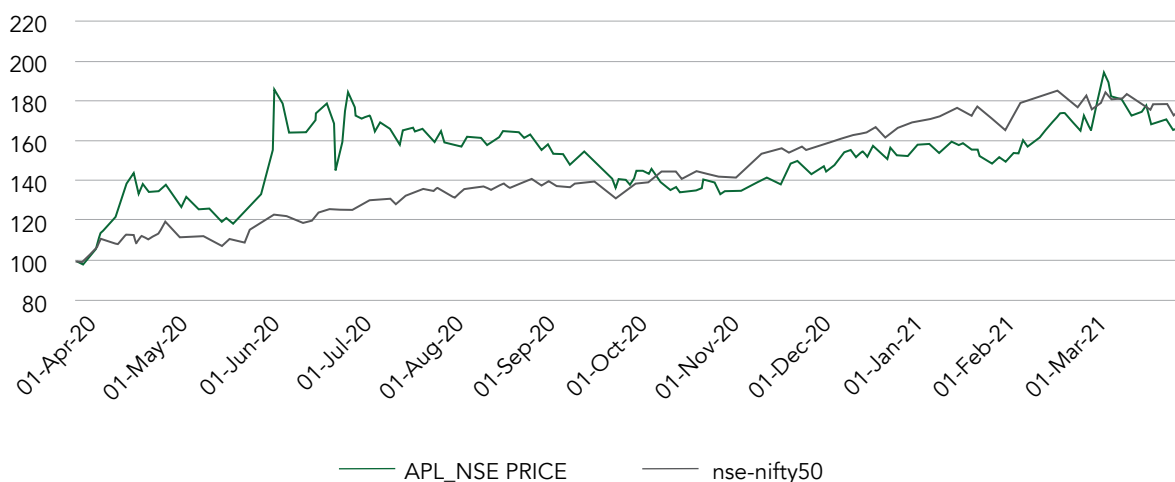
ii. NSE

Month	Share Price ₹		NIFTY 50	
	High	Low	High	Low
2020				
April	202.00	130.15	9,889.05	8,055.80
May	187.90	161.00	9,598.85	8,806.75
June	277.95	184.90	10,553.15	9,544.35
July	254.80	215.05	11,341.40	10,299.60
August	233.50	210.05	11,794.25	10,882.25
September	219.90	177.55	11,618.10	10,790.20
October	204.00	179.80	12,025.45	11,347.05
November	209.80	182.80	13,145.85	11,557.40
December	224.90	196.35	14,024.85	12,962.80
2021				
January	224.00	200.55	14,753.55	13,596.75
February	248.00	205.00	15,431.75	13,661.75
March	275.00	216.80	15,336.30	14,264.40

f. Performance of share price of the Company in comparison to BSE SENSEX and NSE NIFTY



Note: Andhra Paper share price and S&P BSE Sensex (Sensex) values as on April 1, 2020 have been baselined to 100



Note: Andhra Paper share price and NSE Nifty 50 index values as on April 1, 2020 have been baselined to 100

- g.** The securities of the Company have not been suspended from trading during the financial year ended March 31, 2021.

h. Registrar and Share Transfer Agent

Kfin Technologies Private Limited
 (Formerly known as Karvy Fintech Private Limited)
 Corporate Registry
 Selenium, Tower- B, Plot No 31 & 32, Gachibowli,
 Financial District, Nanakramguda, Serilingampally Mandal
 Hyderabad – 500 032
 Toll Free No. (India) 1-800-309-4001
 Email : einward.ris@kfintech.com
 Contact Person: Mr. Praveen Chaturvedi – General Manager

i. Share Transfer System

As per proviso to Regulation 40(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities cannot be transferred unless they are held in dematerialized form with a depository, except in case of transmission or transposition of securities.

The share transmission/transposition/deletion of name/name correction etc., in physical mode are being approved by the authorized person as per the delegation of powers by the Board. The average time taken for registering the share transmission/transposition/deletion of name/name correction is approximately 10 days from the date of receipt of a valid request.

j. Distribution of Equity Shareholding as on March 31, 2021

Nominal Value of Equity shares ₹	Shareholders		Value	
	Number	%	₹	%
1 - 5000	14,757	92.74	1,27,85,470	3.22
5001 - 10000	604	3.80	46,19,110	1.16
10001 - 20000	269	1.69	38,76,100	0.97
20001 - 30000	92	0.58	23,39,630	0.59
30001 - 40000	42	0.26	14,74,890	0.37
40001 - 50000	20	0.12	9,05,980	0.23
50001 - 100000	54	0.34	41,47,670	1.04
100001 and above	75	0.47	36,75,51,540	92.42
TOTAL	15,913	100.00	39,77,00,390	100.00

Category of equity shareholders as on March 31, 2021

S. No.	Category	Shares	%
(A)	PROMOTERS		
	BODIES CORPORATE	2,87,13,400	72.20
	PROMOTER HOLDING (A)	2,87,13,400	72.20
(B)	PUBLIC		
1	MUTUAL FUNDS	46,98,309	11.81
2	RESIDENT INDIVIDUALS	39,44,852	9.92
3	BODIES CORPORATES	15,08,562	3.79
4	H U F	2,58,379	0.65
5	INSURANCE COMPANIES	2,34,387	0.59
6	ALTERNATIVE INVESTMENT FUND	1,34,000	0.34
7	I E P F	1,06,424	0.27
8	CLEARING MEMBERS	61,176	0.15
9	NON RESIDENT INDIANS	53,223	0.13
10	NON RESIDENT INDIAN NON REPATRIABLE	30,801	0.08
11	TRUSTS	13,820	0.03
12	FOREIGN PORTFOLIO - CORP	12,000	0.03
13	BANKS	430	0.00
14	FOREIGN BANK	150	0.00
15	INDIAN FINANCIAL INSTITUTIONS	100	0.00
16	UNCLAIMED SUSPENSE ACCCOUNT	26	0.00
	PUBLIC SHAREHOLDERS (B)	1,10,56,639	27.80
	GRAND TOTAL (A+B)	3,97,70,039	100.00

k. Dematerialization of shares as on March 31, 2021

Depository name	No. of shares dematerialized	Percentage on equity share capital
National Securities Depository Limited	3,68,87,257	92.75
Central Depository Services (India) Limited	26,99,049	6.79
Total dematerialized shares	3,95,86,306	99.54

l. No GDRs, ADRs/warrants/convertible instruments have been issued by the Company during the year.

m. Commodity price risk or foreign exchange risk and hedging activities: Furnished under the head 'Risks and Concerns' in Management Discussion & Analysis.

n. Plant Locations

Unit: Rajahmundry	Unit: Kadiyam
Rajahmundry - 533 105 East Godavari District Andhra Pradesh, India	Industrial Area, Near Kadiyam Railway Station, M.R.Palem - 533 126, Kadiyam Mandal, East Godavari District, Andhra Pradesh, India

o. Address for Correspondence from shareholders

Kfin Technologies Private Limited Selenium, Tower - B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally District, Hyderabad – 500 032, Telangana, India	Secretarial Department Andhra Paper Limited Rajahmundry – 533 105 East Godavari District, Andhra Pradesh, India
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- p.** As there are no debt instruments and no fixed deposits are invited involving mobilization of funds, the Company has not obtained any rating during the year. However, the Company continues to enjoy good credit rating of CARE AA-with stable outlook (long term facilities) and CARE A1+ (short term facilities).

10. Other Disclosures

a. Disclosure on materially significant related party transactions

During the financial year, there were no materially significant related party transactions that have potential conflict with the interests of the Company at large. The Policy on Related Party Transactions is posted on the Company's website viz., www.andhrpaper.com.

b. Details of penalties imposed on the Company

There were no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

c. Whistle Blower Policy

The Company has formulated Whistle Blower Policy and established a mechanism for directors and employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct and Ethics Policy. This mechanism provides for adequate safeguards against victimization of director(s)/ employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy is posted on the Company's website viz., www.andhrpaper.com.

d. Details of compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with all mandatory requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Non-Mandatory/Discretionary requirements

- 1. Shareholder Rights:** This will be considered for adoption in future.
- 2. Audit Qualifications:** The Company is already in the regime of unqualified financial statements. Auditors have raised no qualification on the financial

statements of the current financial year.

3. Reporting of Internal Auditor: External consultancy firm was appointed as Internal Auditor of the Company which reports directly to the Audit Committee.

- There were no material subsidiaries during the year. The Policy on material Subsidiaries is placed on Company's website.
- The policy on Related Party Transactions is placed on the Company's website at www.andhrpaper.com.
- No funds were raised through preferential allotment or qualified institutions placements during the year.
- A Certificate dated May 4, 2021 from M/s. D. Hanumanta Raju & Co., Company Secretaries, a company secretary in practice confirming that none of the Directors of the Company has been debarred or disqualified from being appointed or continuing as Director of company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such Statutory Authority has been received.
- None of recommendations of any Committee of the Board which are mandatorily required was rejected by the Board during the year.
- Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is ₹ 72.80 lakhs (Previous year: ₹ 86.50 lakhs).
- During the year, no complaint was filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- There were no non-compliance of requirements of Corporate Governance during the year. The Company has complied with corporate governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46. A certificate from Practicing Company Secretary on compliance of conditions of Corporate Governance is annexed.

12. Code of Conduct for Directors and members of senior management

The Company adopted a Code of Business Conduct and Ethics for its Directors and members of senior management. The Code has also been posted on the Company's website: www.andhraper.com. The Chairman & Managing Director has given a declaration that all the Directors and members of senior management have affirmed compliance with the Code of Conduct. The declaration is annexed.

13. CEO/CFO Certification

A certificate duly signed by Chairman & Managing Director and Director - Commercial & Chief Financial Officer relating to financial statements and internal controls and internal control systems for financial reporting as per the format provided in Regulation 17(8) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 was placed before the Board and the same was taken on record. The certificate is annexed.

14. Equity shares in the Unclaimed Shares Demat Suspense Account

In terms of Regulation 39 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company opened a demat account and dematerialized the unclaimed shares. The Company is maintaining the details of shareholding of each individual allottee whose shares are credited to the Unclaimed Shares Demat Suspense Account.

The particulars of shares in "Andhra Paper Limited – Unclaimed Shares Demat Suspense Account" as on March 31, 2021 were as follows:

Particulars	Number of shareholders	No. of equity shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Demat Suspense Account at the beginning of the year	2	26
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Shares Demat Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from the Unclaimed Shares Demat Suspense Account during the year	-	-
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Demat Suspense Account as on March 31, 2021	2	26

The voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owners of such shares claim the shares.

Appendix - 1

Skills and attributes identified by Board of Directors

Sl. No.	Skills	Experience	Attributes
1	Practical wisdom and good judgement	Specialized knowledge in specific area	Highest personal and professional ethical standards and honesty.
2	Financial literacy – ability to read and understand a financial statement	Detailed knowledge of the industry or relevant industrial experience	Integrity, independence and free from conflict of interest.
3	Specialized professional skills viz. operations, finance, human resources, marketing, legal, corporate governance etc.	Expertise on global issues	An enquiring and independent mind.
4	Director Education - a clear understanding of the role and duties of a director and knowledge of code of conduct and business ethics.	High visibility in the field	Commitment to improve business, its continued well-being and making a difference.
5	Good interpersonal skills and ability to communicate clearly.	Leadership and Management experience	Willingness to represent the best interests of all stakeholders and objectively appraise the Board and Management performance.
6	Decision Maker- explore options and choosing those that have the significant benefit to the organization and its performance.	International Experience	Critical analysis and Judgement.
7	Risk Management	Personal networks and external contacts	Vision, imagination and foresight.
8	Interpersonal sensitivity – a willingness to keep an open mind and recognize other perspectives.		Strategic perspectives, able to identify opportunities and threats.
9	Ability to mentor other directors		Innovator – a willingness to challenge Management and their assumptions, stimulate Board discussion with new, alternative insights and ideas.
10	Agility to move from advisor to challenger as well as being a strong supportive voice one needed.		Motivation – drive and energy to set and achieve clear objectives and make an impact.
11	Advisory Skills		Clear personal commitment. Full participation and pro- active as a Board Member. Willingness to deal with tough issues. Maturity and discipline to know and maintain fine line between governance and management oversight.

Directors of the Company and their areas of expertise is provided hereunder

Name of the Director	Category	Areas of expertise/ competence (as per above provided list)
S.K. Bangur	Chairman & Managing Director	1 to 11
Virendraa Bangur	Non-Executive, Vice-Chairman	1 to 11
Saurabh Bangur	Joint Managing Director	1 to 11
Anish T. Mathew	Director – Commercial & Chief Financial Officer	1 to 11
Rajendra Jain	Non-Executive Director	1 to 11
Praveen P. Kadle	Independent Director	1 to 11
Adhiraj Sarin	Independent Director	1 to 11
Arun Kumar Sureka	Independent Director	1 to 11
Sudarshan V. Somani	Independent Director	1 to 11
Veni Mocherla	Independent Director	1 to 11

Declaration by the Chairman & Managing Director on code of conduct

The Members of
Andhra Paper Limited

In compliance with the Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I confirm that, on the basis of confirmations/declarations received, all the Members of the Board of Directors and senior management personnel of the Company have complied with the Code of Business Conduct and Ethics framed by the Company for the financial year ended March 31, 2021.

Place: Hyderabad
Date: June 21, 2021

Shree Kumar Bangur
Chairman & Managing Director

CERTIFICATE

To
The Members of
Andhra Paper Limited
(Formerly Known as International Paper APPM Limited)

We have examined the compliance of conditions of Corporate Governance by Andhra Paper Limited (Formerly Known as International Paper APPM Limited ("the Company")), for the year ended on March 31, 2021, as stipulated in Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

For **D. HANUMANTA RAJU & CO.**
COMPANY SECRETARIES

Place: Hyderabad
Date: 04.05.2021

CS D. HANUMANTA RAJU
PARTNER
FCS: 4044. CP NO: 1709
UDIN: F004044C000235858

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
Andhra Paper Limited
(Formerly Known as International Paper APPM Limited)
Rajahmundry – 533 105,
East Godavari District,
Andhra Pradesh.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Andhra Paper Limited (Formerly Known as International Paper APPM Limited)** having CIN:L21010AP1964PLC001008 and having registered office at Rajahmundry, East Godavari District, Andhra Pradesh– 533105 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Sr. No	Name of Director	DIN	Date of Appointment in Company
1.	Mr. Praveen Purushottam Kadle	00016814	25.01.2012
2.	Mr. Shree Kumar Bangur	00053237	30.10.2019
3.	Mr. Arun Kumar Sureka	00055934	30.10.2019
4.	Mr. Sudarshan Vijaynarain Somani	00137568	30.10.2019
5.	Mr. Adhiraj Amar Sarin	00140989	06.12.2011
6.	Mr. Saurabh Bangur	00236894	01.06.2020
7.	Mr. Virendraa Bangur	00237043	30.12.2019
8.	Mr. Rajendra Jain	07250797	30.10.2019
9.	Mr. Anish Mathew Thottupurathu	07995480	30.10.2019
10.	Ms. Veni Mocherla	08082163	30.12.2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **D. HANUMANTA RAJU & CO.**
COMPANY SECRETARIES

CS D. HANUMANTA RAJU
PARTNER

Place: Hyderabad
Date: 04.05.2021

FCS: 4044. CP NO: 1709
UDIN: F004044C000235825

Financial Statements

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANDHRA PAPER LIMITED

(formerly known as International Paper APPM Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Andhra Paper Limited (formerly known as International Paper APPM Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to

- i) Note 46 of the financial statements regarding the ongoing litigation with respect to the levy of electricity duty by the State Government on consumption of electricity by captive generating units and the interim orders of the Hon'ble Supreme Court of India on hearing the Special Leave Petition filed by the Company, in respect of which the Company on grounds of prudence and abundant caution created a provision amounting to ₹ 2,357.43 lakhs during the year ended March 31, 2017, in view of the inherent uncertainty in predicting the final outcome of the above litigation. Additionally, an amount of ₹ 1,571.62 lakhs has been disclosed as contingent liability. Based on the legal advice obtained, in the opinion of the Management no further provision would be required in relation to this disputed matter.
- ii) Note 48 of the financial statements, which describes Management's assessment of recoverability of carrying value of its property, plant and equipment. Based on such assessment the management expects the carrying amount of property, plant and equipment as at March 31, 2021, will be recovered. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

Our report is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No. Key Audit Matter	Auditor's Response
<p>1 Impairment assessment of the carrying values of the non-current assets</p> <p>Refer Note 48 in the financial statements. The COVID-19 outbreak and the restrictions imposed to curtail it has caused disturbances and slowdown in economic activity. The Company's operations were significantly impacted in quarter ended June 30, 2020. With the Government relaxing the restrictions in phased manner and improvement in economic activities, the demand picked up slowly through the quarters and peaked towards the end of year. As the educational institutions remained closed and office people adopting safer working environment by working from home resulting in lower office activities, the key engines of the writing and printing paper demand drivers largely remained subdued impacting the business performance for the year ended March 31, 2021. Consequently, Management has performed an impairment assessment of the relevant non-current assets of the Company by estimating their value-in-use.</p> <p>The processes and methodologies for assessing and determining the value-in-use are based on assumptions, that by their nature imply the use of the management's judgment, in particular with reference to forecast of future cash flows, basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.</p> <p>Considering the judgement required for estimating the cash flows and the assumptions used, this is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding from the Management on the assessment of impairment of non-current assets and assumptions used by the Management including design and implementation of controls. Tested the operating effectiveness of these controls. • We obtained and read the projections/future cashflows along with sensitivity analysis thereof. Evaluated Management's methodology, assumptions and estimates used in the calculations of discounted future cashflows. Verified the arithmetical accuracy of the future cashflows. • Performed retrospective review of projections by comparison with historical performance and inquiries with Management. • Tested the reasonableness of the key business projections i.e. revenue growth rate, EBITDA growth rate, terminal growth rate in computing the value-in-use. • Tested the reasonableness of the valuation assumptions employed in determining the value-in-use. • Involved Internal Fair valuation specialist to review the workings and valuation assumptions provided by the Management. Performed sensitivity analysis around impact on future cash flows due to changes in key assumptions considered by Management. • Assessed the recoverability of the non-current assets with regard to the value-in-use.
<p>2 Provisions and Contingent Liabilities (including income tax)</p> <p>Refer Note 2C (e), 21, 22 & 32A, in the financial statements for the related disclosures.</p> <p>The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its reliable estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.</p> <p>Due to the level of judgement relating to recognition, valuation and presentation of provisions and contingent liabilities, this is considered to be a key audit matter.</p>	<p>We obtained an understanding and evaluated the design and implementation and operating effectiveness of relevant controls of management's process to identify new obligations and changes in existing obligations for compliance with Ind AS 12 – Income taxes and Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets.</p> <p>We analysed significant changes in material provisions from prior periods and obtained a detailed understanding of these changes and assumptions applied.</p> <p>Our audit procedures related to material provisions recognised and contingent liabilities disclosed in the financial statements included:</p> <ul style="list-style-type: none"> • Assessment of the recognition criteria for the liability; • Evaluation of the methodology adopted by management for the measurement of the liability; • Assessment of the other key measurement assumptions and inputs.

Sr. No. Key Audit Matter	Auditor's Response
	<ul style="list-style-type: none"> • We have requested for confirmations from the legal counsel of the Company representing the litigation matters of the Company at applicable forums and performed alternative procedures where confirmations were not received. • We reviewed the minutes of the Board meetings including other committees. • Testing of the mathematical accuracy of the measurement calculation. • We have involved our internal experts with regard to direct and indirect taxes, and they have also considered the legal precedence and other rulings in evaluating management position on the uncertain tax matters. • We assessed the appropriateness of the presentation of the most significant contingent liabilities in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts.

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the 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 on its financial position in its financial statements
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(F.R.N. 008072S)

Sumit Trivedi

Partner

(Membership No. 209354)

UDIN: 21209354AAAAGE5449

Hyderabad,
May 11, 2021

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Andhra Paper Limited (formerly known as International Paper APPM Limited) (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(F.R.N. 008072S)

Sumit Trivedi

Partner

Hyderabad,
May 11, 2021

(Membership No. 209354)
UDIN: 21209354AAAAGE5449

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans / Inter-Corporate deposits. The Company has not made investments, provided guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 apply.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of the Section 148 of the Companies Act, 2013 and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved	Amount Unpaid
				(₹ lakhs)	(₹ lakhs)
Income Tax Act, 1961	Tax	Commissioner of Income Tax (Appeals), Visakhapatnam	2010-11 and 2011-12	17.34	17.34
		High Court of Andhra Pradesh	2001-02 to 2003-04	12.64	12.64
		Income Tax Appellate Tribunal, Hyderabad	2001-02	14.26	14.26
			2008-09	40.08	40.08
	Interest	High Court of Andhra Pradesh	1979-80	24.96	24.96

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved	Amount Unpaid
				(₹ lakhs)	(₹ lakhs)
Central Sales Tax Act, 1956	Tax	Appellate Deputy Commissioner, Visakhapatnam	2008-09	21.54	21.54
		Appellate Deputy Commissioner, Vijayawada	2014-15 to 2015-16	56.12	49.46
		Sales Tax Appellate Tribunal, Visakhapatnam	2005-06	33.82	16.53
Andhra Pradesh General Sales Tax Act, 1957 & Central Sales Tax Act, 1956	Tax	Sales Tax Appellate Tribunal, Visakhapatnam	1995-96 to 1999-2000	27.41	27.41
Andhra Pradesh General Sales Tax Act, 1957	Tax	High Court of Andhra Pradesh	1990-99, and 2000-05	126.78	126.78
		Sales Tax Appellate Tribunal, Visakhapatnam	1996-97	10.82	6.58
AP Value Added Tax Act, 2005	Penalty	Assistant Commissioner, LTU, Kakinada	2009-2012	15.72	15.68
	Tax	Sales Tax Appellate Tribunal, Visakhapatnam	2009-2012	23.66	11.84
	Tax	Appellate Deputy Commissioner, Vijayawada	2015-16 to 2017	117.91	117.08
	Penalty	Appellate Deputy Commissioner, Vijayawada	2015-16 to 2017	11.79	10.32
Madhya Pradesh Value Added Tax Act, 2002	Tax	High Court, Madhya Pradesh	1997-98	15.00	15.00
West Bengal Value Added Tax, 2005	Tax	Additional Commissioner of Commercial Taxes	2009-10	1.78	1.78
Orissa Entry Tax Act, 1999	Tax	Deputy Commissioner of Commercial Taxes	2006-07 to 2009-10	4.24	3.38
Central Excise Act, 1944	Duty	High Court of Andhra Pradesh	1996-97 and 1997-98	10.90	10.90
			February, 1994	0.36	0.36
	Duty & Penalty	Customs, Excise & Service Tax Appellate Tribunal, Bangalore	2001 to 2012	1,538.33	1,538.33
			2005-06 to 2008-09	1,302.65	1,302.65
			2006	140.36	140.36
High Court of Andhra Pradesh	2000-01 to 2007-08	385.15	385.15		
Finance Act, 1994	Service Tax & Penalty	Commissioner of Central Excise (Appeals), Visakhapatnam	2004-05 to 2012-13	430.53	430.53
		Customs, Excise & Service Tax Appellate Tribunal, Bangalore	March, 2012	105.11	105.11

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government. The Company has not issued any debentures and does not have any borrowings from the financial institutions.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable. The Company does not have an associate company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(F.R.N. 008072S)

Sumit Trivedi
Partner

Hyderabad,
May 11, 2021

(Membership No. 209354)
UDIN: 21209354AAAAGE5449

BALANCE SHEET

as at March 31, 2021

(₹ in lakhs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
A ASSETS			
Non-current assets:			
(a) Property, plant and equipment	3	60,551.94	66,143.76
(b) Right-of-use assets	4	1,131.90	1,606.97
(c) Capital work-in-progress	3	755.01	159.50
(d) Intangible assets	4a	179.58	288.53
(e) Intangible assets under development	4a	143.83	-
(f) Financial assets			
(i) Investments	5	10,729.50	1,764.00
(ii) Loans	6	400.00	-
(iii) Other financial assets	7	385.09	940.26
(g) Non-current tax assets (net)	13	-	563.14
(h) Other non-current assets	8	3,405.30	3,507.88
Total non-current assets		77,682.15	74,974.04
Current assets:			
(a) Inventories	9	16,430.88	22,341.10
(b) Financial assets			
(i) Investments	5	11,196.00	2,664.62
(ii) Trade receivables	10	7,559.64	4,077.60
(iii) Cash and cash equivalents	11	1,529.43	1,426.35
(iv) Other bank balances	12	6,627.90	15,663.76
(v) Loans	6	6,196.56	4,118.62
(vi) Other financial assets	7	335.31	556.55
(c) Other current assets	8	5,533.24	6,083.04
		55,408.96	56,931.64
Assets classified as held for sale	14	167.80	208.28
Total current assets		55,576.76	57,139.92
TOTAL ASSETS		1,33,258.91	1,32,113.96
B EQUITY AND LIABILITIES			
Equity:			
(a) Equity share capital	15	3,977.00	3,977.00
(b) Other equity	16	93,544.51	93,608.29
Total equity		97,521.51	97,585.29
LIABILITIES			
Non-current liabilities:			
(a) Financial liabilities			
(i) Borrowings	17	717.71	783.49
(ii) Other financial liabilities	20	1,042.68	1,595.51
(b) Provisions	21	51.00	347.90
(c) Deferred tax liabilities (net)	23	8,834.72	9,506.56
Total non-current liabilities		10,646.11	12,233.46
Current Liabilities:			
(a) Financial liabilities			
(i) Borrowings	18	2,200.00	-
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	19	1,470.67	542.53
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	19	11,566.87	12,398.34
(iii) Other financial liabilities	20	3,749.51	3,588.27
(b) Provisions	21	3,448.09	3,448.09
(c) Other current liabilities	22	2,557.67	2,317.98
(d) Current tax liabilities (net)	13	98.48	-
Total current liabilities		25,091.29	22,295.21
Total liabilities		35,737.40	34,528.67
TOTAL EQUITY AND LIABILITIES		1,33,258.91	1,32,113.96
Corporate information & significant accounting policies	1 & 2		
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(F.R.N. 008072S)

Sumit Trivedi
Partner

Saurabh Bangur
Joint Managing Director

Anish T. Mathew
Director - Commercial & CFO

Place: Hyderabad
Date: May 11, 2021

For Andhra Paper Limited
(Formerly Known as International Paper APPM Limited)

S. K. Bangur
Chairman & Managing Director

Aravind Kumar Matta
Company Secretary &
Vice President (Corporate Affairs)

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(₹ in lakhs)

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020
1 Income:			
(a) Revenue from operations	24	88,674.83	1,26,969.57
(b) Other income	25	1,521.79	1,454.25
Total income		90,196.62	1,28,423.82
2 Expenses:			
(a) Cost of materials consumed		30,332.13	43,792.33
(b) Changes in inventories of finished goods and work-in-progress	26	5,259.03	(5,952.81)
(c) Employee benefits expense	27	14,298.03	15,732.65
(d) Finance costs	28	451.25	532.45
(e) Depreciation and amortisation expense	29	7,338.47	7,589.53
(f) Other expenses	30	32,696.65	43,149.32
Total Expenses		90,375.56	1,04,843.47
3 (Loss) / profit before exceptional items and tax (1 - 2)		(178.94)	23,580.35
4 Exceptional items (net) (Refer note 47)		(440.85)	-
5 (Loss) / profit before tax (3 + 4)		(619.79)	23,580.35
6 Tax expense :			
(a) Current tax	31	548.95	6,790.37
(b) Deferred tax	31	(708.88)	(4,502.45)
		(159.93)	2,287.92
7 Net (loss) / profit after tax (5 - 6)		(459.86)	21,292.43
8 Other comprehensive income			
(i) Items that will not be reclassified to profit or loss:			
(a) Remeasurements of the defined benefit plans		366.31	(328.34)
(b) Equity instruments through other comprehensive income		159.00	206.00
		525.31	(122.34)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(92.19)	82.58
(b) Equity instruments through other comprehensive income		(37.04)	(47.99)
		(129.23)	34.59
Total other comprehensive income / (loss)		396.08	(87.75)
9 Total comprehensive (loss) / income (7 + 8)		(63.78)	21,204.68
Earnings per share (Face value of ₹ 10 each) Basic & Diluted - ₹	37	(1.16)	53.54
Corporate information & significant accounting policies	1 & 2		
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants
(F.R.N. 008072S)

Sumit Trivedi

Partner

Saurabh Bangur

Joint Managing Director

Anish T. Mathew

Director - Commercial & CFO

Place: Hyderabad

Date: May 11, 2021

For Andhra Paper Limited

(Formerly Known as International Paper APPM Limited)

S. K. Bangur

Chairman & Managing Director

Aravind Kumar Matta

Company Secretary &
Vice President (Corporate Affairs)

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

(a) Equity share capital

(₹ in lakhs)

Particulars	Number of shares	Amount
Balance as at April 1, 2019	3,97,70,039	3,977.00
Changes in equity share capital during the year	-	-
Balance as at March 31, 2020	3,97,70,039	3,977.00
Changes in equity share capital during the year	-	-
Balance as at March 31, 2021	3,97,70,039	3,977.00

(b) Other equity

(₹ in lakhs)

Particulars	Reserves and surplus			Items of other comprehensive income	Total
	Security premium	Capital redemption reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance as at April 1, 2019	18,211.13	598.00	53,583.43	11.05	72,403.61
Profit for the year	-	-	21,292.43	-	21,292.43
Remeasurements of the defined benefit plans (net of tax)	-	-	(245.76)	-	(245.76)
Changes in fair value (net of tax)	-	-	-	158.01	158.01
Balance as at March 31, 2020	18,211.13	598.00	74,630.10	169.06	93,608.29
Loss for the year	-	-	(459.86)	-	(459.86)
Remeasurements of the defined benefit plans (net of tax)	-	-	274.12	-	274.12
Changes in fair value (net of tax)	-	-	-	121.96	121.96
Balance as at March 31, 2021	18,211.13	598.00	74,444.36	291.02	93,544.51

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants
(F.R.N. 008072S)

Sumit Trivedi

Partner

Place: Hyderabad

Date: May 11, 2021

Saurabh Bangur

Joint Managing Director

Anish T. Mathew

Director - Commercial & CFO

For Andhra Paper Limited

(Formerly Known as International Paper APPM Limited)

S. K. Bangur

Chairman & Managing Director

Aravind Kumar Matta

Company Secretary &
Vice President (Corporate Affairs)

CASH FLOW STATEMENT

for the year ended March 31, 2021

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from operating activities		
(Loss) / profit before tax after exceptional items	(619.79)	23,580.35
Adjustments for:		
Depreciation and amortisation expense	7,338.47	7,589.53
Loss on sale / scrap of property, plant and equipment's (net) (includes exception items)	459.78	173.61
Profit on sale of current investments	(90.73)	(98.10)
Net gain on financial assets designated on FVTPL	(31.70)	(4.62)
Finance costs	451.25	532.45
Unwinding of discount on deferred payment liabilities	(58.09)	(58.09)
Interest income	(1,080.07)	(1,043.64)
Bad trade receivables and advances written-off (net)	-	3.33
Provision/write off for doubtful trade receivables and advances	0.13	(0.13)
Liabilities / provisions no longer required written back	(195.34)	(4.22)
Net unrealised foreign exchange (gain) / loss	27.61	(45.75)
Operating profit before working capital changes	6,201.52	30,624.72
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	5,910.22	(6,641.44)
Trade receivables	(3,502.46)	3,306.51
Loans	(73.94)	16.71
Other assets	514.89	1,182.23
Other financial assets	504.87	11.53
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	271.20	(4,155.40)
Other financial liabilities	201.66	101.29
Other liabilities	261.69	(60.30)
Provisions	69.41	(152.10)
Cash generated from operations	10,359.06	24,233.75
Income tax paid / refund received (net of refunds / paid)	20.48	(6,518.99)
Net cash flow from operating activities (A)	10,379.54	17,714.76
B. Cash flows from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress, Intangible assets under development, Capital advances, Capital creditors and intangible assets)	(2,145.26)	(2,779.63)
Purchase of current investments	(41,025.47)	(62,981.01)
Purchase of non-current investments	(8,712.99)	-
Proceeds from sale of current investments	32,649.23	60,419.11
Proceeds from sale of property, plant and equipment (including assets held for sale)	40.61	409.06
Inter-corporate deposits given	(6,404.00)	(5,000.00)
Inter-corporate deposits matured	4,000.00	3,000.00
Term / margin money deposits placed during the year	(7,346.39)	(23,823.35)
Term / margin money deposits matured during the year	16,382.25	13,400.61
Interest received	1,218.79	637.44
Net cash used in investing activities (B)	(11,343.22)	(16,717.77)

CASH FLOW STATEMENT (Contd.)

for the year ended March 31, 2021

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C. Cash flow from financing activities		
Proceeds from short-term borrowings	4,200.00	2,500.00
Repayment of long-term borrowings (including current maturities)	(149.78)	(225.51)
Repayment of short-term borrowings	(2,000.00)	(2,500.00)
Finance costs	(374.71)	(441.00)
Repayment of lease liability	(600.24)	(394.19)
Net cash flow from / (used in) financing activities (C)	1,075.27	(1,060.70)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	111.59	(63.71)
Cash and cash equivalents at the beginning of the year	1,426.35	1,465.01
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	(8.51)	25.05
Cash and cash equivalents at the end of the year (Refer note 11)	1,529.43	1,426.35

Reconciliation of Financial Liabilities - Borrowings and lease liabilities:

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	2,721.15	1,479.58
Add: Impact of Ind AS 116	-	2,239.74
Add: Lease liabilities recognised during the year	35.46	247.66
Add: Proceeds of borrowings	4,200.00	2,500.00
Less: (Repayments) of borrowings	(2,149.78)	(2,725.51)
Less: (Extinguishment) of lease liabilities	(38.10)	(305.31)
Less: (Repayments) of lease liabilities	(600.24)	(394.19)
Less: Fair value changes	193.61	(320.82)
Closing balance	4,362.10	2,721.15
See accompanying notes forming part of the financial statements		

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants
(F.R.N. 008072S)

Sumit Trivedi

Partner

Saurabh Bangur

Joint Managing Director

Anish T. Mathew

Director - Commercial & CFO

Place: Hyderabad

Date: May 11, 2021

For Andhra Paper Limited

(Formerly Known as International Paper APPM Limited)

S. K. Bangur

Chairman & Managing Director

Aravind Kumar Matta

Company Secretary &
Vice President (Corporate Affairs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. General information

Andhra Paper Limited (formerly known as International Paper APPM Limited) ("APL"/"the Company") is an integrated paper and pulp manufacturer. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India limited. APL was incorporated on June 29, 1964.

In October 2019, West Coast Paper Mills Limited, acquired controlling stake in the Company from the erstwhile Holding Company and public shareholders.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. APL owns and operates two manufacturing units located in the State of Andhra Pradesh, India, one at Rajamahendravaram and the other at Kadiyam in East Godavari District.

2. Significant accounting policies

A. Statement of compliance

The financial statements which comprise the Balance sheet, the Statement of Profit and Loss, the Cash flow statement and the Statement of changes in Equity ("Financial Statements") have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company has consistently applied accounting policies to all periods.

B. Basis of preparation and presentation

The financial statements have been prepared on accrual basis and on the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of

Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below.

C. Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are the critical judgements and estimates that have been made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

a) Useful lives of Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by Management at the time the asset is acquired and is reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

b) Fair value measurement of financial instruments

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent available. Where Level 1 inputs are not available, the fair value is measured using valuation techniques, including the discounted cash flow model, which involves various judgments and assumptions. The Company also engages third party qualified valuers to perform the valuation in certain cases. The appropriateness of valuation techniques and inputs to the valuation model are reviewed by the Management.

c) Income taxes

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

d) Defined benefit obligations

The Company uses actuarial assumptions viz., discount rate, mortality rates, salary escalation rate etc., to determine such employee benefit obligations.

e) Claims, provisions and contingent liabilities

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in notes to the financial statements.

f) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 Leases. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and

periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

g) Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

D. Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The method of determining cost of various categories of inventories is as follows:

Raw materials (including packing materials)	Weighted average cost
Stores and spares	Weighted average cost
Work-in-progress and finished goods (manufactured)	Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads. Excise duty is included in the value of finished goods, as applicable
Stock-in-trade	Weighted average cost

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

E. Property, plant and equipment and Capital work-in-progress

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure in making the asset ready for its intended use and cost of borrowing till the date of capitalisation in the case of assets involving material investment and substantial lead time.

An item of Property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain/loss arising on the disposal or retirement of an item of Property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Depreciation

Depreciation on buildings is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Depreciation on plant and equipment is provided on straight-line method over 10-25 years, based on the useful life assessed as per technical assessment, taking into account the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, maintenance report etc.

Depreciation on other tangible fixed assets viz. furniture and fixtures, office equipment and vehicles is provided on written down value method as per the useful life prescribed in Schedule II of the Companies Act, 2013.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets acquired under finance lease are depreciated over their expected useful lives on the same basis as owned assets. Leasehold improvements are amortised over the lower of estimated useful life and lease term.

Assets individually costing ₹ 15,000 and below are fully depreciated in the period of acquisition till October 31, 2019. Assets individually costing ₹ 5,000 and below are fully depreciated in the period of acquisition from November 1, 2019.

F. Intangible Assets

Intangible assets are carried at cost, net of accumulated amortisation and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

Intangible assets are amortised on the straight line method over their estimated useful life.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

G. Impairment

a) Financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original Effective Interest Rate (EIR). When estimating the cash flows, an entity is required to consider:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- (i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the Statement of Profit and Loss. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in the Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the

asset. For the purpose of impairment testing assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of asset ("the cash generating unit").

H. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

I. Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from payment or receipt of advance consideration. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

J. Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to revenue are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense, as applicable. When the grant relates to an asset, it is recognised as deferred revenue in the Balance Sheet and transferred to the Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant and measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

K. Borrowing costs

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

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

L. Employee benefits

a) Defined contribution plans

Employee benefits in the form of provident fund, superannuation, employees' state insurance fund and labour welfare fund are considered as defined contribution plans and the contributions are charged to the profit and loss during the year when the contributions to the respective funds are due and as and when services are rendered by employees.

Provident fund

Eligible employees receive benefits from a provident fund. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Rajahmundry unit of the Company makes the contributions to 'The Employee's Provident Fund of The Andhra Pradesh Paper Mills Limited' trust maintained by the Company, and for other locations the contributions are made to Regional Provident Fund Commissioner. The rate at which the annual interest is payable to the beneficiaries by the trust is determined by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company has no further obligations.

Superannuation

Certain employees of the Company are participants in the superannuation plan ('the Plan') which is a defined contribution plan. The Company contributes to the superannuation fund maintained with an Insurer.

b) Defined benefit plans

Gratuity

In accordance with the Payment of Gratuity Act, 1972, as amended, the Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a 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. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the gratuity fund maintained with the Insurer.

Defined benefit costs are categorised as follows:

- a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. net interest expense or income; and
- c. re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

c) Short-term and other long-term employee benefits

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company fully contributes all ascertained liabilities to the fund maintained with the Insurer. The Company recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur.

M. Revenue recognition

a) Sale of goods

Revenue is recognised upon transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a goods or services (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

b) Export benefits

Export benefits are recognised on an accrual basis and when there is a reasonable certainty of realisation of such benefits / incentives.

c) Other income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

d) Insurance and other claims/refunds are accounted for as and when admitted by appropriate authorities.

N. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity

instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial asset or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of the Profit and Loss. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: Non-derivative financial assets comprising amortised cost, investments in subsidiaries, equity instruments at fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) and non-derivative financial liabilities at amortised cost. Management determines the classification of its financial instruments at initial recognition.

The classification of financial instruments depends on the objective of the Company's business model for which it is held and on the substance of the contractual terms / arrangements.

a) Non - derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets 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.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, loans / Inter-Corporate deposits given / placed and eligible current and non-current assets.

Cash comprises cash on hand, cash at bank, cheques on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

ii. Investments in subsidiaries

On initial recognition, these instruments are recognised at fair value plus any directly attributable transaction costs. Subsequently they are measured at cost.

iii. Investments in Equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income (OCI) pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the "equity instruments through other comprehensive income". The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedge instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in the Statement of Profit and Loss when the

Company's right to receive the dividends is established and the amount of dividend can be measured reliably.

iv. Financial assets at fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. A financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets included within the FVTPL category are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

De-recognition of financial assets

The Company de-recognises financial assets when the contractual right to the cash flows from the asset expires or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On de-recognition of a financial asset (except as mentioned above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received and receivable is recognised in the Statement of Profit and Loss.

b) Non-derivative financial liabilities

i. Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

ii. Financial liability subsequently measured at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently measured at amortised cost using the effective interest method.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company de-recognises financial liabilities, when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

O. Leases

The Company's lease asset classes primarily consist of leases for building, plant & machinery and vehicles. The Company, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

P. Taxation

Income tax expense represent the sum of the current tax and deferred tax.

i. Current tax

Current tax is determined as the amount of tax payable in respect of the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income-tax Act, 1961. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of such deferred tax assets to be utilised.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Q. Provisions, contingent liabilities and contingent assets

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying

economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

R. Cash flow statements and Cash and cash equivalents

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

For the purpose of presentation in the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

S. Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

T. Exceptional item

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Property, plant and equipment and capital work-in-progress

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
Freehold land	295.92	295.92
Buildings	7,801.09	8,285.90
Plant and equipment	51,975.30	56,971.80
Furniture and fixtures	43.53	56.07
Vehicles	53.41	78.57
Office equipment	299.54	364.64
Lease hold improvements	83.15	90.86
TOTAL - Property, plant and equipment	60,551.94	66,143.76
Capital work-in-progress (CWIP)	755.01	159.50
TOTAL - CWIP	755.01	159.50

(₹ in lakhs)

Cost or deemed cost	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Balance as at April 1, 2019	295.92	10,128.79	77,856.89	218.09	220.20	742.47	342.86	89,805.22
Additions	-	125.97	2,858.24	9.66	35.97	272.30	-	3,302.14
Reclassification to right-of-use assets	-	-	(1,080.00)	-	-	-	-	(1,080.00)
Disposals / adjustments*	-	-	(289.01)	(1.26)	-	(15.81)	(174.93)	(481.01)
Balance as at March 31, 2020	295.92	10,254.76	79,346.12	226.49	256.17	998.96	167.93	91,546.35
Additions	-	-	1,467.27	7.39	-	103.86	15.37	1,593.89
Disposals / adjustments*	-	(3.45)	(551.00)	(4.06)	-	(8.35)	-	(566.86)
Balance as at March 31, 2021	295.92	10,251.31	80,262.39	229.82	256.17	1,094.47	183.30	92,573.38

*Adjustments includes transfers inter-se

(₹ in lakhs)

Accumulated depreciation	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Balance as at April 1, 2019	-	1,471.12	17,020.43	141.64	145.63	408.98	115.46	19,303.26
Depreciation expense	-	497.74	6,127.36	29.75	31.97	236.56	38.45	6,961.83
Reclassification to right-of-use assets	-	-	(540.00)	-	-	-	-	(540.00)
Eliminated on disposal of assets	-	-	(233.47)	(0.97)	-	(11.22)	(76.84)	(322.50)
Balance as at March 31, 2020	-	1,968.86	22,374.32	170.42	177.60	634.32	77.07	25,402.59
Depreciation expense	-	482.40	6,010.80	18.85	25.16	166.60	23.08	6,726.89
Reclassification to right-of-use assets	-	-	-	-	-	-	-	-
Eliminated on disposal of assets	-	(1.04)	(98.03)	(2.98)	-	(5.99)	-	(108.04)
Balance as at March 31, 2021	-	2,450.22	28,287.09	186.29	202.76	794.93	100.15	32,021.44

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4a. Intangible assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
Acquired computer software	179.58	288.53
TOTAL - Intangible assets	179.58	288.53
Intangible assets under development	143.83	-
TOTAL - Intangible assets under development	143.83	-

(₹ in lakhs)

Cost or deemed cost	Acquired computer software	Total
Balance as at April 1, 2019	787.05	787.05
Additions	179.32	179.32
Balance as at March 31, 2020	966.37	966.37
Additions	28.61	28.61
Disposals	(32.41)	(32.41)
Balance as at March 31, 2021	962.57	962.57

(₹ in lakhs)

Accumulated amortisation	Acquired computer software	Total
Balance as at April 1, 2019	544.10	544.10
Amortisation expense	133.74	133.74
Balance as at March 31, 2020	677.84	677.84
Amortisation expense	136.47	136.47
Eliminated on disposal of assets	(31.32)	(31.32)
Balance as at March 31, 2021	782.99	782.99

4. Right-of-use assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of right-of-use assets:		
Buildings	941.80	1,227.92
Vehicles	10.10	19.05
Plant and equipment	180.00	360.00
TOTAL - Right-of-use assets	1,131.90	1,606.97

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Cost	Buildings	Vehicles	Plant and equipment	Total
Impact of adoption of Ind AS 116 (Refer note 36)	1,567.78	-	-	1,567.78
Additions	223.91	23.75	-	247.66
Reclassification from property, plant and equipment (Refer note 3)	-	-	1,080.00	1,080.00
Deletion	(313.43)	-	-	(313.43)
Balance as at March 31, 2020	1,478.26	23.75	1,080.00	2,582.01
Additions	35.46	-	-	35.46
Deletion	(68.44)	-	-	(68.44)
Balance as at March 31, 2021	1,445.28	23.75	1,080.00	2,549.03

(₹ in lakhs)

Accumulated amortization	Buildings	Vehicles	Plant and equipment	Total
Impact of adoption of Ind AS 116 (Refer note 36)	-	-	-	-
Reclassification from property, plant and equipment (Refer note 3)	-	-	540.00	540.00
Amortisation expense	309.26	4.70	180.00	493.96
Deletion	(58.92)	-	-	(58.92)
Balance as at March 31, 2020	250.34	4.70	720.00	975.04
Amortisation expense	286.16	8.95	180.00	475.11
Deletion	(33.02)	-	-	(33.02)
Balance as at March 31, 2021	503.48	13.65	900.00	1,417.13

5. Investments

(₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020	
	Face Value ₹	Number	Amount	Number	Amount
Non-current					
Trade					
Unquoted Investments (all fully paid)					
(a) Investment in equity shares of subsidiary at cost					
- Andhra Paper Foundation (formerly known as IP India Foundation)	10	50,000	5.00	50,000	5.00
Total (A)			5.00		5.00
(b) Investments carried at amortised cost:					
Investments in bonds					
JM Financial Products Limited, 10.20%, 11 Nov 22	1,000	80,000	870.95	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Investments (Contd..)

(₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020	
	Face Value ₹	Number	Amount	Number	Amount
State Bank of India, Perpetual, 8.50%	10,00,000	5	53.75	-	-
State Bank of India, Perpetual, 9.45%	10,00,000	5	53.24	-	-
State Bank of India, Perpetual, 7.74%	10,00,000	50	534.37	-	-
TATA Capital Housing Finance Limited, 7.33%, 10 Jan 31	10,00,000	50	508.92	-	-
NIIF Infrastructure Finance Limited, 8.60%, 07 Nov 24	10,00,000	50	549.79	-	-
Gujarat State Investments Limited, 9.45%, 01 Oct 22	10,00,000	12	125.44	-	-
Cholamandalam MS General Insurance Co. Limited, 8.75%, 25 May 27	10,00,000	90	938.25	-	-
JM Financial Credit Solutions Limited, 10.00%, 13 Jul 22	1,000	3,740	39.41	-	-
JM Financial Products Limited, 10.20%, 21 May 22	1,000	10,472	114.53	-	-
Hinduja Leyland Finance Limited, 11.40%, 08 Apr 22	10,00,000	50	557.10	-	-
JM Financial Products Limited, 21 May 22	1,000	2,424	29.01	-	-
India Infoline Finance Limited 12.15%, 30 Aug 22	10,00,000	50	557.31	-	-
Gujarat State Investments 2022, 9.45%	10,00,000	105	1,104.64	-	-
Royal Sundaram General Insurance, 10.5%, 27 Mar 27	10,00,000	150	1,547.64	-	-
Mahanagar Telephone Nigam Limited, 6.85%, 20 Dec 30	10,00,000	120	1,222.15	-	-
Total (B)			8,806.50		-
(c) Investments in Equity Instruments at FVTOCI:					
- Andhra Pradesh Gas Power Corporation Limited, equity shares of ₹ 10 each	10	13,40,000	1,918.00	13,40,000	1,759.00
- Somar Granites Private Limited, equity shares of ₹ 10 each	-	-	-	30,000	3.00
- Kedia Distillery Limited, equity shares of ₹ 10 each	-	-	-	2,12,800	61.71
Total (C)			1,918.00		1,823.71
Gross aggregate unquoted investments (D) = (A) + (B) + (C)			10,729.50		1,828.71
Amount of impairment in value of investments:					
- Somar Granites Private Limited, equity shares of ₹ 10 each			-		3.00
- Kedia Distillery Limited, equity shares of ₹ 10 each			-		61.71
Gross amount of impairment in value of investments (E)			-		64.71
Aggregate carrying value of unquoted non-current investments (D) - (E)			10,729.50		1,764.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Investments (Contd..)

(₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020	
	Face Value ₹	Number of Units	Amount	Number of Units	Amount
Current					
Unquoted investments carried at amortised cost					
Investment in Tax free bonds					
7.93% REC Limited 2022	1,000	19,989.00	219.08	-	-
Total (A)			219.08		
Investments in Bonds					
Sikka Ports & Terminals Limited, 10.25%, 22 Aug 21	10,00,000	9.00	96.44	-	-
Tata Motor finance Limited, 9.30%, 28 Jul 21	10,00,000	20.00	214.47	-	-
Shriram Transport Finance Company Limited, 9.10%, 12 Jul 21	1,000	1,00,000.00	1,070.98	-	-
Hinduja Leyland Finance Limited, 11.40%, 15 Jul 21	10,00,000	25.00	260.41	-	-
JM Financial Credit Solutions Limited, 07 Aug 21	1,000	3,835.00	49.53	-	-
JM Financial Products Limited, 21 May 21	1,000	3,292.00	39.39	-	-
JM Financial Credit Solutions Limited, 9.25%, 07 Aug 21	1,000	9,888.00	107.08	-	-
JM Financial Products Limited, 9.90%, 21 May 21	1,000	5,737.00	62.45	-	-
JM Financial Products Limited, 16 Mar 22	1,000	2,383.00	26.47	-	-
JM Financial Products Limited, 9.50%, 16 Mar 22	1,000	2,758.00	28.18	-	-
Total (B)			1,955.40		
Investments in Commercial papers					
Piramal Enterprises Limited, 06 Aug 21	4,81,693	200.00	973.82	-	-
Piramal Capital & Housing Finance Limited, 16 Mar 22	4,61,990	200.00	926.90	-	-
Total (C)			1,900.72		
Unquoted instruments at FVTPL					
Investments in Mutual funds					
Axis Liquid Fund - Direct Growth		26,816.92	612.71	30,044.68	662.29
Axis Overnight Fund Direct Growth		-	-	37,896.58	400.00
Axis corporate bond		14,85,975.41	201.60	-	-
Axis money market		27,590.40	305.39	-	-
Aditya Birla Sun life Liquid Fund - Growth-Direct		2,15,270.97	713.70	1,56,529.80	500.21
Aditya Birla Sun Life Corporate fund - Growth - Direct Plan		2,32,059.73	201.27	-	-
Kotak Liquid Direct Plan Growth		21,757.67	904.91	-	-
Aditya Birla Sun life Banking & PSU Debt Fund - Growth - Direct		68,846.19	199.46	-	-
HDFC Liquid Fund - Direct Plan - Growth Option		14,897.29	602.68	12,846.64	501.87
HDFC Money market Fund - DP - Growth		3,647.17	163.17	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Investments (Contd..)

(₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020	
	Face Value ₹	Number of Units	Amount	Number of Units	Amount
HDFC Corporate Bond Fund - Direct Growth		12,01,021.87	302.46	-	-
TATA Money market Fund Direct plan Growth		13,389.51	491.38	-	-
Kotak Corporate bond Direct Growth		3,368.04	100.52	-	-
ICICI Prudential Liquid Fund - Direct Plan - Growth		98,452.38	300.02	68,116.46	200.11
ICICI Corporate bond - Direct Plan - Growth		4,29,082.06	100.86	-	-
HDFC Money market Fund - DP - Growth		10,93,947.44	199.64	-	-
TATA Liquid Fund Direct Plan - Growth		15,563.55	505.45	-	-
SBI Savings fund - Reg Growth		12,40,206.57	403.95	-	-
SBI Corporate bond - Direct - Growth		16,39,383.24	200.24	-	-
SBI Liquid Fund Direct Growth		18,977.93	611.39	12,870.36	400.14
Total (D)			7,120.80		2,664.62
Aggregate carrying value of unquoted current investments (E) = (A)+(B)+(C)+(D)			11,196.00		2,664.62

6. Loans

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Loans		
Considered good - Unsecured (Refer Note below)	400.00	-
TOTAL	400.00	-
Current		
Loans		
Considered good - Unsecured (Refer Note below)	6,196.56	4,118.62
TOTAL	6,196.56	4,118.62

Note:

Loans considered good - Unsecured (both current and non-current) includes Inter-Corporate Deposit (ICD) placed by the Company with different corporates was a maximum amount outstanding during the year ₹ 6,404 lakhs (2019-20: ₹ 4,000 lakhs) and amount outstanding as at March 31, 2021 is ₹ 6,404 lakhs (March 31, 2020: ₹ 4,000 lakhs) at the interest rate of 6.43% (2019-20: 6.99% per annum), which are going to mature on different dates.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7. Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
a) Security deposits		
- Unsecured, considered good	385.09	940.26
TOTAL	385.09	940.26
Current		
a) Security deposits		
- Unsecured, considered good	113.06	63.98
b) Advances to employees	2.60	7.60
c) Receivable from related parties	7.30	1.08
d) Interest accrued on deposits, ICDs and others	212.35	483.89
TOTAL	335.31	556.55

8. Other assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
a) Capital advances	51.31	188.80
b) Prepaid expenses	53.26	28.47
c) Balances with statutory / government authorities	3,300.73	3,290.61
TOTAL	3,405.30	3,507.88
Current		
a) Advances recoverable in cash or in kind		
Considered good	2,189.95	2,288.10
Considered credit impaired	37.08	37.08
	2,227.03	2,325.18
Less: Provision for credit impaired loans and advances	37.08	37.08
	2,189.95	2,288.10
b) Prepaid expenses	155.71	165.31
c) Balances with statutory / government authorities	2,775.04	3,288.59
d) Advance - Gratuity trust of The Andhra Pradesh Paper Mills	233.59	-
e) Others		
- Export benefits receivable	178.95	341.04
TOTAL	5,533.24	6,083.04

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9. Inventories

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(at lower of cost and net realisable value)		
(a) Raw materials	5,251.54	4,904.10
Add : Goods in transit	-	47.67
(b) Work-in-progress	1,046.76	2,041.70
(c) Finished goods	2,148.31	6,412.40
(d) Stores and spares (includes fuel)	7,785.26	8,591.71
Add : Goods in transit	199.01	343.52
TOTAL	16,430.88	22,341.10

Notes:

- The cost of inventories recognised as an expense during the year has been disclosed on the face of the Statement of Profit and Loss.
- There are no inventories expected to be recovered after more than twelve months.

10. Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
(a) Considered good - Secured	2,223.31	1,009.81
(b) Considered good - Unsecured	5,336.33	3,067.79
(c) Which have significant increase in Credit risk	-	-
(d) Credit impaired	89.39	89.26
Less: Impairment loss on trade receivables	89.39	89.26
TOTAL	7,559.64	4,077.60

Notes:

- The average credit period on sale is 20 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 15% per annum on the outstanding balance.
- Before accepting any new customer, the Company has a credit evaluating system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Of the trade receivables balance, ₹ 1,752.50 lakhs (as at March 31, 2020: ₹ 2,822.19 lakhs) is due from customers who represent more than 5% of the total balance of trade receivables.
- The Company maintains an allowance of credit impaired accounts based on financial condition of the customer, ageing of customer receivable and overdues, available collaterals and historical experience of collections from customers. Accordingly, the Company creates provision towards credit impaired trade receivables after recovering the underlying collaterals. Besides, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a historical loss rate method. The historical loss rate takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the average loss rate of the collections against the receivables.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Movement in the Impairment loss on trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	89.26	89.39
Movement in the Impairment loss on trade receivables (Net)	0.13	(0.13)
Balance at end of the year	89.39	89.26

The Concentration of credit risk is limited to the fact that the customer base is large and unrelated.

11. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Cash on hand	0.92	0.80
b) Balances with Banks		
- in Current accounts	433.60	486.12
- in EEFC accounts	294.91	489.43
- in demand deposit accounts with original maturity of less than 3 months	800.00	450.00
TOTAL	1,529.43	1,426.35

12. Other bank balances

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
In other deposit accounts		
- Term deposits with original maturity of more than 3 months *	6,327.00	15,347.00
In earmarked accounts:		
- Balances held as margin money or security against guarantees and other commitments	300.90	316.76
TOTAL	6,627.90	15,663.76

* Includes term deposits ₹ 1,796 lakhs (March 31, 2020: ₹ 13,253 lakhs) of original maturity of more than 12 months.

13. Current tax liabilities (net) / Non-current tax assets (net)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax assets		
Advance tax (including TDS receivable)	17,111.88	19,286.07
Tax liabilities		
Income tax payable	17,210.36	18,722.93
TOTAL	(98.48)	563.14

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

14. Assets classified as held for sale

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed assets held for sale	167.80	208.28
TOTAL	167.80	208.28

15. Equity share capital

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity share capital	3,977.00	3,977.00
	3977.00	3977.00
Authorised Share capital :		
40,000,000 equity shares of ₹ 10 each	4,000.00	4,000.00
500,000 Redeemable cumulative preference shares of ₹ 100 each	500.00	500.00
Issued and subscribed capital comprises:		
3,97,70,039 fully paid up equity shares of ₹ 10 each (as at March 31, 2020: 3,97,70,039)	3,977.00	3,977.00
	3,977.00	3,977.00

15.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Number of shares	Share capital (₹ in lakhs)
Balance at April 01, 2019	3,97,70,039	3,977.00
Changes during the year	-	-
Balance at March 31, 2020	3,97,70,039	3,977.00
Changes during the year	-	-
Balance at March 31, 2021	3,97,70,039	3,977.00

15.2 Rights, preferences and restrictions attached to the equity shares

The Company has only one class of issued, subscribed and fully paid up equity shares having a face value of ₹ 10 each per share. Each holder of equity shares is entitled to one vote per share. The dividend (other than interim dividend) proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

15.3 Equity shares held by the holding company

Name of the shareholder	As at March 31, 2021	As at March 31, 2020
1) International Paper Investments (Luxembourg) S.a.r.l #	-	79,54,008
2) West Coast Paper Mills Limited #	2,87,13,400	2,87,13,400

The ultimate holding company is International Paper Company, USA till October 30, 2019. The West Coast Paper Mills Limited is the holding company for Andhra Paper Limited from October 30, 2019.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

15.4 Details of shares held by each shareholder holding more than 5% of the aggregate shares in the Company

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	% holding of equity shares	Number of Shares	% holding of equity shares
West Coast Paper Mills Limited	2,87,13,400	72.20	2,87,13,400	72.20
International Paper Investments (Luxembourg) S.a.r.l	-	-	79,54,008	20.00

Pursuant to Share Purchase Agreement dated May 29, 2019 West Coast Paper Mills Ltd. (WCPM) acquired on October 29, 2019, 1,39,02,025 equity shares of ₹ 10 each from International Paper Investments (Luxembourg) S.a.r.l and 79,71,496 equity shares of ₹ 10 each from IP International Holdings Inc. aggregating 55% of the paid up share capital of the Company. In terms of Letter of Offer dated August 30, 2019 WCPM acquired on October 11, 2019, 68,39,879 equity shares of ₹ 10 each representing 17.20% of the paid up share capital of the Company from public shareholders. Following these acquisitions, the Board of Directors of the Company has been reconstituted on October 30, 2019. Consequently, the Company has become a subsidiary of WCPM.

Further, the Company obtained Central Government's approval to change its name from International Paper APPM Limited to Andhra Paper Limited with effect from January 9, 2020. The certificate of incorporation pursuant to change of name has been obtained and the required intimations have been given to the stock exchanges.

16. Other equity

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium	18,211.13	18,211.13
Reserve for equity instruments through other comprehensive income	291.02	169.06
Retained earnings	74,444.36	74,630.10
Capital redemption reserve	598.00	598.00
TOTAL	93,544.51	93,608.29

16.1 Securities premium

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	18,211.13	18,211.13
Movements during the year	-	-
Balance at end of year	18,211.13	18,211.13

Security premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the security premium reserve is governed by the Section 52 of the Companies Act, 2013 ("Act").

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

16.2 Reserve for equity instruments through other comprehensive income

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	169.06	11.05
Net fair value gain on investments in equity instruments at FVTOCI	159.00	206.00
Income tax on net fair value gain on investments in equity instruments at FVTOCI	(37.04)	(47.99)
Balance at end of year	291.02	169.06

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

16.3 Retained earnings

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	74,630.10	53,583.43
(Loss) / Profit for the year	(459.86)	21,292.43
Remeasurement of defined benefit plan	366.31	(328.34)
Related income tax	(92.19)	82.58
Balance at end of year	74,444.36	74,630.10

Retained earnings represent the Company's undistributed earnings after taxes.

In respect of the year ended March 31, 2021, the directors proposed that a dividend of ₹ 5 per share be paid on fully paid equity shares. The proposed equity dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated amount to be paid with respect to dividend is ₹ 1,988.50 lakhs.

16.4 Capital redemption reserve

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	598.00	598.00
Movements during the year	-	-
Balance at end of year	598.00	598.00

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

17. Non-current borrowings

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Unsecured – at amortised cost		
Deferred payment liabilities (Refer note below)	717.71	783.49
TOTAL	717.71	783.49

Note:

Deferred payment liabilities

Deferred payment liabilities represent sales tax deferral loan availed by the Company, from the Government of Andhra Pradesh and is repayable after a period of 14 years from the end of the financial year of its availment. These are interest free loans. An amount of ₹ 140.43 lakhs (March 31, 2020 – ₹ 149.77 lakhs) is due within next twelve months and is included under the head 'Current maturities of long-term debts' disclosed under Note 20.

18. Current borrowings

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Unsecured – at amortised cost		
Loans repayable on demand		
- from banks - Refer note below	2,200.00	-
TOTAL	2,200.00	-

Note:

Unsecured Export packing credit loan is availed from Standard Chartered Bank which carry an interest rate of 1.65% p.a. and repayable on demand.

19. Trade payables

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 39)	1,470.67	542.53
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	11,566.87	12,398.34
TOTAL	13,037.54	12,940.87

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

20. Other financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
- Lease liabilities	810.31	1,305.05
- Deferred Government Grant	232.37	290.46
TOTAL	1,042.68	1,595.51
Current		
a) Current maturities of long-term debt	140.43	149.77
b) Lease liabilities	493.65	482.84
c) Current maturities of deferred government grant	58.09	58.09
d) Interest accrued	23.03	21.15
e) Others :-		
(i) Trade / security deposits received	2,593.54	2,513.97
(ii) Payables on purchase of property, plant and equipment	157.51	78.38
(iii) Contractually reimbursable expenses	55.92	56.73
(iv) Others	227.34	227.34
TOTAL	3,749.51	3,588.27

21. Provisions

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
Employee benefits: (Refer note 33)		
- Compensated absences	51.00	54.24
- Gratuity	-	293.66
TOTAL	51.00	347.90
Current		
Provisions:		
For contingencies (Refer note 40)	1,090.66	1,090.66
For others (Disputed dues) (Refer note 46)	2,357.43	2,357.43
TOTAL	3,448.09	3,448.09

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

22. Other current liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Advances from customers	324.51	361.72
b) Other Payables		
- Statutory remittances	294.61	346.14
- Others*	1,938.55	1,610.12
TOTAL	2,557.67	2,317.98

* Others include liabilities created on account of demands received in respect of excise, property tax, water cess etc.

23. Deferred tax liabilities (net)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities (net)	8,834.72	9,506.56
Deferred tax liabilities (net)	8,834.72	9,506.56

(₹ in lakhs)

2020-2021	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities) /assets in relation to:				
Property, plant and equipment	(9,980.73)	780.66	-	(9,200.07)
Disallowances under Income Tax Act, 1961, allowed on payment basis	401.16	(51.60)	-	349.56
Long-term capital loss carried forward	22.75	-	-	22.75
Financial assets at FVTOCI	(51.57)	0.17	(37.04)	(88.44)
Provision for credit impaired balances	31.80	0.04	-	31.84
Others	70.03	(20.39)	-	49.64
Total	(9,506.56)	708.88	(37.04)	(8,834.72)

(₹ in lakhs)

2019-2020	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities) /assets in relation to:				
Property, plant and equipment	(14,709.33)	4,728.60	-	(9,980.73)
Disallowances under Income Tax Act, 1961, allowed on payment basis	480.58	(79.42)	-	401.16
Long-term capital loss carried forward	22.75	-	-	22.75
Financial assets at FVTOCI	(3.58)	-	(47.99)	(51.57)
Provision for credit impaired balances	44.20	(12.40)	-	31.80
Remeasurement of defined benefit plans	134.49	(134.49)	-	-
Others	69.87	0.16	-	70.03
Total	(13,961.02)	4,502.45	(47.99)	(9,506.56)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24. Revenue from operations

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Sale of products - (Refer note (i) below)	87,948.55	1,25,722.00
(b) Other operating revenues - (Refer note (ii) below)	726.28	1,247.57
TOTAL	88,674.83	1,26,969.57
Notes:		
(i) Sale of products comprise of sale of paper and paperboard		
(ii) Other operating revenues comprise:		
Sale of saplings	20.36	42.56
Export incentives	161.65	624.53
Incidental charges recovered from customers	1.21	43.77
Sale of scrap	543.06	536.71
TOTAL	726.28	1,247.57

25. Other income

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Interest income earned on financial assets that are not designated as fair value through profit or loss	6.59	8.54
b) Interest income	1,073.48	1,035.10
c) Unwinding of discount on deferred payment liabilities	58.09	58.09
d) Profit on sale of current investments	90.73	98.10
e) Net gain on financial assets designated on FVTPL	31.70	4.62
f) Insurance and other claims	4.05	1.08
g) Liabilities / provisions no longer required written back	195.34	4.22
h) Net gain on foreign currency transactions and translations	-	116.53
i) Miscellaneous Income	61.81	127.97
TOTAL	1,521.79	1,454.25

26. Changes in inventories of finished goods and work-in-progress

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the beginning of the year		
- Work-in-progress	2,041.70	1,226.28
- Finished goods	6,412.40	1,275.01
	8,454.10	2,501.29
Inventories at the end of the year		
- Work-in-progress	1,046.76	2,041.70
- Finished goods	2,148.31	6,412.40
	3,195.07	8,454.10
Changes in Inventories	5,259.03	(5,952.81)
	5,259.03	(5,952.81)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

27. Employee benefits expense

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	12,321.96	13,596.43
Provident & family pension funds	604.74	588.60
Employee state insurance	4.78	9.59
Gratuity fund	249.03	220.29
Superannuation fund	18.83	21.84
Employee group insurance	193.56	242.52
Leave encashment	72.76	126.17
Staff welfare expense	800.37	844.03
Performance share plan expense	-	77.85
Cost of deputed personnel	32.00	5.33
TOTAL	14,298.03	15,732.65

28. Finance costs

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on bank overdrafts and loans (other than those from related parties)	13.81	6.71
Other interest expense	195.45	227.72
Interest on lease liabilities	118.95	155.24
Interest cost on deferred payment liabilities	74.66	85.83
Bank and finance charges	48.38	56.95
TOTAL	451.25	532.45

29. Depreciation and amortisation expense

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment (Refer note 3)	6,726.89	6,961.83
Amortisation of right-of-use assets (Refer note 4)	475.11	493.96
Amortisation of intangible assets (Refer note 4a)	136.47	133.74
TOTAL	7,338.47	7,589.53

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

30. Other expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores, spares and chemicals	13,067.50	19,151.31
Power, fuel and water	9,131.60	9,776.88
Repairs and maintenance		
- Buildings	375.24	1,105.69
- Plant and machinery	1,681.92	2,602.41
- Others	377.85	570.01
Operating service expenses	3,249.05	3,484.48
Conversion / processing charges	283.87	316.45
Forwarding, transportation and other sales expenses	924.93	1,244.18
Rates and taxes	242.47	213.09
Royalty	12.89	259.79
Rent	218.88	107.15
Insurance	674.21	351.29
Research and development	95.06	110.80
Legal and professional charges	663.20	1,524.37
Cost auditor's remuneration & expenses	7.00	7.75
Provision for credit impaired trade receivables and advances	0.13	(0.13)
Credit impaired receivables and advances written-off	-	3.33
Commission to Directors	-	143.89
Directors' sitting fees	43.75	41.97
Net loss on foreign currency transactions / translations	20.28	-
Payment to auditors (Refer note 38)	68.80	82.50
Travelling and conveyance	57.30	220.33
Corporate social responsibility expenses (Refer note 50)	417.68	157.96
Loss on sale / scrap of property, plant and equipment's (net)	18.93	173.61
Miscellaneous expenses	1,064.11	1,500.21
TOTAL	32,696.65	43,149.32

31. Tax expense

A. Amounts recognised in profit or loss

i) Income tax recognised in the Statement of profit or loss

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax	548.95	6,790.37
Deferred tax	(708.88)	(4,502.45)
Total income tax expense recognised	(159.93)	2,287.92

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

ii) Income tax recognised in other comprehensive income

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Tax related to items recognised in OCI		
Deferred tax expenses on fair value gain on investments in equity instruments through OCI	(37.04)	(47.99)
Current tax expenses / benefit on remeasurements of defined benefit plans	(92.19)	82.58
Income tax recognised in OCI	(129.23)	34.59

B. The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(Loss) / profit before tax (A)	(619.79)	23,580.35
Enacted tax rate (B)	25.17%	25.17%
Expected Tax Expenses (C=A * B)	(155.99)	5,934.70
Adjustments		
Effect of change in tax rate	-	(3,915.38)
Prior year taxation	(174.17)	46.33
Effect of expenses that are not deductible in determining taxable profit	105.12	53.98
Tax effects of other adjustments	65.11	168.29
Total Adjustments - D	(3.94)	(3,646.78)
Tax expense recognised in profit or loss (E=C+D)	(159.93)	2,287.92

Note:

During the quarter ended March 31, 2020, the Company elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for Income tax for year ended March 31, 2020 and re-measured its Deferred tax liabilities (net) based on the rate prescribed in the said Ordinance. The full impact of this change relating to Deferred Tax Liabilities (net) as at March 31, 2019 amounting to ₹ 3,915.38 lakhs, has been recognised in the statement of profit and loss and other comprehensive income, during the quarter ended March 31, 2020.

32. Contingent Liabilities and Commitments

Contingent Liabilities (to the extent not provided for):

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debt:		
- Matters under litigation		
a. Income tax matters	640.67	640.67
b. Excise duty claims disputed by the Company relating to issues of applicability, classification and valuation	3,913.39	3,820.05
c. Sales tax claims disputed by the Company relating to issues of applicability, royalty and discounts	755.90	744.11
d. Electricity duty towards consumption of energy generated by captive power unit (refer Note 46)	1,571.62	1,571.62
e. Other matters (third party claims, interest on royalty, ex-employees claims etc.,)	2,403.97	1,985.21

The amounts disclosed above represent best estimates and the uncertainties are dependent on the outcome of the legal processes initiated by the Company or the claimant as the case may be.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Commitments:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,386.56	831.55

33. Employee Benefits

A. Defined contribution plans:

Provident fund:

The Company contributed ₹ 468.36 lakhs (Previous year: ₹ 461.66 lakhs) to the Provident Fund Trust maintained by the Company and ₹ 124.67 lakhs (Previous year: ₹ 121.15 lakhs) to Regional Provident Fund Commissioner, which was recognized as an expense in Statement of Profit and Loss during the year.

Superannuation:

The Company recognized ₹ 18.83 lakhs (Previous year: ₹ 21.84 lakhs) as an expense towards contribution as superannuation in the Statement of Profit and Loss during the year.

B. Defined benefit plans

Amounts recognised in statement of profit and loss in respect of these defined benefit i.e. Gratuity plans are as follows:

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	234.05	215.04
Net interest expense	14.98	5.25
Components of defined benefit costs recognised in statement of profit or loss	249.03	220.29
Re-measurement on the net defined benefit liability:		
- Return on plan assets (greater)/less than discount rate	(392.12)	224.88
- Actuarial (gains) / losses arising from experience adjustments	(98.97)	(20.77)
- Actuarial (gains) / losses arising from changes in financial assumptions	112.41	124.23
- Adjustments to recognise the effect of asset ceiling	12.37	-
Components of defined benefit costs recognised in other comprehensive income	(366.31)	328.34
Total	(117.28)	548.63

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of profit and loss.

The re-measurement of the net defined benefit liability is included in other comprehensive income.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligation	3,195.98	3,067.43
Fair value of plan assets	3,429.59	2,773.77
Net assets / (liability) arising from defined benefit obligation	233.59	(293.66)

Movements in the present value of the defined benefit obligation are as follows:

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening defined benefit obligation	3,067.43	2,767.13
Current service cost	234.05	215.04
Interest cost	192.56	198.83
Actuarial (gains) / losses arising from experience adjustments	(98.97)	(20.77)
Actuarial (gains) / losses arising from changes in financial assumptions	112.41	124.00
Benefits paid	(311.50)	(216.80)
Closing defined benefit obligation	3,195.98	3,067.43

Movements in the fair value of the plan assets are as follows:

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening fair value of plan assets	2,773.77	2,623.53
Interest income	177.58	193.58
Contributions from the employer	397.62	398.34
Return on plan assets (greater)/less than discount rate	392.12	(224.88)
Benefits paid	(311.50)	(216.80)
Closing fair value of plan assets	3,429.59	2,773.77

Composition of plan assets:

Particulars	As at March 31, 2021	As at March 31, 2020
Insurer managed funds	100.00%	100.00%
	100.00%	100.00%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2021		March 31, 2020	
	Age	Rate p.a	Age	Rate p.a
Discount rate		6.35%		6.85%
Estimated rate of return on plan assets		7.00%		7.50%
Salary escalation rate		6.00%		6.00%
Mortality rate		Indian Assured Lives Mortality (IALM) (2012-14) Ult. Modified		Indian Assured Lives Mortality (IALM) (2012-14) Ult. Modified
Attrition rate				
	21-30	5%	21-30	5%
	31-40	3%	31-40	3%
	41&	2%	41&	2%
	Above		Above	

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in lakhs)

Particulars	Gratuity plan	
	March 31, 2021	March 31, 2020
Sensitivity Analysis – DBO at the end of the year		
Discount rate + 100 basis points	(217.13)	(109.06)
Discount rate – 100 basis points	250.94	117.28
Salary rate + 1%	249.30	116.79
Salary rate – 1%	(219.73)	(109.62)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

There has been no change in the process used by the Company to manage its risks from prior periods.

(₹ in lakhs)

Particulars	Gratuity plan	
	March 31, 2021	March 31, 2020
Weighted average duration of DBO	8 years	8 years
Expected cash flows		
1. Expected employer contribution in the next year	50.00	150.00
2. Expected benefit payments		
Year 1	667.50	512.82
Year 2	386.68	414.35
Year 3	291.59	361.65
Year 4	264.07	278.77
Year 5	257.26	270.72
Beyond 5 years	1,328.88	1,229.12

34. Segment reporting

Operating Segments

The Chairman & Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) who evaluates the Company's performance and allocates resources for manufacture and sale of pulp, paper and paperboard. Accordingly, manufacturing and sale of pulp, paper and paperboard is considered as the single operating segment of the Company.

Geographical Information

The Company operates in India and makes certain sales to customers situated outside India. The revenue from external customers by location of customers is detailed below. All the non-current assets of the Company are situated within India.

(₹ in lakhs)

Revenue – Sale of products	Year ended March 31, 2021	Year ended March 31, 2020
India	81,410.34	1,10,865.46
Outside India	6,538.21	14,856.54
Total	87,948.55	1,25,722.00

The Company's revenue includes ₹ 9,180.68 lakhs (2019-20: ₹ 11,621.79 lakhs) which arose from sales to the Company's largest customer. No other single customer contributed 10 per cent or more to the Company's revenue in either 2020-21 or 2019-20.

35. Related party disclosures

a. List of related parties and relationships

(i) Ultimate Holding Company

International Paper Company, USA till October 30, 2019

(ii) Holding Company

International Paper Investments (Luxembourg) S.a.r.l till October 30, 2019

West Coast Paper Mills Limited w.e.f October 30, 2019 onwards.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iii) Subsidiary Company

Andhra Paper Foundation (Formerly known as IP India Foundation)

(iv) Fellow Subsidiaries

International Paper (India) LLP till October 30, 2019. (Formerly known as International Paper (India) Private Limited)

West Coast Opticable Limited w.e.f October 30, 2019.

Veer Enterprises Limited w.e.f October 30, 2019.

(v) Entity where the Company is in a position to exercise control

The Employees Provident Fund of the Andhra Pradesh Paper Mills Limited

(vi) Key Management Personnel

- Mr. S.K.Bangur – Chairman & Managing Director (w.e.f October 30, 2019)
- Mr. Virendraa Bangur – Vice Chairman (w.e.f May 29, 2020)
- Mr. Anish T. Mathew – Director - Commercial & CFO (w.e.f October 30, 2019)
- Mr. Saurabh Bangur – Joint Managing Director (w.e.f June 01, 2020)

b. Transactions during the year

(₹ in lakhs)

Particulars	Name of the related party	Year ended March 31, 2021	Year ended March 31, 2020
Professional charges – Income	International Paper (India) LLP (Formerly known as International Paper (India) Private Limited)	-	82.28
Professional charges - Management contracts	International Paper (India) LLP (Formerly known as International Paper (India) Private Limited)	-	325.42
Royalty expenses	International Paper Company, USA	-	259.79
Sale of dry pulp	West Coast Paper Mills Limited	1,053.86	-
Expenses to be reimbursed - Performance Share Plan	International Paper Company, USA	-	77.85
Contribution towards provident fund	The Employees Provident Fund of The Andhra Pradesh Paper Mills Limited	468.36	461.66
Contribution towards CSR expenses	Andhra Paper Foundation (Formerly known as IP India Foundation)	-	9.00
Rental Income	West Coast Paper Mills Limited	7.86	1.08
Professional charges - Management contracts	West Coast Paper Mills Limited	35.29	6.85
Professional charges - Management contracts	Veer Enterprises Limited	2.52	-
Managerial remuneration	Key Managerial Personnel (Refer note below)	206.41	48.04

Note: Represents remuneration paid to Joint Managing Director and Director - Commercial & CFO.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c. Amounts due from / due to related parties

(₹ in lakhs)

Particulars	Name of the related party	As at March 31, 2021	As at March 31, 2020
Due to related parties			
Trade payables	West Coast Paper Mills Limited	10.17	6.85
Due from related parties			
Other Receivables	West Coast Paper Mills Limited	7.30	1.08

36. Ind AS 116 - Transition

Effective April 1, 2019, the Company has adopted Ind AS 116 'Leases' using the modified retrospective approach. On transition to Ind AS 116, the Company recognised right-of-use asset amounting to ₹ 2,107.78 lakhs (including leases previously classified as finance lease) and a lease liability of ₹ 2,239.74 lakhs (including leases previously classified as finance lease).

i) The following is the movement in lease liabilities during the year ended:

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance / Balance at the beginning (Impact of adoption of Ind AS 116)	1,787.89	2,239.74
Add: Lease liabilities recognised during the year	35.46	247.66
Less: Extinguishment of lease liabilities	(38.10)	(305.31)
Add: Interest cost accrued during the year	118.95	155.24
Less: Payment of lease liabilities including interest	(600.24)	(549.44)
Balance at the end	1,303.96	1,787.89

ii) The impact of change in accounting policy on account of adoption of Ind AS 116 is as given below:

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on lease liability (Refer Note 28)	118.95	155.24
Amortisation of right of use assets (Refer Note 29)	475.11	493.96
Less: Lease rental expenses	(600.24)	(549.44)
Impact on the statement of profit and loss	(6.18)	99.76

iii) Maturity analysis of lease liabilities:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	493.65	482.84
One to three years	400.35	796.64
More than three years	409.96	508.41
Total lease liabilities	1,303.96	1,787.89

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

37. Earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(Loss) / profit for the year (In ₹ Lakhs)	(459.86)	21,292.43
Weighted average number of equity shares outstanding during the year (Nos.) - Basic and Diluted	39,770,039	39,770,039
Earnings per share (Face value ₹ 10 per share) Basic and Diluted (₹)	(1.16)	53.54

38. Payments to Auditors

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Statutory audit fees	52.00	54.00
Limited Review fees	9.00	12.00
Tax audit fees	6.00	8.00
Certification fees	1.50	7.50
Out of pocket expenses and others	0.30	1.00
TOTAL	68.80	82.50

The above excludes ₹ 4 lakhs (Previous year - ₹ 4 lakhs) paid to the affiliate firm of auditors.

39. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006: The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro, Small and Medium Enterprises are as under:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Principal amount remaining unpaid to supplier at the end of the year	1,470.67	542.53
(ii) Interest due thereon remaining unpaid to supplier at the end of the year	23.03	21.15
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	23.03	21.15

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

40. Provision for contingencies

The Company carries a general provision for contingencies towards various disputed matters / claims made against the Company based on the Management's assessment. Also, refer Note 21. The movement of this provision account is as under: (₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	1,090.66	1,090.66
Provision made during the year	-	-
Amounts utilized / reversed during the year	-	-
Closing balance	1,090.66	1,090.66

41. Category-wise classification of Financial Instruments

The carrying value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows: (₹ in lakhs)

Particulars	Fair value hierarchy	Carrying Value #	
		As at March 31, 2021	As at March 31, 2020
FINANCIAL ASSETS			
Measured at amortised cost			
(i) Cash and cash equivalents	Level 2	1,529.43	1,426.35
(ii) Other bank balances	Level 2	6,627.90	15,663.76
(iii) Trade receivables	Level 2	7,559.64	4,077.60
(iv) Loans *	Level 2	6,596.56	4,118.62
(v) Investments	Level 2	12,886.70	5.00
(vi) Other financial assets**	Level 2	720.40	1,496.81
Measured at FVTOCI			
Investments in equity instruments	Level 3	1,918.00	1,759.00
Measured at FVTPL			
Investments in mutual funds	Level 3	7,120.80	2,664.62
TOTAL FINANCIAL ASSETS		44,959.43	31,211.76
FINANCIAL LIABILITIES			
Measured at Amortised cost			
(i) Borrowings (including current maturities of long-term debt)	Level 2	3,058.14	933.26
(ii) Trade payables	Level 2	13,037.54	12,940.87
(iii) Other financial liabilities ***	Level 2	4,651.76	5,034.01
TOTAL FINANCIAL LIABILITIES		20,747.44	18,908.14

Also represents fair value

* Loans include loans given to employees

** Other financial assets includes Security deposits with the vendors, advances given to employees, Receivable from related parties, interest accrued on fixed deposits, ICDs and margin money deposits.

*** Other financial liabilities includes interest accrued on the long term debt, security deposits received from customers and payables on purchase of property, plant and equipment, excluding current maturities of long term debt.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

42. Calculation of fair values

The fair values of the financial assets and liabilities are defined as 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. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2020.

Financial assets and liabilities measured at fair value as at Balance Sheet date.

The fair values of investments in unquoted equity investments has been estimated using a discounted cash flow model under income approach. The valuation requires Management to make certain assumptions about model inputs, including forecast cash flows, discount rate and credit risk, the probabilities of the various estimates within range can be reasonably assessed and are used in Management's estimate of fair value for these unquoted investments.

43. Fair value hierarchy:

The fair value of financial instruments as referred to in Note 40 above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

Level 1 — Quoted prices for identified instruments in an active market.

Level 2 — Directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3 — Inputs which are not based on observable market data.

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Company's financial assets and financial liabilities are measured at the fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique and other inputs used).

Financial assets/ Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
	March 31, 2021	March 31, 2020				
Investments in equity instruments at FVTOCI (unquoted Note iii)	1.84% equity investment in Andhra Pradesh Gas Power Corporation Limited engaged in generation and distribution of power and domiciled in India, ₹ 1,918.00 lakhs	1.84% equity investment in Andhra Pradesh Gas Power Corporation Limited engaged in generation and distribution of power and domiciled in India, ₹ 1,759.00 lakhs	Level 3	Discounted cash flow model under income approach was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee.	Long term growth rates, taking into account management's experience and knowledge of market conditions of the specific industry at 2%. Weighted average cost of capital (WACC) as determined ranging from 16.40% (As at March 31, 2020: 17.00%)	A slight increase in long term revenue growth rates used in isolation would result in increase in the fair value (Refer Note i below). A slight increase in the WACC used in isolation would result in decrease in the fair value (Refer Note ii below)

Notes:

- If the Long-term growth rates used were 1% higher / lower while all other variables were held constant, the carrying amount of the shares would increase / (decrease) by ₹ 83.00 lakhs and ₹ (72.00) lakhs respectively [as at March 31, 2020: increase/(decrease) by ₹ 72.00 lakhs and ₹ (63.00) lakhs.].

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- ii. A 1% increase / (decrease) in WACC or discount rate used while holding all other variables constant would (decrease) / increase the carrying amount of the unquoted equity investments by ₹ (115.00) lakhs and ₹ 132.00 lakhs respectively (as at March 31, 2020: (decrease) / increase by ₹ (102.00) lakhs and ₹ 117.00 lakhs).
- iii. These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI irrevocably as the Management believes that this provides a more meaningful presentation for long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

- iv. Reconciliation of Level 3 fair value measurements:

(₹ in lakhs)

Investments in unquoted equity instruments at FVTOCI	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	1,759.00	1,553.00
Total gain or losses:		
-in other comprehensive income	159.00	206.00
Purchases	-	-
Sold	-	-
Closing balance	1,918.00	1,759.00

44. Financial Risk Management and Capital Management

The Company's business activities are exposed to a variety of financial risks, namely Interest rate risk, credit risk, liquidity risk and foreign currency risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are overseen by the Board of Directors of the Company.

A. Interest rate risk

The Company is exposed to interest rate risk because Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The sensitivity analyses below have been determined based on the exposure to interest rates for the non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's:

Profit for the year ended March 31, 2021 would decrease/increase by ₹ Nil lakhs (for the year ended March 31, 2020: decrease/increase by ₹ Nil lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

B. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Customer credit risk is managed by the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment. Outstanding receivables and the credit worthiness of its counterparties are periodically monitored and taken up on case to case basis. Considering the historical experience of collecting trade receivables, the Company evaluates the concentration of risk with respective trade receivables as low.

The credit risk on cash and bank balances and deposits with financial institutions is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

C. Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has un-utilised credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2021 and March 31, 2020. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

The Company regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing short term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The below table provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021 and March 31, 2020:

(₹ in lakhs)

Particulars	Total Amount	Less than 1 year	More than 1 and less than 2 years	More than 2 and less than 3 years	More than 3 years
March 31, 2021					
Trade payables	13,037.54	13,037.54	-	-	-
Payables for purchase of purchase of property, plant and equipment	157.51	157.51	-	-	-
Borrowings	3,058.14	2,340.43	189.39	219.05	309.27
Lease liabilities	1,303.96	493.65	240.11	160.24	409.96
Other financial liabilities*	3,190.29	2,957.92	58.09	58.09	116.19
March 31, 2020					
Trade payables	12,940.87	12,940.87	-	-	-
Payables for purchase of property, plant and equipment	78.38	78.38	-	-	-
Borrowings	933.26	149.77	140.43	189.39	453.67
Lease liabilities	1,787.89	557.33	478.31	243.83	508.42
Other financial liabilities*	3,167.74	2,877.28	58.09	58.09	174.28

* Other financial liabilities include deposits received from customers amounting to ₹ 2,593.54 lakhs (March 31, 2020: ₹ 2,513.97 lakhs). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Company does not have an unconditional right to defer the payment, these deposits have been classified as current balances. For including these amounts in the above mentioned maturity analysis, the Company has assumed that these deposits, including interest thereon, will be repayable at the end of the reporting period. The actual maturity period for the deposit amount can differ based on the date on which these deposits are settled to customers.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

D. Financing facilities

The Company has access to financing facilities (Fund and non-fund based) of which ₹ 11,267.51 Lakhs (March 31, 2020: ₹ 2,229.83 Lakhs) were unused at the end of the reporting period. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

E. Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As at March 31, 2021:

Particulars	As at March 31, 2021 (All figures in lakhs)				
	GBP	USD	Euro	JPY	₹
Assets					
Trade Receivables	-	16.89	-	-	1,234.71
Cash and cash equivalents	-	4.03	-	-	294.91
Liabilities					
Trade payables	0.06	2.89	0.10	1.98	227.42

As at March 31, 2020:

Particulars	As at March 31, 2020 (All figures in lakhs)	
	USD	₹
Assets		
Trade receivables	10.43	789.10
Cash and cash equivalents	6.46	489.43
Liabilities		
Trade payables	3.89	294.11

Foreign currency sensitivity analysis

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Great Britain Pound and Euro against the functional currency of the Company.

₹ 1 strengthening of INR against US Dollar, to which the Company is majorly exposed would have led to approximately ₹ 18.03 lakhs loss in the Statement of Profit and Loss (Year ended March 31, 2020 - ₹ 9.18 lakhs loss). A ₹ 1 weakening of the INR against US Dollar would have led to an equal but opposite effect.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines that amount of capital on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of Capital management, capital includes equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarises the net debt to equity ratio of the Company:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Long term borrowings and current maturities of long-term debt	858.14	933.26
Short-term borrowings	2,200.00	-
Cash and cash equivalents (including other bank balances)	(8,157.33)	(17,090.11)
Inter-corporate deposit	(6,404.00)	(4,000.00)
Net debt / Surplus Cash - (A)	(11,503.19)	(20,156.85)
Equity - (B)	97,521.51	97,585.29
Net debt to equity ratio - (A)/(B)	(11.80)	(20.66)

- 45.** The Company's wholly owned subsidiary, Andhra Paper Foundation (Formerly known as IP India Foundation), carries out Corporate Social Responsibility activities. The same is not considered for the purpose of consolidation, as the objective of control over this entity is not to obtain economic benefits from its activities.
- 46.** In the year ended March 31, 2017, the Hon'ble High Court for the State of Telangana and the State of Andhra Pradesh upheld the validity of levy of electricity duty @ 25 paisa per unit by the State Government on consumption of electricity by captive generating units relating to earlier years. The Company (along with other petitioners) filed a Special Leave Petition in the Hon'ble Supreme Court, which in the interim, directed the petitioners to pay partial amount without prejudice to the rights and contentions of the petitioners, pursuant to which the Company had paid ₹ 1,502.05 lakhs under protest in the year ended March 31, 2017. The matter is pending hearing.

In view of the inherent uncertainty in predicting the final outcome of the above litigation, the Management has, on grounds of prudence and abundant caution, made a provision amounting to ₹ 2,357.43 lakhs during the year ended March 31, 2017 towards the potential liability in the event of an un-favourable verdict in this matter. Additionally, an amount of ₹ 1,571.62 lakhs has been disclosed as a contingent liability. On the basis of the legal advice obtained, in the opinion of the Management no further provision would be required in relation to this disputed matter.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

47. Exceptional items

During the year ended March 31, 2021, the Management has determined to de-commission certain plant and equipment. Consequently, there has been a write-down of the net book value of such plant and equipment amounting to ₹ 440.85 lakhs which has been disclosed as an exceptional item in the Statement of Profit and Loss.

- 48.** The COVID -19 outbreak and the restrictions imposed to curtail it has caused disturbances and slowdown in economic activity. With the Government relaxing the restrictions in phased manner and improvement in economic activities, the demand picked up slowly through the quarters and peaked in Q4, 2021. As the educational institutions remained closed and office people adopting safer working environment by working from home resulting in lower office activities, the key engines of the writing and printing paper demand drivers largely remained subdued impacting the business performance for the year ended March 31, 2021.

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including on the recoverability of carrying amounts of financial and non-financial assets, more particularly assessment of impairment of the carrying values of property, plant and equipment. Based on this assessment, the Management expects the carrying amount of these assets, as at March 31, 2021, will be recovered. In developing the forecasts and estimates for testing property, plant and equipment for impairment, the Management has considered possible future uncertainties in the global and domestic economic conditions because of COVID-19, and used internal and external sources of information to the extent relevant and available as of the date of these financial statements. Based on such assessment, the Management expects that the carrying amount of the property, plant and equipment as at March 31, 2021, will be recovered. As a result of uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any changes to the future economic conditions and will recognize the impact if any, prospectively in future periods.

- 49.** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 50.** As per Section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability 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 focus areas of Company's CSR activities are Education, Health & Wellness and Community Engagement. The CSR activities of the Company are in line with the Schedule VII of the Companies Act, 2013. A CSR committee has been formed by the company as per the Act.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

a) Gross amount required to be spent by the company during the year is ₹ 417.68 lakhs

b) Amount spent during the year on:

(₹ in lakhs)

Particulars	Amount
(i) Construction / acquisition of any asset	-
(ii) On purposes other than (i) above	188.35

c) Details of amount unspent:

(₹ in lakhs)

Opening balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance (Refer note below)
-	-	417.68	188.35	229.33

Note: The Company has transferred the unspent amount to a separate bank account on April 30, 2021 in compliance with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 vide MCA notification dated January 22, 2021.

51. The financial statements are approved for issue by the Board of Directors on May 11, 2021.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants
(F.R.N. 008072S)

Sumit Trivedi

Partner

Place: Hyderabad

Date: May 11, 2021

Saurabh Bangur

Joint Managing Director

Anish T. Mathew

Director - Commercial & CFO

For Andhra Paper Limited

(Formerly Known as International Paper APPM Limited)

S. K. Bangur

Chairman & Managing Director

Aravind Kumar Matta

Company Secretary &
Vice President (Corporate Affairs)



ANDHRA PAPER LIMITED

(Formerly known as International Paper APPM Limited)

(CIN: L21010AP1964PLC001008)

Regd. Office: Rajahmundry – 533 105, East Godavari District, Andhra Pradesh, India

Notice of Annual General Meeting

NOTICE is hereby given that the 57th Annual General Meeting of the Members of Andhra Paper Limited (formerly known as International Paper APPM Limited) ("The Company") will be held on Thursday, August 12, 2021 at 12.00 Noon (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a final dividend of ₹5 per equity share of face value of ₹10 each, of the Company for the financial year ended March 31, 2021.
3. To appoint a Director in place of Mr. Rajendra Jain (DIN: 07250797) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013, and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

4. Ratification of remuneration of Cost Auditors

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the Company be and hereby ratifies the remuneration of ₹7.00 lakhs (excluding applicable taxes) plus reimbursement of out-of-pocket expenses, as approved by the Board of Directors of the Company, payable to M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad, Cost Auditors (Firm Registration No. 000042) to conduct the audit of the cost records of the Company, for the financial year ending March 31, 2022.

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

By Order of the Board
For **Andhra Paper Limited**

ARAVIND MATTA
COMPANY SECRETARY &
VICE PRESIDENT (CORPORATE AFFAIRS)

Registered Office:
Rajahmundry - 533 105
East Godavari District, Andhra Pradesh, India
June 21, 2021

Notes

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("The Act") setting out details relating to Special Business in respect of Item No. 4 is annexed hereto. Further, disclosures as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("The SEBI Listing Regulations") and the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ('SS-2') with respect to details of appointee Director are provided in **Annexure-1** to this Notice.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No.02/2021 dated January 13, 2021 read with circulars dated May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, the SEBI Listing Regulations and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
3. In compliance with the aforesaid MCA Circulars & SEBI circular dated January 15, 2021, Notice of the 57th AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-2021 will also be available on the Company's website www.andhrpaper.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFin Technologies Private Limited at www.evoting.kfintech.com.
4. M/s. KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) ("KFintech") will be providing facilities for voting through remote e-voting, for participation in the 57th AGM through VC/OAVM and e-voting during the AGM ("Insta Poll").
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative(s) to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through its registered e-mail address to dkr300@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above mentioned documents should be in the naming format 'APL_ EVEN NO.' Institutional investors are encouraged to attend and vote at the meeting through VC.
7. Electronic copy of all the documents referred to in the Notice of the 57th AGM or the Explanatory Statement thereto, shall be made available for inspection to members upon login at KFintech's e-voting platform at <https://www.evoting.kfintech.com> during the remote e-voting period and up to the date of the 57th AGM.
8. Electronic copy of the 'Register of Directors and Key Managerial Personnel and their Shareholding' maintained under Section 170 of the Act and the 'Register of Contract or Arrangements' in which Directors of the Company are interested under Section 189 of the Act, shall be accessible to members during 57th AGM, on the e-AGM platform.
9. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
10. Requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. Members can dematerialize their equity shares in the Company through their Depository Participant(s). The ISIN in respect of equity shares is INE435A01028.
11. Members holding shares in physical form are requested to notify any change in their address immediately to the Registrar and Transfer Agents, KFin Technologies Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 ("RTA") and those Members holding shares in electronic form should inform change in their address to their Depository Participant(s).
12. As per the provisions of Section 72 of the Act, facility for making nomination is available to the investors in respect of the shares held by them in physical form. The investor holding shares in physical form can download the nomination form SH-13 as prescribed in Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 from the Company's website: www.andhrpaper.com. In respect of shares held in electronic form, the nomination should be recorded with the respective Depository Participants. The Company would not accept any nomination in respect of the shares held in electronic form.

13. NECS Mandate form is also placed on the Company's website. Interested Members holding shares in physical form can download this form from the Company's website and forward the duly filled in and signed mandate to RTA.
14. The Act provides for compliances in electronic mode by Companies. Investor should register/update their E-mail IDs with RTA/DP to receive circulars/ newsletters/ notices/ annual reports sent by the Company from time to time. Members who have not registered their E-mail addresses so far, are requested to register their E-mail addresses, in respect of electronic holdings, with their respective Depository Participants and Members who hold shares in physical form are requested to download 'E-Communication Registration Form' from the Company's website and send the duly filled-in and signed form to RTA.
15. Members are requested to note that dividends if not encashed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company are liable to be transferred to the Investor Education and Protection Fund (IEPF).
16. In terms of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by Ministry of Corporate Affairs, the Company had transferred equity shares in respect of which dividend had not been paid or claimed by the shareholders for a period of seven consecutive years or more to Investor Education and Protection Fund Authority (IEPF Authority). The details of the dividend and shares so transferred to IEPF Authority are available on the Company's website under Investor Relations. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on www.iepf.gov.in.
17. Dividend payment and Tax on Dividend:
- i. The record date is Friday, July 30, 2021 for the purpose of this AGM and for determining entitlement of members to final dividend for the financial year ended March 31, 2021, if approved at the AGM.
 - ii. The dividend, as recommended by the Board of Directors, if declared at the 57th AGM, will be paid within 30 days from the date of declaration as under:
 - (a) To all the Beneficial Owners as at the end of the day on Friday, July 30, 2021 as per the list of beneficial owners to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - (b) To all Members in respect of shares held in physical form as on Friday, July 30, 2021, after giving effect to transmission and transposition in respect of valid requests lodged with the Company as of the close of business hours on the even date.
- Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other electronic means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Banker's cheque/ demand draft to such Members, subject to availability of postal services and /or courier services.
- For updation of dividend mandate, Members holding shares in physical form may send the following details to einward.ris@kfintech.com on or before Friday, July 23, 2021.
- Name and Branch of the Bank in which you wish to receive the dividend,
 - the Bank Account type,
 - Bank Account Number allotted by the banks after implementation of Core Banking Solutions,
 - 9 digit MICR Code Number,
 - 11 digit IFSC Code and
 - a scanned copy of the cancelled cheque bearing the name of the first shareholder.
- iii. Members may note that in terms of the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source (TDS) from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ KFintech, Registrars and Share Transfer Agent (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).
 - iv. A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by uploading the documents on the link <https://ris.kfintech.com/form15/> on or before Friday, July 16, 2021. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate, as may be applicable.
 - v. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, and any other document which may be required to avail the tax treaty benefits by uploading the documents on or before

Friday, July 16, 2021 on the link <https://ris.kfintech.com/form15/>. No communication would be accepted from members after Friday, July 16, 2021 regarding the tax withholding matters.

- vi. TDS will be deducted at prescribed higher rates for resident shareholders, in case of non-filers of Return of Income. Declaration of non-filing of Return of Income, if any, has to be submitted by uploading the documents on the link <https://ris.kfintech.com/form15/> on or before Friday, July 16, 2021. If the Company does not receive any communication from the shareholder about non-filing of return of Income Tax on or before Friday, July 16, 2021, the Company will proceed on the assumption that the shareholder is in compliance with the provisions of section 206AB of the IT Act.

18. E-VOTING FACILITY

- i. In compliance with the provisions of Section 108 of the Act read with Rules made thereunder and Regulation 44 of the SEBI Listing Regulations, the Company is offering e-voting facility to all Members of the Company. The voting rights of the Members shall be in proportion to the number of shares held by them in the equity share capital of the Company as on the cut-off date, the cut-off date being Thursday, August 5, 2021.

- ii. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut-off date, Thursday, August 5, 2021 only shall be entitled to avail the facility of remote e-voting/e-voting at the AGM. KFintech will be facilitating remote e-voting to enable the Members to cast their votes electronically.

A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

- iii. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 a.m. (IST) on Monday, August 9, 2021.

End of remote e-voting: At 5.00 p.m. (IST) on Wednesday, August 11, 2021.

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be disabled/blocked by Kfintech upon expiry of aforesaid period. Once the vote on a Resolution is cast by the Member(s), they shall not be allowed to change it subsequently or cast the vote again.

- iv. In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

- v. The details of the process and manner for remote e-Voting are explained herein below:

Step 1 : Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

Step 1: Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>1. User already registered for IDeAS facility:</p> <ol style="list-style-type: none"> I. Visit URL: https://eservices.nsdl.com. II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting". IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. <p>2. User not registered for IDeAS e-Services</p> <ol style="list-style-type: none"> I. To register click on link : https://eservices.nsdl.com. II. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. III. Proceed with completing the required fields. IV. Follow steps given in point 1. <p>3. Alternatively by directly accessing the e-Voting website of NSDL</p> <ol style="list-style-type: none"> I. Open URL: https://www.evoting.nsdl.com/ II. Click on the icon "Login" which is available under 'Shareholder/Member' section. III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. IV. Post successful authentication, you will be requested to select the name of the company and the e-Voting Service Provider name, i.e. KFintech. V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing user who have opted for Easi / Easiest</p> <p>I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com.</p> <p>II. Click on New System Myeasi.</p> <p>III. Login with your registered user id and password.</p> <p>IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal.</p> <p>V. Click on e-Voting service provider name to cast your vote.</p> <p>2. User not registered for Easi/Easiest</p> <p>I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.</p> <p>II. Proceed with completing the required fields.</p> <p>III. Follow the steps given in point 1.</p> <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <p>I. Visit URL: www.cdslindia.com.</p> <p>II. Provide your Demat Account Number and PAN No.</p> <p>III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.</p> <p>IV. After successful authentication, user will be provided links for the respective ESP, i.e KFintech where the e-Voting is in progress.</p>
Individual Shareholder login through their demat accounts / Website of Depository Participant	<p>I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</p> <p>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</p> <p>III. Click on options available against company name or e-Voting service provider – KFintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.</p>

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

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

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

Step 2 : Login method for e-Voting for shareholders, other than Individual shareholders, holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participant (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVEN" i.e., 'xxxx - AGM" and click on "Submit".
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id dhr300@gmail.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_Even No."
- (B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently on whom, the Annual Report, Notice of AGM and e-voting instructions cannot be served, will have to follow the following process:
- I. Members who have not registered their email address, may temporarily get their email address and mobile number registered with KFintech for the purpose of

receiving Annual Report, Notice of AGM and e-voting instructions, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for receiving the soft copy of the notice, Annual Report and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.

- II. Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual Report, Notice of AGM and the e-voting instructions.
- III. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:

If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

1. Example for NSDL:
MYEPWD <SPACE> IN12345612345678
2. Example for CDSL:
MYEPWD <SPACE> 1402345612345678
3. Example for Physical:
MYEPWD <SPACE> XXXX1234567890

If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

Members may call KFintech toll free number 1-800-309-4001 for all e-voting related matters. Member may send an e-mail request to einward.ris@kfintech.com for all e-voting related matters.

19. Instructions for Members for Attending the e-AGM:

- a) Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the start of AGM and will be closed on expiry of 15 minutes after such scheduled time of AGM.

- b) Facility of joining the AGM through VC / OAVM shall be available for atleast 1,000 members on first come first served basis. However, the participation of members holding 2% or more shares, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.
- c) Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFinTech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/ KFinTech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in Point No. 18.
- d) Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- e) Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to fluctuation in their respective network. It is, therefore, recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- f) Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com> and clicking on the tab 'Speaker Registration' and mentioning their registered e-mail id, mobile number and city, during the period starting from Saturday, August 7, 2021 (9.00 a.m. IST) up to Monday, August 9, 2021 (5.00 p.m. IST). Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM and the maximum time per speaker will be restricted to 3 minutes.

The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Please note that questions of only those

Members will be entertained/considered who are holding shares of Company as on the cut-off date i.e. August 5, 2021.

- g) Alternatively, Members holding shares as on the cut-off date may also visit <https://emeetings.kfintech.com> and click on the tab 'Post Your Queries' and post their queries/ views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number. Members may post their queries from Saturday, August 7, 2021 till Monday, August 9, 2021.
- h) A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL <https://cruat04.kfintech.com/emeetings/video/howitworks.aspx>.
- i) Members who need technical or other assistance before or during the e-AGM can contact KFinTech by sending email at emeetings@kfintech.com or Helpline: 1800 309 4001 (toll free).

20. Voting at e-AGM

- a. Only those members/shareholders, who will be present in the e-AGM through OAVM/video conference facility and have not casted their vote earlier through remote e-voting are eligible to vote through e-voting during the e-AGM.
- b. Members who have voted through remote e-voting will be eligible to attend the e-AGM.
- c. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum of AGM under Section 103 of the Companies Act, 2013.
- d. Upon declaration by the Chairperson about the commencement of e-voting at e-AGM, Members shall click on the "**Vote**" sign on the left-hand bottom corner of their video screen for voting at the e-AGM, which will take them to the 'Instapoll' page.
- e. Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

21. Other information:

The Board of Directors have appointed M/s. D. Hanumanta Raju & Co. Company Secretaries, B-13, F-1 & F-2, P.S. Nagar, Vijayanagar Colony, Hyderabad - 500 057 as Scrutiniser to scrutinise the e-voting process in a fair and transparent manner. The Scrutiniser shall, after the conclusion of voting

at the AGM, submit his report to the Chairperson of the Company or any person authorized in that respect and the results of voting will be announced within two working days from the conclusion of the AGM of the Company. The results declared along with the Scrutiniser's report shall be placed on the Company's website at www.andhraper.com and on the website of KFintech viz. <https://evoting.kfintech.com> and shall also be communicated to the stock exchanges viz. BSE Limited & National Stock Exchange of India Ltd. where the shares of the Company are listed. The resolutions shall be deemed to be passed at the AGM of the Company subject to obtaining requisite votes thereto.

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

Item No. 4

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Board of Directors, upon recommendation of the Audit Committee, at its Meeting held on May 11, 2021, subject to ratification of the remuneration by the Members, approved the appointment of M/s. Narasimha Murthy & Co., Cost Accountants,

Hyderabad as Cost Auditors of the Company for the financial year ending March 31, 2022 and also payment of remuneration of ₹ 7.00 lakhs (excluding applicable taxes) plus reimbursement of out-of-pocket expenses.

The Board commends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by the Members. None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the Resolution as set out at Item No.4.

By Order of the Board
For **Andhra Paper Limited**

ARAVIND MATTA
COMPANY SECRETARY &
VICE PRESIDENT (CORPORATE AFFAIRS)

Registered Office:
Rajahmundry - 533 105
East Godavari District, Andhra Pradesh, India
June 21, 2021

Annexure 1

Particulars of Directors seeking appointment/re-appointment at the 57th Annual General Meeting (Pursuant to Regulation 36 of the SEBI Listing Regulations and Secretarial Standard - 2)

Name of the Director	Mr. Rajendra Jain
Date of Birth	02/01/1962
First Date of Appointment & Latest date of Appointment	30/10/2019 & 21/09/2020
Qualifications	B.Com., ACA, ACS
Experience in specific functional areas	Professional
Directorships held in other Listed companies	West Coast Paper Mills Limited
Memberships / Chairmanships of Committees of other Listed companies (Only Audit Committee and Stakeholders' Relationship Committee)	Member of Audit Committee and Stakeholders Relationship Committee of West Coast Paper Mills Limited
Number of shares held in the Company	NIL
Details of Remuneration sought to be paid	N.A.
Relationship with other Directors and Key Managerial Personnel of the Company	NIL

For other details such as number of Meetings of the Board of Directors attended during the year and remuneration drawn, please refer to the corporate governance report which is a part of the Annual Report for the financial year 2020-21.



Andhra Paper Limited

(Formerly known as International Paper APPM Limited)

(CIN: L21010AP1964PLC001008)

<http://www.andhraper.com/>