

**DIRECTORS' REPORT**

To the Members,

The Directors of your Company are pleased to present the 47th Annual Report together with the Audited Financial Statements for the year ended on March 31, 2019.

FINANCIAL RESULTS

The financial performance of the Company for the year ended on March 31, 2019 is summarised below:

	2018-19	2017-18
Revenue from Operations (Net)	14,261.24	13,665.98
Profit/(Loss) before exceptional items and tax	597.06	(376.14)
Exceptional items	-	539.83
Profit before tax	597.06	163.69
Less: Tax expense	146.84	101.85
Profit for the year	450.22	61.84
Other Comprehensive Income	44.45	13.85
Total Comprehensive Income	494.67	75.69

(₹ in Lakhs)

During the year under review, the revenue from operations was ₹ 14,261.24 lakhs against ₹ 13,665.98 lakhs in the last financial year. The Company has earned profit before tax of ₹ 597.06 lakhs against ₹ 163.69 lakhs in last year. The performance of the Company has been improved as a result of increase in the selling price of major finished product i.e. newsprint paper during some quarters of the year without having corresponding change in the cost of raw material. Further, your directors are hopeful for better performance in the coming years.

DIVIDEND

The Directors have decided not to recommend any dividend for the year under review and plough back the profits to increase the wealth of the shareholders.

SHARE CAPITAL

The paid-up Equity Share Capital as on March 31, 2019 was ₹1,352.17 lakhs. During the year under review, the Company has not issued any shares with differential voting rights, sweat equity shares and equity shares under Employees Stock Option Scheme.

LISTING ON STOCK EXCHANGES

The Equity Shares of the Company are listed on Bombay Stock Exchange. The Company's delisting application with Calcutta Stock Exchange is pending since long.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any public deposit within the meaning of Chapter V of the Companies Act, 2013 (the 'Act') and rules made there under.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in Form MGT-9, as required under Section 92 of the Act, is annexed herewith as 'Annexure-A' and is also available on the Company's website: www.skpmil.com at the link: <http://www.skpmil.com/pagepdf/1565263276.pdf>

DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year, the Company has regularized the appointment of Mrs. Rakhi Verma (DIN: 07995132) as a Woman Director at the Annual General Meeting held on September 28, 2018 who was appointed as an Additional Director on November 18, 2017.

Pursuant to the terms of appointment, the office of Mr. Narendra Kumar Pasari as Managing Director will expire on December 31, 2019. As recommended by the Nomination and Remuneration Committee, the Board has reappointed Mr. Narendra Kumar Pasari as Managing Director (Key Managerial Personnel) to hold office with effect from January 1, 2020 for a period of 3 years and have also revised his remuneration on the recommendation of the Nomination and Remuneration Committee, subject to the approval of the members. A resolution in this regard is contained in the notice of the Annual General Meeting.

As per the provisions of Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ["SEBI (LODR) Regulations"], approval of the shareholders by way of a special resolution is required for continuation of directorship of the non-executive directors of the Company who have attained the age of 75 years. Our non-executive Director, Mr. Bishwanath Pasari have attained the age of 75 years and the Board has approved the continuation of their directorship



subject to the passing of special resolution by the shareholders. He is in good physical condition and of sound and alert mind and the Board is confident about him being able to function and discharge his duties in an able and competent manner. Considering his seniority, expertise and vast experience, which has benefited the Company immensely, the Board recommends his continuation as director of the Company.

In accordance with the provisions of the Act and Articles of Association of the Company, Mrs. Rakhi Verma (DIN: 07995132), Non-Executive Director of the Company retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2019 are: Mr. Narendra Kumar Pasari, Managing Director, Mr. Sanjiv Kumar Agarwal, Chief Financial Officer and Mrs. Sonam Katyal, Company Secretary.

The information on the particulars of Director eligible for appointment in terms of Regulation 36(3) of SEBI (LODR) Regulations has been provided in the notes to the notice convening the Annual General Meeting.

Declaration by Independent Directors

Pursuant to the provisions of section 149(6) of the Act and Regulation 16(1)(b) of SEBI (LODR) Regulations, all Independent Directors have given declarations that they meet the criteria of independence.

Board Evaluation

To comply with the provisions of Section 134 (3)(p) of the Act and the rules made thereunder, and Regulation 17(10) of SEBI (LODR) Regulations, the Board has carried out the annual performance evaluation of the Directors individually including the Independent Directors (wherein the concerned director being evaluated did not participate), Board as a whole and following Committees of the Board of Directors:

- i) Audit Committee;
- ii) Nomination and Remuneration Committee;
- iii) Stakeholders' Relationship Committee; and
- iv) Corporate Social Responsibility Committee.

The manner in which the annual performance evaluation has been carried out is explained in the Corporate Governance Report. Board is responsible to monitor and review Directors' Evaluation framework.

Further, to comply with Regulation 25 (4) of SEBI (LODR) Regulations, Independent Directors also evaluated the performance of Non-Independent Directors and Board as a whole at a separate meeting of Independent Directors.

Remuneration Policy

To comply with the provisions of Section 178 of the Act read with Rules made thereunder and Regulation 19 of SEBI (LODR) Regulations, the Company's Remuneration

Policy for Directors, Key Managerial Personnel and Senior Management is uploaded on the website of the Company at <http://www.skpmil.com/pagepdf/1565260000.pdf>

Board Meetings

During the year, Fourteen Board Meetings and One Independent Directors' Meeting were held, the details of which are given in the Corporate Governance Report. The provisions of Act and SEBI (LODR) Regulations were adhered to while considering the time gap between two meetings.

Composition of Audit Committee

The composition, terms of reference etc. of the Audit Committee is provided in Corporate Governance Report which forms part of this Annual Report. There have been no instances of non-acceptance of any recommendations of the Audit Committee by the Board during the financial year under review.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has a Corporate Social Responsibility Policy which is uploaded on the website of the Company and can be accessed through the web link <http://www.skpmil.com/pagepdf/1502951707.pdf>

Annual report on CSR activities for the financial year 2018-19 as required under Section 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is attached with this report as 'Annexure – B'.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Act, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts for the year ended on March 31, 2019, the applicable accounting standards have been followed and there is no material departure from the same;
- ii) the Directors have selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year ended on March 31, 2019 and of the profit of the Company for that period;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal



financial controls are adequate and are operating effectively; and

- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

SUBSIDIARY/JOINT VENTURE/ASSOCIATE COMPANIES

Your Company does not have any subsidiary/joint venture/associate company within the meaning of the Act.

CORPORATE DEBT RESTRUCTURING

The debts of the Company were restructured under Corporate Debt Restructuring (CDR) mechanism w.e.f. April 1, 2009.

RISK MANAGEMENT POLICY

Your Company has a robust Risk Management Policy which identifies and evaluates business risks and opportunities. The Company recognizes that these risks need to be managed and mitigated to protect the interest of the stakeholders and to achieve business objectives. The risk management framework is aimed at effectively mitigating the Company's various business and operational risks, through strategic actions.

INTERNAL FINANCIAL CONTROLS

Your Company has an effective internal control and risk-mitigation system, which is constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

CURRENT OUTLOOK

The future prospects of the Indian paper industry are positive due to the expected surge in demand in the huge domestic markets. The demand drivers and growth triggers have come from a combination of factors such as continuous demand for education and literacy, increasing organised retail sector, growth in eCommerce, FMCG, demand of quality packaging, increment in demand of eco-friendly paper bags replacing plastic bags and continuously increasing demand of ready-to-eat food etc. Hence, there is enormous potential for the paper industry in the country.

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

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is attached with this report as 'Annexure-C'.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

Members in their 43rd Annual General Meeting (AGM) held on September 29, 2015 appointed M/s. Radheshyam Sharma & Co., Chartered Accountants (Firm Registration No. 016172N) as Statutory Auditors of the Company to hold office till the conclusion of the 48th AGM of the Company, subject to ratification by the members at every AGM of the Company.

Pursuant to the notification issued by the Ministry of Corporate Affairs on May 7, 2018 amending Section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Accordingly, the Notice of ensuing AGM does not include the proposal for seeking approval of members for ratification of appointment of Statutory Auditors of the Company.

The Auditors' Report on Financial Statements of the Company for the Financial Year 2018-19 does not contain any qualification, reservation or adverse remark.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review. The observations of Statutory Auditors and Notes to the Financial Statements are self-explanatory and do not call for any further comments.

Cost Auditors

In terms of the provisions of Section 148 and all other applicable provisions of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board has, on the recommendation of Audit Committee, approved the appointment of M/s Vijender Sharma & Co., Cost Accountants, Delhi (Firm Registration No. 00180) to carry out the cost audit of Company's records for the financial year 2019-20, at a remuneration of ₹ 75,000/- (Rupees Seventy Five Thousand only) plus taxes at the applicable rates and reimbursement of out of pocket expenses in connection with the aforesaid audit. The remuneration proposed to be paid to them requires ratification by the members of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing AGM.

The Cost Audit Report for the financial year ended on March 31, 2018 has been filed under XBRL mode within the stipulated time period.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and rules made thereunder, the Company has appointed M/s. BLAK & Co., Company Secretaries, Delhi to conduct the secretarial audit of the Company for the financial year ended on March 31, 2019. The Secretarial Audit Report submitted by them is annexed herewith as 'Annexure-D'. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.



Internal Auditors

M/s GAMS & Associates LLP, Chartered Accountants performs the duties of internal auditors of the Company and their report is reviewed by the audit committee from time to time.

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES UNDER SECTION 186 OF THE ACT

During the year, the Company has not granted any loans or given guarantees/securities or made investments under section 186 of the Act. The earlier investments made by the Company are provided in the notes to the financial statements in this Annual Report.

RELATED PARTY TRANSACTIONS

To comply with the requirements laid down in SEBI (LODR) Regulations, all related party transactions are placed before the Audit Committee for approval. Omnibus approval was obtained on a yearly basis for transactions which were of repetitive nature.

All contracts / arrangements / transactions entered into by the Company with related parties were in the ordinary course of business and on arm's length basis. During the year under review, your Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company for related party transactions.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of members is drawn to the disclosure of transactions with the related parties set out in note no. 57 of the Financial Statements, forming part of the Annual Report.

Your Company has framed a policy on related party transactions in accordance with SEBI (LODR) Regulations and as per the amended provisions of the Act. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties. The policy on related party transactions as approved by the Board is also uploaded on the Company's website at www.skpmil.com.

Since all transactions which were entered into during the financial year 2018-19 were on arm's length basis and in the ordinary course of business and there was no material related party transaction, no detail is required to be provided in Form AOC-2 prescribed under Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

To comply with the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism / Whistle Blower Policy for employees of the Company. The policy provides for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provides

a direct access to the Chairperson of the Audit Committee, in exceptional cases. The main objective of this policy is to provide a platform to the Directors and employees to raise concerns regarding any irregularity, misconduct or unethical matters / dealings within the Company which have a negative bearing on the organization either financially or otherwise. During the year under review, no complaint under the Whistle Blower Policy was received. The Vigil Mechanism (Whistle Blower Policy) is available on Company's website: www.skpmil.com at <http://www.skpmil.com/pagepdf/1565259913.pdf> link.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to its requirements set out by Securities and Exchange Board of India. A separate report on Management Discussion and Analysis, Corporate Governance along with a certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Schedule V to the SEBI (LODR) Regulations forms part of this Annual Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

To comply with provisions of Section 134 of the Act and rules made there under, your Company has duly constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no case was filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

MANAGERIAL REMUNERATION & PARTICULARS OF EMPLOYEES

The information required to be disclosed in the Board's Report pursuant to Section 197(12) of the Act read with Rule 5 (1) & (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached with this report as 'Annexure – E'.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. No amount has been or is proposed to be transferred to any reserves of the Company.
2. No significant or material orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.
3. There were no special resolution passed pursuant to the provisions of Section 67(3) of the Act and hence no information as required pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.



4. No material changes and commitments have occurred after the close of the year till the date of this report, which affect the financial position of the Company.
5. The Company is in regular compliance of the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

ACKNOWLEDGEMENT

Your Company's organizational culture upholds professionalism, integrity and continuous improvement across all functions, as well as efficient utilization of the Company's resources for sustainable and profitable growth. Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the various Government Authorities, the Banks and other stakeholders such as members, customers and suppliers, among others. Your Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. Your Directors look forward to their continued support in future.

For and on behalf of the Board of Directors of
Shree Krishna Paper Mills & Industries Limited

Rakhi Verma
Director
DIN: 07995132

Narendra Kumar Pasari
Managing Director
DIN: 00101426

Place: New Delhi

Date: August 12, 2019