NOTES TO THE FINANCIAL STATEMENTS

1. Company Overview

Tamil Nadu Newsprint and Papers Limited (the Company or 'TNPL') is in the business of manufacture and marketing of Paper, Paper Board, Cement and Generation of Power. The installed capacity of Paper is 400000 tons per annum (TPA), Paper Board is 200000 Tons per annum (TPA), and Cement is 900 tons per day (TPD). Power Generation Capacity is 174.12 MW consists of 138.62 of Turbo Generators (TG's) and 35.50 MW of Wind Farm. Generation of Power is primarily for self-consumption and surplus is sold.

The Company is a public limited company incorporated and domiciled in India and has its registered office situated at No. 67, Mount Road, Guindy, Chennai – 600 032, India. The Company has been incorporated under the provisions of The Companies Act, 1956 and its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange (NSE) in India.

The financial statements for the year ended 31st March, 2020 are approved for issue by the Company's Board of Directors on June 30, 2020.

2. Basis of preparation

a. Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

b. Functional and presentation currency

These financial statements are presented in Indian Rupee ('INR'), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakh, unless otherwise indicated.

c. Basis of measurement

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

- Certain financial assets and liabilities (including derivative instruments) - at fair value;
- Biological assets - Fair value less costs to sell; and
- Net defined benefit liability - Present value of defined benefit obligations
- Measurement of Lease Liabilities and Right to use of assets (ROU)

d. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The company periodically reviews estimates. Changes to estimates are recognized in the period when the change is made if the change only affected that period. If the change affects current and future periods, it is recognized in the period when the change is made and in future periods.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the concerned notes.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 is included in the concerned notes.

Estimation of Impact of COVID-19 Pandemic - Disruption and Uncertainty in Business:-

On March 11, 2020 the World Health Organization declared Coronavirus outbreak (COVID-19) as a global pandemic. Responding to the potential serious threat that this pandemic has to public health, the Central Government and State Governments have taken series of measures to contain the outbreak, which included imposing nationwide lockdown with effect from 25th March, 2020 and the lockdown continued further across the country.

COVID-19 impacted the business operation of the Company since 25th March, 2020, by way of interruption in production due to closure/lock down of production facilities, unavailability of personnel and distribution channel and supply chain disruptions resulting in reduction in economic activities. The company was operational only for the essential services such as power, water and security services with minimum man power as the company is covered under essential service. In terms of the government guidelines, the company has scaled up its operations from 15th April, 2020.

The company has considered the possible effects and potential impact that may result from COVID-19 on the carrying value of property, plant & equipment, trade receivable, inventories, financial assets and other current assets appearing in the financial statements. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the company as at the date of approval of these financial statements has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of these assets. The management believes that no adjustments are required to be made for the financial results and carrying value of assets and liabilities as it does not have any impact for the current financial year ended 31st March, 2020.

In view of the highly uncertain economic environment, the actual impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor any material changes to future economic conditions

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is required, the Company assesses the evidence obtained by the third parties to support the conclusions that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 6 – Investment Property

Note 8 – Biological Assets

Note 37 – Leases

Note 41 – Financial Instruments

3. Significant accounting policies

a. Foreign currency transactions

Transactions in foreign currencies (other than advance receipt or payment of foreign currency) are translated into the functional currency of the Company at the exchange rates at the date of the transaction. The foreign currency transactions received or paid in advance are accounted at the date of receipt or payment of foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences are recognized in profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognized in Other Comprehensive Income (OCI).

As per option given under Ind AS 101, a first time adopter can continue its Indian GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Accordingly, the company has exercised the option of capitalizing the exchange difference on Long Term Foreign Currency Loans in relation to depreciable fixed assets / capital work-in-progress.

b. Financial instruments

i. Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortized cost;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or

- Fair Value Through Profit and Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

iii) De-recognition

Financial assets

The company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The company also de-recognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iv) Off-setting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions and firm commitments arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Company designates only the change in fair value of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognized. The replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination. For all other hedged forecast transactions, the amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

vi) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

c. Property, Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment

iii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognized in the statement of profit and loss. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

Asset	Management estimate of useful life
Buildings	3 to 60 years
Plant & Equipment	3 to 30 years
Furniture, Fixture and other Equipment	5 to 10 years
Vehicles	8 to 10 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed off).

v. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

d. Other intangible assets

i. Recognition and measurement

Intangible assets are initially measured at cost. These items of other intangible assets are subsequently measured at cost less accumulated amortization and accumulated impairment losses, if any.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

iii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iv. Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortization in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Management estimate of useful life
Software	4 years
Right to procure Bagasse	Tenure of the respective sugar mills agreement

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

v. Internally generated: Research and Development

Expenditure other than for acquisition of capital assets on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses

e. Biological assets

Biological assets, i.e. standing crops are measured at fair value less costs to sell, with any change therein recognized in profit or loss.

f. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its investment property recognized as at 1 April 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of such investment property.

The estimated useful lives are as follows :

Asset	Management estimate of useful life
Land	---
Building	60 years

Any gain or loss on disposal of an investment property is recognized in profit or loss.

The fair value of investment property is disclosed in the notes. Fair value is determined by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued or by utilizing guideline value.

g. Inventories

All inventories are initially recorded at cost. Cost represents all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost for the purpose of valuation is determined by using the weighted average cost, net of taxes and duties eligible for credit and discounts.

Raw materials, stores, consumables and spare parts

Raw materials, stores, consumables and spare parts held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

Cost of wood transferred from biological assets (captive plantation) is valued initially at their fair value less costs to sell at the point of harvest. Weighted average cost has been followed for subsequent measurement as stated above.

All spares having useful life less than one year are treated as inventories and measured accordingly.

Work-in-process

All work-in-process are valued at lower of cost which includes cost of inputs, net of taxes and duties eligible for credit and overheads up to the stage of completion and net realizable value.

Finished goods

Finished goods at factory are measured at lower of cost which includes cost of inputs (net of taxes and duties eligible for credits) and overheads and net realizable value. Finished goods at branches are valued on the above basis and also include transportation cost to branches and insurance cost.

Traded Goods

Traded goods are measured at lower of purchase cost net of taxes and duties, if any and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Non Moving Stores and Spares

Stores and spares not drawn for use for more than three years as at the end of year are charged to revenue and are carried at nil value in the books of account.

h. Impairment

i. Impairment of financial instruments

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 365 days or more;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than biological assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is determined based on asset's value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

To determine impairment of a corporate asset (e.g., Corporate office building for providing support to various CGUs), recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss.

i. Non-current assets held for sale

Non-current assets comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortized or depreciated.

Fair value of assets held for sale as on the Balance sheet date will be retired from Fixed Assets and classified under Current assets. Depreciation is charged for such asset only upto the retirement date. The difference between fair value and Book value of such asset is charged to statement of profit and loss.

j. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g. under short-term cash bonus / Ex-gratia, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards pension and superannuation scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

iii. Defined benefit plan

The Company pays fixed contribution to provident fund at pre–determined rates to a separate irrevocable trust approved by the Commissioner of Income Tax, which invests the fund in permitted securities. The contribution to the fund for the period is recognized as expenses and is charged to Statement of Profit and Loss. While the obligation to the Company is limited to such fixed contribution, as per the rules of Employee's Provident Fund (EPF) any deficiency in the rate of interest on the contribution based on its return on investment as compared to the rate declared for Employees Provident Fund by the Government under Para 60 of the Employees Provident Fund Act is to be met by the Company. Also as per the rules, any deficiency in the fair value of Plan Assets backing the Provident Fund accumulations compared to the amount of such accumulations is to be met by the company.

Liabilities in respect of defined benefit plan in the form of Gratuity and Long-term compensated absences are determined based on actuarial valuation made by an independent actuary using projected unit credit method as at the balance sheet date and are unfunded.

Re-measurements of the net defined benefit liability on account of experience adjustments and changes in actuarial assumptions in respect of Gratuity, which comprise actuarial gains and losses are recognized in Other Comprehensive Income (OCI).

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in statement of profit and loss as past service cost.

k. Provisions (other than for employee benefits) and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Decommissioning costs

Decommissioning costs are measured as the best estimate of the expenditure to settle the obligation or to transfer the obligation to a third party. Provisions for decommissioning obligations are required to be recognized at the inception of the arrangement. The estimated costs to be incurred at the end of the arrangement are discounted to its present value using the market rate of return.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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

l. Revenue recognition

Revenue is measured based on the transaction price, which is the fair value of the consideration received or receivable after netting trade discounts, volume discounts, sales returns and Goods and Services Tax. Revenue from sale of goods is recognized upon transfer of control of promised goods or services to customers.

Revenue from contract with customers is recognized when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the goods / services rendered.

Rental income from investment property is recognized as part of other income in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

Renewable Energy Certificate (REC) benefits are recognized in the statement of Profit and Loss on sale of REC's.

Liquidated damages and penalties recovered from suppliers/contractors, in relation to property, plant and equipment are credited to statement of profit and loss unless the delay has resulted in extra cost of assets, in which case the same are adjusted towards the carrying cost of the respective asset.

Barter transactions

The Company has engaged into barter transactions comprising of exchanging steam/fuel for bagasse. This exchange though is of dissimilar goods, would not qualify as sale since it is not a product sold by the Company and the transaction does not have commercial substance.

Export Benefits

The benefit accrued under Duty Drawback Scheme as per the Export and Import Policy in respect of exports made is accounted on an accrual basis and is included under the head “Revenue from Operations” as ‘Other Operating Revenue - Export Incentives’.

The benefit accrued under the Merchandise Exports from India Scheme (MEIS) in respect of exports on an accrual basis and is included under the head “revenue from operations” as ‘Other Operating Revenue - Export Incentives’.

Export benefits available under eligible schemes are recognized in the year when the right to receive credit as per the terms of the scheme is established in respect of exports made and are accounted to the extent there is no significant uncertainty about the measurability and ultimate utilization/ realization of such duty credit.

m. Government grants

Government grants and project incentives are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and the same is recognized in statement of profit and loss as other income on a systematic basis.

Grants that compensate the Company for expenses incurred are recognized in profit or loss as other income on a systematic basis in the periods in which such expenses are recognized.

n. Leases

i. The Company as a Lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating lease.

ii. The Company as a Lessee :

The Company’s lease asset consists of lease for buildings and Plant & Machinery. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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

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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the interest rate implicit in the lease or incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the interest rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the applicable accounting policies included as part of our Annual Report for year ended March 31, 2019.

o. Recognition of dividend income, interest income or expense

Dividend income is recognized in statement of profit and loss on the date on which the company’s right to receive payment is established. Interest income or expense is recognized using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

p. Income tax

Income tax comprises current and deferred tax. It is recognized in statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Credit for Minimum Alternative Tax (MAT) if any is recognized as a part of deferred tax assets. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

q. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowings. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

r. Cash flow statements

Cash flow statements are prepared under Indirect Method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents comprise of cash in hand, current and other accounts (including fixed deposits) held with banks.

s. Events occurring after the balance sheet date

Assets and liabilities are adjusted for events occurring after the reporting period that provides additional evidence to assist the estimation of amounts relating to conditions existing at the end of the reporting period.

Dividends declared by the Company after the reporting period are not recognized as liability at the end of the reporting period. Dividends declared after the reporting period but before the issue of financial statements are not recognized as liability since no obligation exists at that time. Such dividends are disclosed in the notes to the financial statements.

t. Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Board of Directors (BoD) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has identified following operating segments i.e. Paper & Paper Board, Energy and Cement.

Reportable Segments	Operations
Paper & Paper Board	Manufacturing and selling of Paper and Paper Board
Energy	Generation of Power through TGs and Wind mills for captive consumption and for export of power.
Cement	Manufacturing and selling of Cement.

Revenue and expenses have been identified to respective segments on the basis of operating activities of the enterprise. Revenue and expenses which relate to the enterprise as a whole are not allocable to a segment on a reasonable basis, and have been disclosed as un-allocable assets and liabilities.

Inter segment revenue / expenses are recognized at cost.

Geographical segments considered for reporting are India and Rest of the World.

Information about reportable segments

Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on cost basis.

u. Earnings per share (EPS)

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

v. Dividends

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The Company declares and pays dividends in Indian rupees. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

Dividends, if any are to be declared at the Annual General Meeting of Shareholders based on the recommendation of the Board of Directors. Generally, the factors that may be considered by the Board of Directors before making any recommendation of dividend include, without limitation, the company's future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternative sources, liquidity position, applicable taxes including tax on dividend as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions.

w. Amendments to Indian Accounting Standards (Ind AS) issued but not yet effective

There are no new standard or amendments to the existing standards notified by Ministry of Corporate Affairs ("MCA") which would have been applicable from April 1, 2020.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	PARTICULARS	DEEMED COST (GROSS CARRYING AMOUNT)						ACCUMULATED DEPRECIATION /AMORTISATION								CARRYING AMOUNT	
		As at 1-Apr-18	Additions/ (Deletions)	As at 31-Mar-19	**As at 1-Apr-19**	**Additions/ (Deletions)**	**As at 31-Mar-20**	As at 1-Apr-18	Additions/ (Deletions)	Impairment (Ref Note 35.1)	Upto 31-Mar-19	**As at 1-Apr-19**	**Additions/ (Deletions)**	**Impairment (Ref Note 35.1)**	**Upto 31-Mar-20**	**As at 31-Mar-20**	As at 31-Mar-19
4	**Property Plant and Equipment (PPE)**																
	Land (Note - (a & b)	7237.31	1703.00 0.00	8940.31	**8940.31**	**168.34** **-**	**9108.65**	-	- -	-	-	**-**	**-** **-**	**-**	**-**	**9108.65**	8940.31
	Buildings	70749.63	1080.43 0.00	71830.06	**71830.06**	**966.60** **(12.48)**	**72784.18**	6822.59	2813.02 0.00	-	9635.61	**9635.61**	**2842.88** **(12.48)**	**79.17**	**12545.18**	**60239.00**	62194.45
	Plant & Machinery (Note - (c & d))	378924.51	2658.63 (1.42)	381581.72	**381581.72**	**3775.94** **(369.64)**	**384988.02**	47757.42	18925.00 (1.13)	-	66681.29	**66681.29**	**19186.49** **(154.12)**	**-**	**85713.66**	**299274.36**	314900.43
	Furniture, Fixture and other Equipment	2005.43	61.99 (21.43)	2045.99	**2045.99**	**40.14** **(3.54)**	**2082.59**	622.86	279.62 (20.70)	-	881.78	**881.78**	**254.99** **(3.01)**	**-**	**1133.76**	**948.83**	1164.21
	Vehicles	475.64	25.06 (0.01)	500.69	**500.69**	**62.80** **-**	**563.49**	149.70	52.70 (0.01)	-	202.39	**202.39**	**51.88** **0.00**	**-**	**254.27**	**309.22**	298.30
	Total	459392.52	5529.11 (22.86)	464898.77	**464898.77**	**5013.82** **(385.66)**	**469526.93**	55352.57	22070.34 (21.84)	-	77401.07	**77401.07**	**22336.24** **(169.61)**	**79.17**	**99646.87**	**369880.06**	387497.70
5	**Capital Work-in-Progress**															**6169.77**	1447.63
5A	**Right to use Assets**																
	(i) Buildings	-	-	-	**-**	**632.61**	**632.61**	-	-	-	-	**-**	**119.41**	**-**	**119.41**	**513.20**	0.00
	(ii) Plant and Machinery	-	-	-	**-**	**2041.30**	**2041.30**	-	-	-	-	**-**	**373.35**	**-**	**373.35**	**1667.95**	0.00
	Total	-	-	-	**-**	**2673.91**	**2673.91**	-	-	-	-	**-**	**492.76**	**-**	**492.76**	**2181.15**	0.00
6	**Investment Property**																
	Land	451.23	-	451.23	**451.23**	**-**	**451.23**	-	-	-	-	**-**	**-**	**-**	**-**	**451.23**	451.23
	Building	86.37	-	86.37	**86.37**	**-**	**86.37**	5.78	1.99	-	7.77	**7.77**	**1.99**	**-**	**9.76**	**76.61**	78.60
	Total	537.60	-	537.60	**537.60**	**-**	**537.60**	5.78	1.99	-	7.77	**7.77**	**1.99**	**-**	**9.76**	**527.84**	529.83
7	**Other Intangible Assets**																
	Computer software	1044.82	12.67	1057.49	**1057.49**	**362.35** **(0.15)**	**1419.69**	850.84	144.22	-	995.06	**995.06**	**94.68** **(0.15)**	**-**	**1089.59**	**330.10**	62.43
	Right to Procure Bagasse	3205.73	415.01	3620.74	**3620.74**	**-** **-**	**3620.74**	884.54	451.83	1559.29	2895.66	**2895.66**	**198.76** **-**	**-**	**3094.42**	**526.32**	725.08
	Total	**4250.55**	**427.68**	**4678.23**	**4678.23**	**362.35** **0.15**	**5040.43**	**1735.38**	**596.05**	**1559.29**	**3890.72**	**3890.72**	**293.44** **0.15**	**-**	**4184.01**	**856.42**	**787.51**

Note :

a) The Land includes ₹.149.69 Lakhs towards the value of 10 grounds and 425 sq.ft for the construction of Corporate Office building. The transfer of title of the said Land by the Government of Tamilnadu in favour of the company is yet to be done pending completion of necessary formalities.

b) The company has acquired 832.57 acres of Private Patta land and 41.89 acres of Government Poramboke Land for setting up the Multilayer Coated Paper Board Plant and paid interim compensation of ₹.2501.70 lakh for Private Patta Land . As per notification by the Government of Tamil Nadu vide its order GO.(Ms.) No.13 dated 21.02.2018, Industries (SIPCOT-LA) Department, Govt. Of Tamil Nadu, Final amount of compensation has been determined by applying the multiplier factors in the Tamil Nadu Acquisition of Land for Industrial purpose Act, 1997 by virtue of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. Further, during 2018-19, "the Commissioner of land administration" has issued instructions vide Circular No.M2/27011/13 dated 23.07.2018 for payment of interest from the date of the interim award till the date of the final award and accordingly the total additional compensation payable along with interest was determined and the final award for compensation was completed in Jan 2020. The total additional compensation due including interest in terms of GO / circulars amounting to ₹. 3699.47 lakhs have been capitalized toward private patta land in the books of account upto the period ended 31st March 2020.

In respect of Government Poramboke land of 41.89 acres, the Govt., vide G.O.No.447, Revenue (LD5(2)) Department, dated 11.11.2013, has adopted the guideline value (GLV) of adjacent patta lands and arrived land value of ₹.84.68 lakh. Pending completion of formalities for transfer of poramboke land and determination of cost for transfer, the company has adopted the guideline value of ₹.84.68 lakhs and capitalized during the year ended 31st March, 2020.

c) The Company availed of lease finance for 4 Nos of 750KW capacity each Wind Electric Generators in 2001 with lease rentals payable upto 31.03.2007. The Company has not opted for a secondary lease and hence no provision is made for secondary lease rent in the books. The formal transfer of assets by the lessor to TNPL is yet to be done pending completion of certain formalities.

d) The company entered into an agreement with the Sakthi Sugars Limited (SSL) for procurement of bagasse on fuel substitution and having three agreements which having a term expiring during the period between September, 2020 to September, 2021. The Company and Sakthi Sugars Limited (SSL) have mutually agreed to close current agreements and enter into single common agreement for all three locations, Appakudal, Sivagangai and Modakurichi effective from 01st August 2020. The net receivable from SSL on the existing agreements as on 30-04-2020 is ₹. 2150 Lakhs and this amount shall be carried over as 9% interest bearing loan to be repaid by SSL in equated monthly instalments over the period of agreement term of 5 years from date of agreement. Further, SSL is entitled for Transport Subsidy of ₹. 750 Lakhs from the Government in terms of as per G.O.(Ms). No.81 dated 3rd April, 2020, and SSL also agreed for direct transfer of their entitlement in favour of the company towards settlement of outstanding loan by submission of necessary documents to the Government

The Company has erected 2 No's of 85 TPH high pressure boiler & its auxiliaries at the cost of ₹ 3438 Lakhs and now SSL has fully repaid capital cost of one Boiler by April-2020. Each boiler has been valued by chartered engineers for ₹. 1965 lakhs each. In terms of proposed restructuring of existing agreements, both TNPL and SSL have agreed that the ownership rights of one Boiler shall be transferred to SSL on settlement of outstanding loan in full by SSL. Till settlement of the loan in full, the company shall keep the asset as security for the outstanding loan.

e) As at 31 March 2020, PPE are subject to charge on secured bank loans (Refer Note 19)

f) The "recoverable amount" is higher than the "carrying amount" of the cash generating units and hence there is no impairment of losses under Ind AS-36 except net value of identified assets impaired amounting to ₹.79.17 lakh.

NOTES TO THE FINANCIAL STATEMENTS

g) Capital Work-in-Progress includes: **(₹ in Lakh)**

Sl. No.	Particulars		As at 31-Mar-20	As at 31-Mar-19
	Tangible Assets			
A)	Regular Projects		**642.54**	1161.16
B)	Packaging Board Plant - Mill Expansion Plan			
	Opening Balance	(a)	**221.74**	-
	Additions:			
	Buildings		**2269.72**	-
	Plant and Machinery		**1456.78**	-
	Finance Costs #		**487.02**	-
	Corporate Environment Responsibility Expenditure		**110.91**	-
	Pre-Operative Expenses		**800.45**	221.76
	Pre-Operative Income		**(17.70)**	-
		(b)	**5107.18**	221.76
	Closing Balance (a) + (b)		**5328.92**	221.76
C)	Packaging Board Plant:			
	Opening Balance	(a)	**64.71**	590.89
	Additions:			
	Land		**115.47**	1756.87
	Buildings		**610.12**	175.29
	Plant and Machinery		**1294.25**	181.84
	Vehicles		**4.90**	1.45
	Furniture, Fixture & Other Equipment		**49.72**	129.14
	Intangible Assets		**0.00**	2.00
		(b)	**2074.46**	2246.59
	Less: Transferred to Fixed Assets on capitalization			
	Land		**168.34**	1703.00
	Buildings		**578.27**	549.33
	Plant and Machinery		**1143.98**	387.85
	Vehicles		**0.55**	1.45
	Furniture, Fixture & Other Equipment		**49.72**	129.14
	Intangible Assets		**0.00**	2.00
		(c)	**1940.86**	2772.77
	Closing Balance (a)+(b)-(c)		**198.31**	64.71
	Grand Total (A + B + C)		**6169.77**	1447.63

The capitalisation rate applied to determine the amount of borrowing costs eligible for capitalisation is in the range of 8.22% to 8.35%

NOTES TO THE FINANCIAL STATEMENTS

h) Disclosures relating to Investment Property:

(₹ in Lakh)

Particulars	31-Mar-20	31-Mar-19
Rental income for investment property	**64.04**	93.84
Direct operating expenses to income generating property	**37.85**	51.28
Less: Reimbursement of Expenses	**(35.86)**	(49.29)
Depreciation on Investment property	**(1.99)**	(1.99)
Fair value of Investment Property		
a) Land at Tiruppatur	**31.53**	31.53
b) Land at Ambattur Industrial Estate	**6124.47**	6124.47
c) Corporate office building comprise of 6 floors, out of which 2nd and 3rd Floors are treated as investment property and the fair value of Investment property is	**372.46**	372.46

Measurement of fair values

Fair value hierarchy

(i) The fair value of investment property (Corporate Office Building) has been determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. Government guideline value is considered as fair value for Land

(ii) The fair value measurement for land has been categorized as Level 1 fair value and for corporate office building has been categorized as Level 2

8. Biological Assets Other than bearer plants

a) Reconciliation of carrying amount

(₹ in Lakh)

Particulars	31-Mar-20	31-Mar-19
Standing crops:		
Opening Balance	**788.18**	710.55
Add: New plantations / Maintenance cost	**33.52**	72.84
Less: Harvested wood transferred to inventories	**(92.47)**	(13.47)
Changes in fair value less estimated costs to sell	**21.88**	18.26
Closing Balance	**751.11**	788.18

As at 31st March 2020, standing crops comprises 5336.85 acres of plantations (31 March 2019: 5642 acres) . During the year the company harvested 3344 Mts (31 March 2019: 337 Mts).

b) Measurement of fair values

i. Fair value hierarchy

The fair value measurements for the standing crops have been categorized as Level 3 fair values based on the inputs to the valuation techniques used.

ii. Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognized in respect of level 3 fair values (Standing crops)

(₹ in Lakh)

Particulars	2019-20	2018-19
Gain included in ‘other income’ - Change in fair value	**21.88**	18.26

NOTES TO THE FINANCIAL STATEMENTS

iii. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values and significant unobservable inputs used in Level 3 fair value measurements.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for 5-6 years. The expected net cash flows are discounted using a risk adjusted discount rate	Estimated future market prices for Wood/ Mt as on 31.3.2018 ₹. 3700/- Every year an increase of 5% from the previous year is considered. As there is no change in Market value is expected for the year 2020-21, 5% increase has not been considered. Estimated yields (in tons) per acre (31 March 2020: 5.11 ; 31 March 2019: 5.31) Risk-adjusted discount rate (31 March 2020: 9%; 31 March 2019: 9%)	The estimated fair value would increase (decrease) if: - the estimated wood prices per ton were higher (lower); - the estimated yields per acre were higher (lower); - the risk-adjusted discount rates were lower (higher)

c) Risk management related to agricultural activities

The Company has identified the risk of fire and allied perils, natural calamities like flood, pests and drying up of plant with regard to Biological Assets. The Company has taken insurance policy covering these risks.

(₹ in Lakh)

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
9	**Investments**		
	Quoted equity shares		
	IDBI Bank Limited	**27.54**	66.58
	(142720 equity shares of Rs.10 each, fully paid)	**27.54**	66.58
	Note: Aggregate Amount of quoted Investment at cost	**114.05**	114.05

Equity shares designated as at fair value through other comprehensive income.

The Company designated the investments shown below as equity shares as FVOCI because these equity shares represent investments that the Company intends to hold for long term for strategic purposes.

(₹ in Lakh)

Particulars	Fair value at 31-Mar-20	Dividend income recognized during 2019-20	Fair value at 31-Mar-19
IDBI Bank Ltd - Equity Shares	**27.54**	**0.00**	66.58

No strategic investments were disposed during 2019-2020.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
10	**Loans**		
	Advance to Sugar Mills considered good - Unsecured	**1827.03**	2971.02
	Advance to Sugar Mills - Credit Impaired (Refer Note 35.1)	**3433.78**	3433.78
	Less: Provision for Advance to Sugar Mill	**(3433.78)**	(3433.78)
		1827.03	2971.02
11	**Other Non- Current Assets**		
	Advances & Deposits with Government and public bodies	**2249.65**	1873.73
	Capital Advances	**12051.07**	279.46
	Prepaid Expenses	**275.90**	354.52
	Other advance	**216.20**	227.30
		14792.82	2735.01
12	**Inventories**		
	Raw materials		
	In Stock	**28992.39**	40762.03
	In Transit	**12267.26**	10097.64
	Work in process	**13901.50**	13522.84
	Stock of Finished Goods	**11322.49**	5315.18
	Stock of Traded goods	**718.25**	353.70
	Stores, Consumables and spare parts		
	In Stock	**17280.63**	15991.29
	In Transit	**121.37**	36.32
		84603.89	86079.00

Carrying amount of inventories (included in above) have been hypothecated to banks as securities for borrowings.

The write-down of stores and spares to net realizable value during the year amounted to ₹.730.66 Lakh (31 March 2019: ₹.457.19 Lakh). The write-down are included in cost of Repairs & Maintenance.

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
13	**Trade Receivables**		
	Trade Receivables considered good-Unsecured	**52756.49**	44162.01
	Trade Receivables which have siginificant increase in credit risk	**0.00**	0.00
	Trade Receivables - Credit Impaired	**1927.07**	1729.32
		54683.56	45891.33
	Less : Provision for Trade Receivables - Credit impaired	**1927.07**	1729.32
	(Trade Receivables have been hypothicated to banks / Financiial Institutions as securities for borrowings)	**52756.49**	44162.01

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
14	**Cash and Cash Equivalents**		
	Balance with Banks		
	Current accounts	**432.96**	5010.18
	Cheques, drafts on hand	**0.00**	12.30
	Cash on hand	**8.09**	1.03
		441.05	5023.51
14A	**Bank balances Other than cash and cash equivalents**		
	Unpaid Dividend accounts	**120.15**	120.38
		120.15	120.38
15	**Loans**		
	Current maturities of Loans:		
	Advance to Sugar Mills-Considered good Unsecured	**2046.03**	1331.41
	Advance to Sugar Mills- Credit Impaired (Refer Note 35.1)	**1394.57**	1394.57
	Less: Provision for Advance to Sugar Mill - Credit Impaired	**(1394.57)**	(1394.57)
	Advances considered good - Unsecured	**277.66**	245.46
	Advances - Credit Impaired	**21.45**	21.45
	Less: Provision for Advances - Credit impaired	**(21.45)**	(21.45)
	Employee Advances	**342.17**	331.08
	Interest accrued on Loans/Deposits considered good - unsecured	**7.44**	317.61
	Interest accrued on Loans/Deposits - Credit Impaired (Refer Note 35.1)	**553.71**	553.71
	Less: Provision for Interest accrued on Loans - Credit impaired	**(553.71)**	(553.71)
		2673.30	2225.56
15A	**Other Financial Assets**		
	Derivative Assets	**754.52**	0.00
		754.52	0.00
16	**Other Current Assets**		
	Advances for Materials and Services considered good - Unsecured	**7749.99**	7024.99
	Advances for Materials and Services - Credit Impaired	**419.95**	378.03
	Less: Provision for Advances - Credit Impaired	**(419.95)**	(378.03)
	Balance with:		
	- Central Excise / TN VAT /GST - (includes ₹.469.77 Lakhs (FY2018-19 ₹.466.93 lakh) paid under protest for disputes)	**4557.90**	6728.33
	Claims Receivables #	**4119.24**	3128.93
	Export Incentives Receivables	**1037.70**	902.47
	Prepaid Expenses	**1836.81**	929.59
		19301.64	18714.31

Claims receivable includes

1) Claims receivable includes ₹.2694.67 lakh (Previous Year ₹.1705.45 lakh) towards net output VAT/GST refund represents VAT paid net off input credit upto 30th June, 2017 and SGST paid net of GST Credit w.e.f. 1st July, 2017 relating to Board plant as per the incentive scheme sanctioned by Government of Tamil nadu.
2) VAT refund on capital goods ₹.650.14 lakh (Previous Year ₹.650.14 Lakh), Claim with custom ₹.434.61 lakh (Previous Year ₹.422.24 lakh), Back ended capital subsidy ₹.192.50 lakh (Previous Year ₹.192.50 Lakh), Environment Protection Subsidy ₹.30 lakh (Previous Year ₹.30 lakh), Claim with M/s.ABFSL ₹.117.32 lakh (Previous Year ₹.117.32 lakh) and claim with insurance companies ₹. Nil (Previous Year ₹.11.28 lakh)

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
17	**Equity Share Capital**		
	Authorized		
	13,50,00,000 (31 March 2019 : 13,50,00,000) Equity Shares of Rs.10/- each	**13500**	13500
	Issued		
	7,00,00,000 (31 March 2019 : 7,00,00,000) Equity Shares of Rs.10/- each	**7000**	7000
	Subscribed and Fully Paid up*		
	6,92,10,600 (31 March 2019 : 6,92,10,600) Equity Shares of Rs.10/- each fully paid up	**6921.06**	6921.06
	Shares Forfeited**	**16.72**	16.72
	Total	**6937.78**	6937.78

* All subscribed shares are fully paid-up

** Shares forfeited represents shares called and partly paid by the shareholders were subsequently forfeited by the Company.

(i) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	31-Mar-20		31-Mar-19	
	Number in Lakhs	₹ in Lakh	Number in Lakhs	₹ in Lakh
Equity shares				
At the commencement of the period	**692.106**	**6921.06**	692.106	6921.06
Shares issued during the period	**0.00**	**0.00**	0.00	0.00
At the end of the period	**692.106**	**6921.06**	692.106	6921.06

(ii) Rights, preferences and restrictions attached to equity shares

The company has a single class of equity shares. Each equity shares having a par value of ₹ 10. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the residual assets of the company, in proportion to the number of equity shares held,after distribution of all preferential amounts. However, no such preferential amounts exist currently.

(iii) Particulars of shareholders holding more than 5% of shares

Sl.No	Particulars	31-Mar-20		31-Mar-19	
		Number in Lakhs	% of total shares	Number in Lakhs	% of total shares
	Equity shares of ₹. 10/- each fully paid-up held by				
1	- Governor of Tamil Nadu on behalf of Govt., of Tamil Nadu	**244.45**	**35.32%**	244.45	35.32%
2	- Life Insurance Corporation of India	**54.09**	**7.82%**	63.06	9.11%
3	- HDFC Trustee Company Limited - HDFC Hybrid Equity Fund	**48.97**	**7.08%**	40.81	5.90%

NOTES TO THE FINANCIAL STATEMENTS

(iv) Dividends

The following dividends were declared and paid by the Company during the year

(₹ in Lakh)

Particulars	2019 - 20	2018 - 19
₹.7.50 per equity share (Financial year 2018-19: ₹.5.00)	**5190.80**	3460.53
Dividend Distribution Tax (DDT) on dividend to equity shareholders	**1066.98**	711.32
	6257.78	4171.85

After the reporting date, the following dividends (excluding dividend distribution tax) were proposed by the Board of Directors subject to the approval at the annual general meeting; the dividends have not been recognized as liabilities.

(₹ in Lakh)

Particulars	2020 - 21	2019 - 20
₹.6.00 per equity share (Financial year 2018-19: ₹.7.50)	**4152.64**	5190.80
	4152.64	5190.80

(v) Basic and diluted 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:

a. Profit (loss) attributable to equity shareholders (basic and diluted)

(₹ in Lakh)

Particulars	2019-20	2018-19
Profit /(loss) for the year, attributable to the equity holders	**13003.23**	9438.68
	13003.23	9438.68

b. Weighted average number of equity shares (basic and diluted)

(In Numbers)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Opening balance	**69210600**	69210600
Effect of fresh issue of shares for cash	**0**	0
Weighted average number of equity shares for the year	**69210600**	69210600
Earning Per Share (EPS) - (₹)	**18.79**	13.64

NOTES TO THE FINANCIAL STATEMENTS

18. Other Equity

(₹ in Lakh)

Particulars	As at 31-Mar-20	As at 31-Mar-19
(a) Securities premium	**17973.11**	17973.11
(b) General reserve		
(i) Opening balance	**130801.18**	134973.03
(ii) Transfer from / (to retain earnings)	**7500.00**	(4171.85)
(iii) Closing balance	**138301.18**	130801.18
(c) Retained Earnings		
(i) Opening balance	**9908.09**	469.41
Less: Transition impact of Ind AS 116 'Leases' (Net of taxes of ₹.177.24 Lakh)	**(329.97)**	0.00
(ii) Profit / (Loss) for the year	**13003.23**	9438.68
(iii) Less : Appropriations		
(a) Dividend on equity Shares	**5190.80**	3460.53
(b) Tax on dividend	**1066.98**	711.32
(c) Transfer (from retain earnings) / General reserves	**7500.00**	(4171.85)
	8823.57	9908.09
(d) Fair value of gain/(loss) on Equity Instruments through OCI		
(i) Opening balance	**(47.47)**	(8.55)
(ii) Change during the year (net)	**(39.03)**	(38.92)
	(86.50)	(47.47)
(e) Effective portion of cash flow hedges		
(i) Opening balance	**(246.82)**	21.55
(ii) Change during the year (net)	**219.36**	(268.37)
	(27.46)	(246.82)
(f) Re-measurement of defined benefit plans		
(i) Opening balance	**(157.83)**	(53.52)
(ii) Change during the year (net)	**(472.74)**	(104.31)
	(630.57)	(157.83)
Total Other Equity	**164353.33**	158230.26

NOTES TO THE FINANCIAL STATEMENTS

Nature of reserves

(a) Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with Section 52 of Companies Act, 2013.

(b) General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to statement of profit and loss.

(c) Fair value gain/(loss) of Equity Instruments through other comprehensive income

This reserve represents the cumulative gains and losses arising on the revaluation of equity / debt instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

(d) Effective portion of cash flow hedges

The cash flow hedges represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

(e) Re-measurement of defined benefit plans

Re-measurements of defined benefit liability comprises actuarial gains and losses.

(f) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The weighted-average interest expense on interest-bearing borrowings was 8.33 percent (2018-19: 8.66 percent)

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
19	**Borrowings**		
	Non-current borrowings		
	Term loans - From Financial Institutions - Secured		
	A) Term Loans-General Corporate Loan		
	- Rupee Term Loans	**14500.00**	15000.00
	B) Mill Expansion Plan(MEP)-Unit 2		
	- Rupee Term Loans	**2896.00**	0.00
	Term loans - From Banks - Secured		
	A) Lime Sludge & Fly Ash Management System(LSFM)		
	- Rupee Term Loans	**450.00**	900.00
	B) Term Loans-General Corporate Loan/Working Capital Term Loan		
	- Rupee Term Loans	**47489.56**	43124.98
	- Foreign Currency Term Loan	**898.43**	1475.13
	C) Multilayer Coated Board Plant - Unit 2		
	- Rupee Term Loans	**45738.83**	64199.14
	D) Mill Expansion Plan (MEP) at Unit 2		
	- Rupee Term Loans	**9167.22**	0.00
		121140.04	124699.25
19	**Current borrowings**		
	a) Loans from Banks - Secured **		
	Working Capital Loans - Banks		
	Cash Credit	**9706.99**	14181.16
	Rupee Loan	**10200.00**	0.00
	b) Financial Institution - Secured #	**3802.26**	0.00
	Sub-Total (a)	**23709.25**	14181.16
	c) Unsecured bank loans		
	Short Term Loans from Banks		
	Cash Credit	**39.89**	0.19
	Export Packing Credit(EPC)-INR	**8500.00**	7500.00
	Buyer's Credit - Foreign Currency	**0.00**	6632.42
	Rupee Loan	**24500.00**	0.00
	Sub-Total (b)	**33039.89**	14132.61
	Total (a) + (b)	**56749.14**	28313.77

** Secured by a first charge on current asses of the company, namely raw materials, stock-in-process, semi-finished goods, finished goods, consumable stores & spares and receivables and a second charge by way of extension of equitable mortgage on immovable properties of the company in Kagithapuram, Karur District, Tamil nadu and second charge on the other fixed assets of the company excluding wind mills, vehicles and Computer Software and assets created/proposed to be created out of the ASRS, LSFM,RSPS and DIP projects.

Loan from M/s.Tamilnadu Industrial Investment Corporation Ltd (TIIC) was drawn against trade receivables ageing between 91 & 150 days. This loan is secured by residual charge on movable fixed assets of the company

RBI had announced vide circular dated 27.03.2020, among other key measures to combat COVID – 19, "to ease financial stress", allowed a moratorium of three months for repayment of Term Loan installments falling due between March 1, 2020 and May 31, 2020 and vide its circular dated 23.05.2020 extended further period of three months, i.e., from June1, 2020 to August 31, 2020 in view of extended lockdown. Accordingly, the repayment schedule and all subsequent due dates including the tenor for such loans gets shifted across the board by three months.

Based on the above circulars , the Company had not availed of initial moratorium announced by RBI vide circular dated 27.03.2020 and honored its loan commitments, however, opted for extended moratorium period of 3 months effective from June 1, 2020 announced vide circular dated 23.05.2020 for principal portion of Term Loan mainly to conserve cash given the uncertain market scenario and continued lockdown measures by the Government.

NOTES TO THE FINANCIAL STATEMENTS

A. Term and repayment schedule

Terms and condition of outstanding borrowings are as follows

(₹ in Lakh)

Particulars	Note	Year of maturity #	Terms of repayment	Coupon / Interest Rate	Non-Current 31-Mar-20	Current Maturities 31-Mar-20	Total 31-Mar-20	Non-Current 31-Mar-19	Current Maturities 31-Mar-19	Total 31-Mar-19
Non - Current Borrowings										
Term loans - From Financial Institutions - Secured										
A) Term Loans - General Corporate Loan										
- Export - Import Bank of India	(viii)	Aug-25	20 Step up quarterly installments	1 Y MCLR + 60 bps	**14500.00**	500.00	15000.00	15000.00	-	15000.00
- Export - Import Bank of India	(iv)	Oct-19	Quarterly in Sixteen equal installments	8.75% p.a (fixed) - annual reset	**-**	-	-	-	1875.00	1875.00
					14500.00	500.00	15000.00	15000.00	1875.00	16875.00
B) Mill Expansion Plan (MEP)-Unit 2										
- Export - Import Bank of India	(iii)	Nov-29	Quarterly in Twenty Eight step up installments	1 Y Gsec + 265 bps	**2896.00**	-	2896.00	-	-	-
Term loans - From Banks - Secured										
A) Lime Sludge Fly Ash Management System										
- Canara Bank	(i)	Dec-21	Quarterly in Eighteen equal installments	1 Y MCLR	**450.00**	450.00	900.00	900.00	600.00	1500.00

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Particulars	Note	Year of maturity #	Terms of repayment	Coupon / Interest Rate	Non-Current 31-Mar-20	Current Maturities 31-Mar-20	Total 31-Mar-20	Non-Current 31-Mar-19	Current Maturities 31-Mar-19	Total 31-Mar-19
Non - Current Borrowings										
i) Rupee Term Loans										
- Syndicate Bank	(v)	May-21	Semi - annual in Eight equal installments	1 Y MCLR	**1250.00**	1250.00	2500.00	2500.00	2500.00	5000.00
- State Bank of India (Earlier known as SBT)	(v)	May-21	Semi - annual in Eight equal installments	1 Y MCLR + 25 bps	**499.98**	500.00	999.98	999.98	1000.00	1999.98
- Canara Bank	(v)	May-21	Semi - annual in Eight equal installments	1 Y MCLR	**1375.00**	1375.00	2750.00	2750.00	2750.00	5500.00
- Federal Bank	(vi)	Jun-22	Quarterly in Twelve equal installments	1 Y Gsec + 197 bps	**3125.00**	1875.00	5000.00	5000.00	2500.00	7500.00
- The Bank of Tokyo - Mitsubishi UFJ Limited	(vii)	Oct-22	Semi - annual in Six equal installments	7.91% p.a on a fully hedged basis + appl. withholding tax	**10000.00**	6666.67	16666.67	20000.00	-	20000.00
- Canara Bank	(viii)	Jun-27	Quarterly in Thirty Two equal installments	1 Y MCLR + 30 bps	**3906.25**	468.75	4375.00	4375.00	625.00	5000.00
- IndusInd Bank Limited	(ix)	Jun-27	Quarterly in thirty one step up installments	Fixed for One Year (Subject to reset on every 28th of June)	**4875.00**	75.00	4950.00	-	-	-
- Canara Bank	(x)	Apr-25	Quarterly in Twenty equal installments	1 Y MCLR	**8500.00**	1500.00	10000.00	-	-	-
- Canara Bank	(x)	May-25	Quarterly in Twenty equal installments	1 Y MCLR	**10625.00**	1875.00	12500.00	-	-	-
- Kotak Mahindra Bank Limited	(xi)	Mar-22	Quarterly in Twelve equal installments	6 M MCLR	**3333.33**	3333.34	6666.67	6666.67	3333.33	10000.00
- ICICI Bank Limited	(xii)	Sep-19	Single repayment at the end of the term	1 Y MCLR + 45bps	**-**	-	-	-	5000.00	5000.00

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Particulars	Note	Year of maturity #	Terms of repayment	Coupon / Interest Rate	Non-Current 31-Mar-20	Current Maturities 31-Mar-20	Total 31-Mar-20	Non-Current 31-Mar-19	Current Maturities 31-Mar-19	Total 31-Mar-19
- Kotak Mahindra Bank Limited	(xiii)	Oct-20	Quarterly in Twelve equal installments	6 M MCLR	-	833.33	833.33	833.33	1666.67	2500.00
					47489.56	19752.09	67241.65	43124.98	19375.00	62499.98
ii) Foreign Currency Term Loan										
- ICICI Bank	(vii)	Jun-22	Quarterly in Sixteen equal installments	8.25% p.a on a fully hedged basis	**898.43**	718.74	1617.17	1475.13	655.61	2130.74
C. Multi Coated Board Plant (Unit-2)										
- Syndicate Bank	(ii)	Dec-21	Quarterly in Eighteen equal installments	1 Y MCLR	**6166.00**	6162.00	12328.00	12336.00	8216.00	20552.00
- State Bank of India (Earlier known as SBT)	(ii)	Dec-21	Quarterly in Eighteen equal installments	1 Y MCLR + 25 bps	**1658.89**	1668.00	3326.89	3326.89	2224.00	5550.89
- Indian Bank	(ii)	Dec-21	Quarterly in Eighteen equal installments	1 Y MCLR	**3303.43**	3337.50	6640.93	6640.93	4450.00	11090.93
- The Bank of Tokyo - Mitsubishi UFJ Limited	(ii)	Apr-22	Quarterly in Twelve equal installments	7.73% p.a on a fully hedged basis + appl. with-holding tax	**8333.33**	6666.67	15000.00	15000.00	5000.00	20000.00
- ICICI Bank Limited	(ii)	Dec-26	Quarterly in thirty one step up install-ments	1 Y MCLR + 60 bps	**26277.18**	616.30	26893.48	26895.32	455.55	27350.87
.					**45738.83**	18450.47	64189.30	64199.14	20345.55	84544.69
D. Mill Expansion Plan - (Unit-2)										
- Indian Bank - Erstwhile Allahabad Bank	(iii)	Mar-29	Quarterly in Twenty Six step up install-ments	1 Y MCLR	**811.48**	-	811.48	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Particulars	Note	Year of maturity #	Terms of repayment	Coupon / Interest Rate	Non-Current 31-Mar-20	Current Maturities 31-Mar-20	Total 31-Mar-20	Non-Current 31-Mar-19	Current Maturities 31-Mar-19	Total 31-Mar-19
- Punjab National Bank (Erstwhile Oriental Bank of Commerce)	(iii)	Mar-29	Quarterly in Twenty Six step up installments	1 Y MCLR	**1262.56**	-	1262.56	-	-	-
- Union Bank of India	(iii)	Mar-29	Quarterly in Twenty Six step up installments	1 Y MCLR	**7093.18**	-	7093.18	-	-	-
					9167.22	-	9167.22	-	-	-
Grand Total					**121140.04**	39871.30	161011.34	124699.25	42851.16	167550.41

Year of maturity of the respective loans have been revised whereever applicable in line with availment of moratorium announced by Reserve Bank of India (RBI)

ECB- External Commercial Borrowings, OFC - Other Foreign Currency Loan

(i) - Secured by a first pari passu charge on fixed assets created out of respective loans.

(ii) - Secured by a first pari passu charge on fixed assets to be created at Mondipatti Village, Manappari Taluk, Trichy Dist., TN out of respective term loans and first charge on all the movable fixed assets of the company situated at Kagithapuram, Karur Dist., Tamil Nadu on pari passu basis both present & future except which are under specific charge to the respective term lenders and an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur District, TN.

(iii) - First pari passu charge on assets to be created out of Mill Expansion Plan with other lenders funding for Phase – I of the project & First pari passu charge on existing assets at Unit –II (both movable and immovable fixed assets) along with existing lenders and proposed lenders for MEP

(iv) - Secured by a first charge on all the fixed assets of the company situated at Kagithapuram, Karur Dist., (movable & immovable) on pari passu basis both present and future (except assets under specific charge to other lenders) situated at Kagithapuram, Karur Dist., including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur District, Tamilnadu and pari passu second charge on the current assets of the company viz., stock of raw materials, finished goods, stores and other movables.

(v) - Secured by a first pari passu charge on movable fixed assets of the company (except assets under specific charge to other lenders) situated at Kagithapuram, Karur Dist.,

(vi) - First Pari Passu Charge on moveable Fixed Assets with at least 1x cover.

(vii) - Residual charge on moveable fixed assets of the company.

(viii) - Secured by a first pari passu charge on movable fixed assets of the company (except assets under specific charge to other lenders)

(ix) - Subserivent charge on entire moveable fixed assets of the company, both present and future (except those which are under specific charge to the respective term lenders).

(x) - Subserivent charge on current asset and entire moveable fixed assets of the company.

(xi) - Exclusive hypothecation charge on revamped power plant & machinery

(xii) - Secured by residual charge on current assets of the company.

(xiii) - Second hypothecation charge on fixed assets of the borrower with a minimum asset cover of 2X.

NOTES TO THE FINANCIAL STATEMENTS

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for the period presented.

(₹ in Lakh)

Particulars	Cash and Cash equivalents and bank over drafts	Non-current borrowings (including current Maturities)	Current borrowings	Interest Payable	Total
Net debt as at 01-Apr-18	(1463.90)	191701.76	46788.61	1509.62	238536.09
Cash flows	(7693.94)	(24295.14)	(32656.19)	-	(64645.27)
Finance costs	-	-	-	23335.86	23335.86
Interest paid	-	-	-	(23433.22)	(23433.22)
Exchange flucations	-	143.79	-	-	143.79
Net debt as at 31-Mar-19	**(9157.84)**	**167550.41**	**14132.42**	**1412.26**	**173937.25**
Cash flows	**(147.99)**	**(6650.49)**	**32869.84**	**-**	**26071.36**
Finance costs	**-**	**-**	**-**	**22745.78**	**22745.78**
Interest paid	**-**	**-**	**-**	**(23056.92)**	**(23056.92)**
Exchange flucations	**-**	**111.43**	**-**	**-**	**111.43**
Net debt as at 31-Mar-20	**(9305.83)**	**161011.35**	**47002.26**	**1101.12**	**199808.90**

20 Provisions

(₹ in Lakh)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19
Provisions for employee benefits Note (b)				
Defined benefit liability - Gratuity	**7590.12**	6991.25	**1846.45**	1956.56
Liability for compensated absences	**4438.74**	3743.23	**771.77**	746.13
Total provisions for employee benefits (A)	**12028.86**	10734.48	**2618.22**	2702.69
Other provisions				
Provision for decommissioning liability Note (a)	**89.90**	82.48	**0.00**	0.00
Total other provisions (B)	**89.90**	82.48	**0.00**	0.00
Total provisions (A+B)	**12118.76**	10816.96	**2618.22**	2702.69

Note (a) provision for decommissioning liability

The Company has made a provision of ₹.89.90 lakh (Previous Year ₹.82.48 lakh) in respect of obligation on decommissioning of Plant & Machinery erected at various Off-sites (Sugar Mills), The unwinding of discount of ₹.7.42 lakh (Previous Year ₹.6.81 lakh) recognized as expenses.

NOTES TO THE FINANCIAL STATEMENTS

Note (b) Provisions for employee benefits **(₹ in Lakh)**

Particulars	As at 31-Mar-20	As at 31-Mar-19
Defined benefit liability - Gratuity	**9436.57**	8947.81
Liability for compensated absences	**5210.51**	4489.36
Total employee benefit liabilities	**14647.08**	13437.17
Non-current	**12028.86**	10734.48
Current	**2618.22**	2702.69
Total employee benefit liabilities	**14647.08**	13437.17

For details about the related employee benefit expenses, refer Notes 31

Reconciliation of the net defined benefit liability **(₹ in Lakh)**

Particulars	TYPE OF PLAN			
	GRATUITY		LEAVE ENCASHMENT	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Balance at the beginning of the year	**8947.82**	8957.81	**4489.36**	4342.02
Interest Cost	**619.96**	638.35	**310.43**	306.00
Current service cost	**483.32**	461.60	**203.54**	199.59
Past service cost	**0.00**	0.00	**0.00**	0.00
Benefits paid	**(1341.20)**	(1270.28)	**(689.65)**	(704.90)
Actuarial loss/(gain) on obligation (balancing figure)	**726.67**	160.34	**896.83**	346.65
Balance as at the end of the year	**9436.57**	8947.82	**5210.51**	4489.36

i. Expense recognized in profit or loss (Note 31) **(₹ in Lakh)**

Particulars	TYPE OF PLAN			
	GRATUITY		LEAVE ENCASHMENT	
	2019-20	2018-19	2019-20	2018-19
Current service cost	**483.32**	461.60	**203.54**	199.59
Net Interest on Net Defined Benefit Obligations	**619.96**	638.35	**310.43**	306.00
Net actuarial (gain)/loss recognized in the year	**0.00**	0.00	**896.83**	346.65
Past service cost	**0.00**	0.00	**0.00**	0.00
Expenses recognized in the statement of profit and loss	**1103.28**	1099.95	**1410.80**	852.24

ii. Remeasurements recognized in other comprehensive income **(₹ in Lakh)**

Particulars	TYPE OF PLAN	
	GRATUITY	
	2019-20	2018-19
Actuarial (gain) / loss on defined benefit obligation	**726.67**	160.34
	726.67	160.34

NOTES TO THE FINANCIAL STATEMENTS

iii) Defined benefit obligation

Particulars	Gratuity		Leave Encashment	
	2019-20	2018-19	**2019-20**	2018-19
Discount Rate	**6.58%**	7.49%	**6.58%**	7.49%
Salary escalation rate	**6.00%**	6.00%	**6.00%**	6.00%
Attrition rate	**5.00%**	5.00%	**5.00%**	5.00%

iv) Sensitivity Analysis

(₹ in Lakh)

Significant acturial assumptions	Gratuity		Leave Encashment	
	31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19
Discount Rate				
Impact due to increase of 50 basis points	**(289.76)**	(241.27)	**(176.42)**	(138.69)
Impact due to decrease of 50 basis points	**309.68**	256.21	**189.26**	148.26
Salary escalation rate				
Impact due to increase of 50 basis points	**269.91**	222.95	**189.40**	149.68
Impact due to decrease of 50 basis points	**(256.96)**	(213.62)	**(178.17)**	(141.22)

v) Maturity Profile of Defined Benefit Obligation :

(₹ in Lakh)

Defined Benefits	As at 31/03/2020	As at 31/03/2019
Gratuity		
Less than one Year	**872.63**	987.56
One to Three Years	**3614.71**	3762.64
Three to Five Years	**1835.21**	2042.16
More than Five years	**3220.59**	2934.90
Leave Encashment		
Less than one Year	**418.02**	419.90
One to Three Years	**1333.46**	1286.72
Three to Five Years	**807.77**	792.32
More than Five years	**1629.84**	1372.11

Provident Fund

The Company pays fixed contribution to provident fund at pre–determined rates to a separate irrevocable trust approved by the Commissioner of Income Tax, which invests the fund in permitted securities. The contribution to the fund for the period is recognized as expenses and is charged to Statement of Profit and Loss. While the obligation to the Company is limited to such fixed contribution, as per the rules of Employee's Provident Fund (EPF) any deficiency in the rate of interest on the contribution based on its return on investment as compared to the rate declared for Employees Provident Fund by the Government under Para 60 of the Employees Provident Fund Act is to be met by the Company. Also as per the rules, any deficiency in the fair value of Plan Assets backing the Provident Fund accumulations compared to the amount of such accumulations is to be met by the company.

In accordance with actuarial valuation of provident fund liabilities and based on the assumptions as mentioned below, there is no deficiency in the interest cost as present value of expected future earnings of the fund is greater than the expected amount to be credited the individual members based on the expected guaranteed rate of interest of Government administered provident fund.

NOTES TO THE FINANCIAL STATEMENTS

The details of fund and plan assets are given below : **(₹ in Lakh)**

Particulars	As at 31-Mar-20	As at 31-Mar-19
Present value of Obligation (PVO)	**28986.07**	27291.34
Fair value of Plan Assets	**30767.84**	27498.64
Net Liability / (Net Asset)	**(1781.77)**	(207.30)

The plan assets have been primarily invested in Government securities and corporate bonds.

The principal assumptions used in determining the present value obligation of Interest guarantee under the deterministic approach are as follows

Particulars	As at 31-Mar-20	As at 31-Mar-19
Discount Rate	**6.58%**	7.49%
Guaranteed rate of return	**8.50%**	8.65%

The company contributed ₹.1632.59 lakh (Previous Year : ₹.1579.42 lakh) towards the provident fund for the year ended 31st March, 2020.

21. Movement in deferred tax balances **(₹ in Lakh)**

Particulars	Net deferred tax (assets) liablities					
	01-Apr-18	2018-19	31-Mar-19	01-Apr-19	2019-20	31-Mar-20
Recognized in profit and loss:						
Property ,Plant and equipment	72654.54	2279.85	74934.39	**74934.39**	**(521.59)**	**74412.80**
Intangible assets	(162.55)	(571.38)	(733.93)	**(733.93)**	**97.71**	**(636.22)**
Biological assets	41.94	6.39	48.33	**48.33**	**7.64**	**55.97**
Finance Cost - Decommissioning Liability	(22.56)	(2.38)	(24.94)	**(24.94)**	**(2.59)**	**(27.53)**
Lease Liabilities #	(1.60)	(0.13)	(1.73)	**(178.97)**	**(4.35)**	**(183.32)**
Provision for loss allowance	(101.04)	(2493.04)	(2594.08)	**(2594.08)**	**(83.75)**	**(2677.83)**
Disallowance of expenses U/ sec., 43B	(450.88)	247.99	(202.89)	**(202.89)**	**(17.22)**	**(220.11)**
Tax lossess carried forward - unabsorbed depreciation	(24359.09)	6605.84	(17753.25)	**(17753.25)**	**6743.26**	**(11009.99)**
Employee Benefits Plan	(4467.76)	7.86	(4459.90)	**(4459.90)**	**(168.87)**	**(4628.77)**
Tax Credits - MAT Credit Entitlement	(20945.21)	(5184.16)	(26129.37)	**(26129.37)**	**(3187.80)**	**(29317.17)**
(A)	22185.79	896.84	23082.63	**22905.39**	**2862.44**	**25767.83**
Recognized in other comprehensive income :						
Remeasurement of defined benefit plans	(28.33)	(56.03)	(84.36)	**(84.36)**	**(253.93)**	**(338.29)**
Investments at fair value through OCI	(2.38)	2.38	0.00	**0.00**	**0.00**	**0.00**
Derivatives	11.40	(144.15)	(132.75)	**(132.75)**	**117.83**	**(14.92)**
(B)	(19.31)	(197.80)	(217.11)	**(217.11)**	**(136.10)**	**(353.21)**
Total (A+B)	22166.48	699.04	22865.52	**22688.28**	**2726.34**	**25414.62**

Opening balance of deferred tax on lease liabilities as at 01-Apr-19 has been restated by ₹.177.24 lakh to give impact of transition to Ind AS 116 'Leases'.

NOTES TO THE FINANCIAL STATEMENTS

Tax losses carried forward

Tax losses never expires for which deferred tax asset was recognized and outstanding as follows: **(₹ in Lakh)**

Particulars	As at 31-Mar-20	As at 31-Mar-19	Expiry date
Expire	**-**	-	-
Never expire	**11009.99**	17753.25	-

(₹ in Lakh)

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
22	**Other Non-current Liabilities**		
	Government grants	**25.30**	26.50
	Deferred Rent Payable	**3.09**	3.31
		28.39	29.81

Government grants

The company has recognized in its books Government subsidy of ₹.30 lakh for creation of environment protection infrastructure facility at Board Plant. As subsidy relates a specific asset, the same was treated as deferral income and amortized over the useful life of the asset.

Deferred Rent Payable

TNPL has taken Government lands for lease (Operating lease) for the purpose of captive plantations. The lease period is for thirty years. Incremental rent on year on year basis is applicable till the end of 4th year and thereafter it will be flat.

(₹ in Lakh)

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
23	**Trade payables**		
	Trade payables to related parties	**-**	-
	Other trade payables		
	Acceptances	**46104.88**	63268.98
	Sundry Creditors		
	Total Outstanding dues of Micro & Small Enterprises	**350.51**	206.28
	Total Outstanding dues of Creditors other than Micro & Small Enterprises	**52739.24**	57338.55
		99194.63	120813.81

All trade payables are 'current'

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 41 **(₹ in Lakh)**

Particulars	As at 31-Mar-20	As at 31-Mar-19
Amount due to Micro, Small and Medium Enterprises Development Act, 2006 registered suppliers		
(Based on the status confirmation received from suppliers)		
a) Amount due and outstanding to suppliers at the end of accounting year	**350.51**	206.28
b) Interest paid during the year	-	-
c) Interest payable at the end of accounting year	-	-
d) Interest accrued and unpaid at the end of accounting year	-	-

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
24	**Other Financial Liabilities**		
	Current maturities of Long Term Debt	**39871.30**	42851.16
	Interest accrued but not due	**1101.12**	1412.26
	Security Deposits from customers/contractors	**7006.37**	6821.13
	Unclaimed Dividend #	**120.15**	120.38
	Employee related Liabilities @	**6861.22**	4131.78
	Derivative Liabilities	**0.00**	1442.51
	Creditors for Capital Goods	**1976.17**	2239.86
		56936.33	59019.08

There are no amount due and outstanding to be credited to Inverstors Education and Protection Fund.

@ The long-term agreement for wage revision for workmen, staff and executives of the company expired on 15th May, 2018. Pending negotiations and finalisation of fresh agreement w.e.f 16th May, 2018, provision towards wage revision of ` 4562.68 lakh has been provided till 31-Mar-20 on an estimated basis. The difference, if any, shall be dealt with and accounted for in the year of finalisation of agreement with workmen

(₹ in Lakh)

Note	Particulars	As at 31-Mar-20	As at 31-Mar-19
25	**Other Current Liabilities**		
	Advance received from customers	**1031.99**	8901.08
	Statutory dues payable	**1203.61**	1221.54
	Tax Deducted at Source	**545.36**	557.14
	Other payables #	**6306.54**	6306.54
		9087.50	16986.30

The Company's exposure to currency and liquidity risks related to above financial liabilities is disclosed in Note 41

 # Other payables includes:

a) ₹ .2410.35 lakh (Previous Year ₹.2410.35 lakh) being the guarantee commission in respect of IBRD Loan guaranteed by Govt. of India lying since 2002.

b) ₹. 1018.99 lakh (Previous Year ₹.1018.99 Lakh) being Electricity Generation Tax for the generation of energy from captive generation plant for own use.

c) Confirmation of balances from some of the creditors have been received and the same is being reconciled.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	Particulars		For the Year ended 31-Mar-20	For the Year ended 31-Mar-19
26	**Revenue from Operations**			
	Sale of Products			
	Printing & Writing Paper			
	- Domestic Sales		**215484.86**	249198.98
	- Export Sales		**40774.42**	53707.91
			256259.28	302906.89
	Less: Discounts		**22897.55**	23205.28
			233361.73	279701.61
	Packaging Board			
	- Domestic Sales		**97328.74**	104170.07
	- Export Sales		**2268.96**	1378.46
			99597.70	105548.53
	Less: Discounts		**14748.95**	7762.14
			84848.75	97786.39
	Cement		**12410.71**	11597.26
	Sale of Energy		**1422.87**	1515.75
	Sale of Traded Goods			
	Note Books		**10437.19**	9472.27
	Paper & core pipe		**11.01**	0.00
	Coal		**1182.76**	3667.84
	Pre printed marks sheets		**65.19**	49.11
	Pulp		**0.00**	285.57
	Burnt Lime		**20.27**	11.56
	Total sale of products	**(a)**	**343760.48**	404087.36
	Other Operating revenue			
	Export Incentive		**1782.60**	2365.99
	Sale of Clone		**274.38**	208.96
	Sale of scrap, wastes etc.		**1293.82**	1609.15
	Total other operating revenue	**(b)**	**3350.80**	4184.10
	Total revenue from operations	**(a+b)**	**347111.28**	408271.46

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	Particulars	For the Year ended 31-Mar-20	For the Year ended 31-Mar-19
27	**Other Income**		
	Interest Income:		
	Under the effective interest method-Interest on advances to Sugar Mills	**497.33**	793.04
	Other Interest - Over Due bills	**690.21**	720.42
	Change in fair value of biological assets	**21.88**	18.26
	Net gain on sale of Property, plant and equipment	**0.00**	3.68
	Rental Income from property	**79.30**	105.88
	VAT / GST Refund - Note (i)	**989.22**	1094.69
	Government Grants - Note (ii)	**1.20**	1.20
	Other receipts - Note (iii)	**1473.71**	1187.17
		3752.85	3924.34
28	**Cost of Purchase / Materials Consumed**		
	Raw materials consumed - Note (iv)	**97999.42**	127156.73
	Chemicals consumed	**32391.94**	35175.75
	Freight & Handling charges	**6535.07**	7610.36
	Packing Expenses	**6918.55**	7165.37
	Bagasse purchased	**8837.58**	24285.76
		152682.56	201393.97
29	**Purchase of Stock-in-trade**		
	Note Books	**9491.85**	8016.08
	Pre-Printed Marksheet	**59.10**	44.54
	Pulp	**0.00**	279.45
	Paper & Core pipe	**14.22**	1.15
	Coal	**1003.81**	3377.01
	Burnt lime	**13.18**	7.32
	Total	**10582.16**	11725.55

Notes :

(i) The Company is entitled to Net Output VAT and CST refund in terms of GO (Ms) No 212/5.9.2015 for a period of twelve years from the Date of Commercial Production with GST compensation clause in the said G. O. In the absence of guidelines on eligibility of IGST/CGST for GST Refund entitlement, the Company has considered only Net output SGST amounting to ₹.989.22 lakh for the financial year 2019-20 and ₹.1094.69 lakh for the financial year 2018-19.

(ii) Government grants includes Effluent Treatment Plant (ETP) subsidy of ₹.1.20 lakh (Previous Year ₹.1.20 lakh) being related to specific fixed asset has been recognised as other income over the useful life of the asset.

iii) Other receipts inlcude electricity tax paid for the period 1st May 2016 till 31st May 2019 amounting to ₹ 50.11 lakhs was reimbursed in terms of exemption provided by Government during the year.

(iv) Excluding cost of bagasse procured in lieu of steam / fuel supplied to Sugar Mills which is included in the respective natural heads of accounts

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	Particulars	For the Year ended 31-Mar-20	For the Year ended 31-Mar-19
30	**Changes in Inventories of Bagasse, Work-in-Progress and Finished Goods**		
	Opening Stock :		
	Bagasse	**17851.11**	6993.31
	Work in Progress	**13522.84**	9275.71
	Finished Goods	**5315.18**	10992.18
	Traded Goods	**353.70**	484.01
	Sub-total (a)	**37042.83**	27745.21
	Closing Stock:		
	Bagasse	**18400.07**	17850.99
	Work in Progress	**13901.50**	13522.84
	Finished Goods	**11322.49**	5315.18
	Traded Goods	**718.25**	353.70
	Sub-total (b)	**44342.31**	37042.71
	Total (a-b)	**(7299.48)**	(9297.50)
31	**Employee Benefit Expenses**		
	Salaries, Wages and Bonus	**21364.81**	19807.95
	Contribution to provident fund & Other funds	**2566.09**	2469.24
	Gratuity and Leave Encashment	**2514.08**	1952.18
	Staff Welfare expense	**2910.78**	2521.50
		29355.76	26750.87
32	**Finance Costs**		
	Interest expense on financial liabilities measured at amortized cost		
	Term Loans	**14165.12**	15628.25
	Less: Interest Capitalized	**(317.66)**	0.00
	Working Capital	**6518.42**	5320.82
	Less: Interest Capitalized	**(169.36)**	0.00
	Other Finance costs	**1795.42**	2379.98
	Interest on Lease Liabilities	**259.40**	0.00
	Unwinding of discount on decommissioning liabilities	**7.42**	6.81
		22258.76	23335.86
33	**Depreciation and Amortization Expenses**		
	Depreciation of property, plant and equipment	**22336.24**	22070.34
	Depreciation on Right to use assets	**492.76**	0.00
	Depreciation on investment property	**1.99**	1.99
	Amortization of intangible assets	**293.44**	596.05
		23124.43	22668.38

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Note	Particulars	For the Year ended 31-Mar-20	For the Year ended 31-Mar-19
34	**Other Expenses**		
	Stores consumed	**1246.53**	1538.64
	Repairs and maintenance:		
	- Building	**1053.97**	935.92
	- Plant and machinery	**17902.76**	15662.08
	- Others	**541.10**	643.71
	Rent	**107.82**	161.85
	Rates and Taxes	**375.05**	451.67
	Insurance	**418.05**	307.56
	Transportation Charges	**4622.90**	5786.23
	Commission & Discount on Sales	**8190.32**	10445.96
	Travelling & Conveyance	**538.75**	439.84
	Auditors' Remuneration - Note no.39(c)	**22.08**	23.66
	Printing and Stationery	**122.08**	100.64
	Communication	**89.56**	101.50
	Advertisement	**257.19**	231.33
	Farm Forestry	**1187.40**	876.28
	Provision for Trade Receivables	**197.75**	1379.06
	Loss on sale/write off of fixed assets	**161.48**	0.00
	Loss on Foreign Exchange Fluctuations (Net)	**1830.04**	2133.30
	Security Personnel Expenses	**929.05**	773.68
	Vehicle Hire Charges	**347.47**	326.49
	Corporate Social Responsibility (CSR)	**399.25**	405.59
	Sitting fee to Directors	**32.75**	24.75
	Miscellaneous	**1633.98**	1388.09
		42207.33	44137.83
35	**EXCEPTIONAL ITEMS (Refer Note 35.1)**		
	Provision for advances & Loans	**41.92**	5760.09
	Provision for Impairment of Tangible Assets / Right to procure Bagasse	**79.17**	1559.29
		121.09	7319.38

NOTES TO THE FINANCIAL STATEMENTS

35.1 The company as part of its initiative to procure bagasse, a key raw material for its manufacturing process has entered into Long Term Supply Agreement and as per the agreements had paid ₹.7500 Lakh as advances to sugar mills and these agreements are due to expire or due for renewal in September, 2024 and September, 2026. Out of the repayment commitments by these companies to whom advances have been made, an amount of ₹ 2152 lakh became overdue as on 31st March, 2019 and the companies have defaulted in repayment and also based on information from various other sources including the financial information of the company identified that these advances are having high credit risk in the financial year 2018-19. Further there were no supplies of bagasse in the last three years as per the long term supply agreement. While the company is taking efforts to recover the overdue amounts and initiated legal proceedings for recovery of current dues. Notwithstanding the unexpired term for fulfilling the supply and repayment obligations by these companies to whom the advances have been made, as a matter of prudence, total amount outstanding from those companies were considered doubtful of recovery accordingly the company provided for the total outstanding advances and other receivables amounting to ₹ 5760.09 Lakh and provided for impairment of the Intangible asset – Right to procure Bagasse amounting to ₹ 1559.29 Lakh during the year ended 31st March, 2019 and disclosed the same as Exceptional item under note 35.

The Company have filed a petition against the above sugar mills before NCLT under Insolvency and Bankruptcy Code, 2016 (IBC). For one of the sugar mill, NCLT have appointed an Interim Resolution Professional (IRP) and Company has filed its claim before the IRP. The Company has also filed a petition on another Sugar mill before the NCLT and NCLT has heard the arguments on 28-11-2019 and has reserved its orders. In the meantime, the Company has shifted some of the Machineries which were Installed at Sugar Mills like Compactors, Depithers etc. and related Stores and Spares.

The Company also requested the IRP to grant permission to take possession of the remaining property, plant and equipment having a carrying cost of ₹ 181.02 Lakh and spares costing ₹ 16 Lakh as on 31st March, 2020. The civil Structures and other assets are non-moveable and could not be transferred from Sugar Mills and does not carry any value in use. Therefore, the Company has considered those assets are impaired and provided for carrying cost of ₹ 79.17 Lakh towards impairment. Also, outstanding balance of ₹ 41.92 Lakh out of advance given for construction of Coal Shed become non-recoverable and have provided for the outstanding balance as on 31-Mar-20 and has disclosed the same as exceptional items.

36. Income tax

a) Amounts recognized in profit or loss

Tax expense recognized in the Statement of Profit and Loss

(₹ in Lakh)

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Current tax		
Current Tax on taxable income for the year	**3216.54**	5184.16
Deferred tax		
Deferred tax /(MAT credit entitlement)	**2833.70**	896.84
Total tax expenses	**6050.24**	6081.00

b) Income tax recognized in other comprehensive income

(₹ in Lakh)

Particulars	For the year ended 31-Mar-20		
	Before Tax	Tax (expense) benefit	Net of tax
Remeasurement of defined benefit liability	**(726.67)**	**(253.93)**	**(472.74)**
Fair value of equity investments through OCI	**(39.03)**	**-**	**(39.03)**
Effective portion of gain /(loss) on hedging instruments in cash flow hedges	**337.19**	**117.83**	**219.36**
	(428.51)	**(136.10)**	**(292.41)**

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

Particulars	For the year ended 31-Mar-19		
	Before Tax	Tax (expense) benefit	Net of tax
Remeasurement of defined benefit liability	(160.34)	(56.03)	(104.31)
Fair value of equity investments through OCI	(36.54)	2.38	(38.92)
Effective portion of gain/(loss) on hedging instruments in cash flow hedges	(412.52)	(144.15)	(268.37)
	(609.40)	(197.80)	(411.60)

c) Reconcilation of effective Tax rate

A reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarized below:

(₹ in Lakh)

Particulars	For the Year ended 31-Mar-20	For the Year ended 31-Mar-19
Profit before tax	**19053.47**	15519.68
Income tax rate	**34.944%**	34.944%
Current tax expenses on Profit before tax	**6658.04**	5423.20
Tax effect of:		
Permanent disallowances		
CSR Expenditure as per Sec.135 of Companies Act 2013	**139.51**	141.73
Disallowance - Donation & Taxes	**(7.74)**	102.13
Temporary differences	**(739.57)**	441.98
Other items	**0.00**	(28.04)
Total income tax expense/(credit)	**6050.24**	6081.00
Effective tax Rate	**31.75%**	39.18%

37 Leases

A) Leases as lessor

The Company leases out its investment property and buildings on operating lease basis.

i) Future minimum lease receivable

At 31 March, the future minimum lease payments under non-cancellable leases are receivable as follows

(₹ in Lakh)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Within less than one year	**13.04**	12.66
Between one and five years	**2.74**	14.80
After more than five years	**4.25**	4.63
	20.03	32.09

NOTES TO THE FINANCIAL STATEMENTS

ii) Amounts recognized in profit and loss - Grouped under other income (Note 27)

During the year ended 31 March 2020, property rentals of ₹.79.30 lakh (31 March 2019: ₹.105.88 lakh have been included in other income (Note 27) in profit or loss, is as follows:

(₹ in Lakh)

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Income from Investment property	**64.04**	93.84

B) Leases as lessee

a) The Company has taken Government lands for lease (Operating lease) for the purpose of captive plantations. The lease period is for thirty years. Incremental rent on year on year basis is applicable till the end of 4th year and thereafter it will be flat and also Buildings on lease to conduct its business in the ordinary course.

i) Future minimum lease payments

At 31 March, the future minimum lease payments to be made under non-cancellable operating leases are as follows

(₹ in Lakh)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Payable in less than one year	**8.71**	17.78
Payable between one and five years	**22.49**	62.65
Payable after more than five years	**37.55**	61.80
Total	**68.75**	142.23

ii) Amounts recognized in profit and loss - Grouped under other expenses (Note 34)

(₹ in Lakh)

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Lease expense - minimum lease payments	**11.61**	21.56

b) On transition, with effective from 1st April, 2019, the adoption of the new standard Ind AS 116 – Leases resulted in recognition of 'Right of Use' asset of ₹ 2673.91 Lakh and a lease liability of ₹ 3181.12 Lakh. The cumulative effect of applying the standard, amounting to ₹ 329.97 Lakh (net of deferred tax credit of ₹ 177.24 Lakh) was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

In the statement of profit and loss account for the current year, lease expenses included as part of cost of materials consumed is now recognised as depreciation expense for the right-of-use asset and finance cost accrued on lease liability.

The rate of interest implicit in the lease considered based on incremental borrowing rate of 8.75% p.a has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in Lakh)

Particulars	As at 31-Mar-20
Balance at the beginning	**0.00**
Additions	**3181.12**
Finance cost accured during the period	**259.40**
Payment of Lease Liabilities	**(739.43)**
Balance at the end	**2701.09**
Lease liability -Non Current	**2176.75**
Lease liabiity - Current	**524.34**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

(₹ in Lakh)

Particulars	As at 31-Mar-20
Payable in less than one year	**739.99**
Payable between one and five years	**2442.13**
Payable after more than five years	**96.78**

Interest on lease liabilities is ₹ 259.40 Lakh for the year ended 31-Mar-20

The total cash outflow for leases is ₹ 751.04 lakh for the year ended 31-Mar-20, including cash outflow for short term and low value leases. The Company has lease term extension options that are not reflected in the measurement of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

38. Contingent liabilities and Commitments

(to the extent not provided for)

(₹ in Lakh)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Contingent liabilities		
Claims against the Company not acknowledged as debts		
a) Claims against the company not acknowledged as debts - Statutory Dues		
i) Income-tax *	**8038.98**	1921.12
ii) Wealth Tax	**19.46**	19.46
iii) Custom Duty	**2919.69**	2699.69
iv) Excise Duty #	**6954.80**	6753.76
v) CST/VAT	**1069.62**	1069.62
* Income-tax demand include disputed tax demand of ₹.4822.15 lakh relating to AY2016-17 which were based on adoption of incorrect income chargeable to tax and disallowance of certain exemptions made by the company. The Company believe that these demands are not tenable and have been advised to file rectification U/sec.,154 of the Income-tax Act, 1961 with the Assessing Officer. Pending disposal of the petition, the demand has been shown as disputed tax demands.		
# The company has opted to settle three of the pending excise and service tax disputes through Sabka Vishwas Legacy Dispute Resolution Scheme (SVLDRS) and have paid an amount of ₹.63.27 lakh in settlement of disputed demands of ₹.248.82 lakh.		
The disputed demand is on account of various disallowances, tax/duty claims in respect of income tax, wealth tax, excise duty, customs duty and sales tax which are pending before various appellate forums/authorities and courts.Pending resolution of the respective proceedings, it is not practicable for the company to estimate the timing of the cash flow, if any, in respect of above, as it is determinable only on receipt of judgements / decision .		
b) Claims against the company not acknowledged as debts - Others		
i) Corporate Office - Land -Interest demanded by Public Works Dept., Government of Tamil Nadu for the remittance towards cost of the land. There was no delay on the part of TNPL to remit the payment.	**22.80**	22.80
ii) Land Acquisition Claims -Land acquisition claims for enhanced compensation preferred by Land owners. The compensation was paid as per Government norms.	**106.03**	105.61
iii) Cess on Land Lease- Perungudi - Wind farm	**54.78**	54.78
iv) Lease -The Company availed lease finance of 3 MW Wind Mill in the year 2001 with lease rental payable up to 31.03.2007 and has not opted for a secondary lease. Pending the closure of the taxation related matters with the taxation authorities, the lessor has not transferred the assets to the company.	**8.12**	8.12
v) Interest in ABFSL - Suit filed by the Company to recover deposits in Approved Securities along with interest. The court decreed the suit in favour of the company and received the amount. On appeal preferred by ABFSL, the court has also reduced the interest even for the contracted period. As per Supreme Court direction, the company has deposited the amount along with interest in Madras High Court.	**138.24**	138.24
vi) Chief Electrical Inspector claims interest on Generation Tax for the belated payment towards Generation tax on captive consumption.	**3584.61**	3465.71

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakh)

vii) Tamil Nadu Generation & Distribution Corporation Ltd claims towards various charges for Start-up power, Cross subsidy surcharge, Transmission charge, Compensation Charges, Wind farm-CDM Benefit Sharing & Wind Farm Unutilized Banked units pending before appellate authority and courts	**2094.94**	2094.94
viii) Appeal is pending before Appellate Tribunal for Electricity (APTEL) for Differential Power Tariff Compensation to a Sugar Mill	**0.00**	784.51
ix) Differential power tariff compensation to a Sugar Mill due to tariff revision by TANGEDCO citing TNERC Order dated 29.07.2016 in PPAP No.1 of 2011 for the period from August 2007 to November, 2017. Since, the cited TNERC order is specific in nature and not generic as construed by TANGEDCO, the Company has not accepted the claim and has requested the sugar mill to take appropriate legal action against tariff revision by TANGEDCO.	**2800.39**	2800.39
x) Third party claims arising from disputes relating to contracts pending before Tribunal/Courts.	**194.06**	403.96
Note : It is not practicable for the company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of respective proceedings. The company does not expect any reimbursement in respect of the above contingent liabilities.		
c) Revenue sharing agreement under captive plantation	**Non-Quantifiable**	Non-Quantifiable
d) Guarantees issued by the banks on behalf of the Company	**4136.00**	2446.09
e) Letter of Credit issued by banks on behalf of the Company	**48455.96**	15419.04
Total	**80598.48**	40207.84
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	**69186.45**	2751.93
b) Purchase of PCC Chemicals from M/s.OMYA-If the minimum quantity is not lifted and increase in imported input material cost, the Company has to compensate M/s.OMYA as per agreement.	**Non Quantifiable**	Non Quantifiable
c) Proposed dividend & Dividend Distribution Tax	**4152.64**	6257.78
Total	**73339.09**	9009.71

d) Other Commitment:

The Company availed concessional rate of customs duty under Export Promotion Capital Goods (EPCG) license scheme on import of capital goods and spares for which the company is obligated to fulfill export obligation / commitment as on 31.03.2020 amounting to ₹.5386.24 lakh (Previous Year ₹.95455.71 lakh). In this regard, export obligations/ commitments amounting to ₹.1639.10 lakh have already been completed and the company is in the process of filing with concerned authorities for getting discharge certificates for its fulfilled export obligations. The Company is yet to fulfil the balance export obligations/commitments as on 31.03.2020 amounting to ₹.3747.14 lakh and the same is expected to be fulfilled by exports within the permitted time. The company also executed bonds to customs authorities for the customs duty concession availed as per the scheme on import of capital goods and spares amounting to ₹.23596.98 Lakh (Previous year ₹.16125.35 lakh)

NOTES TO THE FINANCIAL STATEMENTS

39 Additional Information :

(₹ in Lakh)

Particulars	2019-20	2018-19
a) Value of Raw Materials, Chemicals, Stores & Spare Parts consumed		
i) Major Raw Materials consumed		
a) Indigenous		
Wood	**29755.44**	27703.08
Bagasse @	**31743.45**	40368.23
Waste Paper	**11858.12**	14966.14
LSFM - Raw materials	**5416.63**	5214.33
Pulp	**0.00**	1201.04
Total (a)	**78773.64**	89452.82
b) Imported		
Imported Pulp	**37962.37**	59575.54
Waste Paper	**15726.95**	20886.14
Total (b)	**53689.31**	80461.68
Total - (a) + (b)	**132462.95**	169914.50
Indigenous - Percentage on Total Consumption	**59.47%**	52.65%
Imported - Percentage on Total Consumption	**40.53%**	47.35%
	100.00%	100.00%
@ Bagasse is procured both from open market and under barter arrangement with various sugar mills by exchanging fuel/steam. The consumption value of bagasse represents the cost of procurement of bagasse from open market and cost of production of steam/fuel supplied to Sugar Mills in exchange for bagasse, freight, handling charges etc. The cost of bagasse procured on barter is accounted on depithed basis and the same is included in the respective heads of accounts		
ii) Chemical consumed		
Indigenous	**32507.44**	34776.60
Imported	**523.95**	559.58
Total	**33031.40**	35336.18
Indigenous - Percentage on Total Consumption	**98.41%**	98.42%
Imported - Percentage on Total Consumption	**1.59%**	1.58%
iii) Stores and Spares consumed	**100.00%**	100.00%
Indigenous	**11068.22**	8855.16
Imported	**1509.96**	1646.23
Total	**12578.19**	10501.39
Indigenous - Percentage on Total Consumption	**88.00%**	84.32%
Imported - Percentage on Total Consumption	**12.00%**	15.68%
	100.00%	100.00%

NOTES TO THE FINANCIAL STATEMENTS

39 Additional Information : (Contd)

(₹ in Lakh)

Particulars	2019-20	2018-19
iv) Fuel (Coal , Furnace oil etc)		
Factory		
Indigenous	**6555.64**	13898.97
Imported	**29371.21**	30296.43
Sub-Total (a)	**35926.85**	44195.40
Off-sites		
Indigenous	**438.08**	887.24
Imported	**16293.46**	16569.85
Sub-Total (b)	**16731.54**	17457.09
Total (a) + (b)	**52658.39**	61652.49
Indigenous - Percentage on Total Consumption	**13.28%**	23.98%
Imported - Percentage on Total Consumption	**86.72%**	76.02%
	100.00%	100.00%
b) Foreign Currency Transactions:		
i) Earnings in Foreign Currency		
FOB Value of Exports	**41792.55**	53098.42
ii) Value of imports calculated on CIF values		
Wood pulp	**28232.88**	70278.00
Chemicals	**530.63**	475.79
Waste Paper	**14724.76**	20566.27
Stores & Spares	**1703.36**	1945.70
Coal	**28991.05**	31527.45
Capital Goods	**656.33**	153.78
iii) Other expenditure in Foreign Currency		
Engineering and Supervisory Charges	**29.60**	68.18
Interest	**1184.48**	1079.24
Others	**12.67**	170.57
iv) Dividend remitted in Foreign Currency	**2018-19**	2017-18
No. of Non-Resident Shareholders	**6.00**	6.00
No. of Share held by Non-Resident Shareholders	**1900.00**	1900.00
Dividend	**0.14**	0.10
c) Details of Auditors Remuneration	**2019-20**	2018-19
a) Statutory audit	**13.00**	13.00
b) Limited Review	**3.90**	3.90
c) Tax audit	**2.60**	2.60
d) Certification fees	**2.00**	3.90
e) Reimbursement of out of pocket expenses	**0.58**	0.26
Total	**22.08**	23.66

NOTES TO THE FINANCIAL STATEMENTS

39 Additional Information : (Contd) **(₹ in Lakh)**

d) Expenditure on Research & Development		
Salaries & Wages	**332.25**	278.35
Repairs and Maintenance	**214.75**	190.11
Depreciation	**49.17**	46.11
Chemicals	**344.51**	375.10
Plantation Research	**79.16**	101.20
Other Expenses	**6.02**	5.77
Total	**1025.86**	996.64
Note:		
The above items have been included under the respective natural heads of expenditure in Statement of Profit and Loss.		
e) Related parties transactions		
i) Ultimate controlling party		
The ultimate controlling party of the Company is Governor of Tamil Nadu representing Government of Tamil Nadu		
ii) Transactions with Key Managerial Personnel - Key Management Compensation		
Thiru S.Sivashanmugaraja, IAS - Managing Director		
Thiru V.Ramanathan, Executive Director & Chief Financial Officer		
Thiru V Sivakumar, Company Secretary		
Short-term employee benefits	**128.67**	86.00
Other Long Term Benefits	**13.19**	13.02
	141.86	99.02
iii) Employee Benefit Plan where there is significant influence: TNPL Provident Fund Trust	**1317.28**	1266.46
iv) TNPL School Society	**565.99**	482.35
v) TNPL Arakodai Trust	**260.77**	327.79
vi) Balance payable to related parties		
a) TNPL Provident Fund Trust	**113.33**	108.39
b) TNPL School Society	**119.91**	41.60
c) TNPL Arakodai Trust	**39.20**	21.33

40) The company received a notice from Competition Commission of India (CCI) directing the company to file its objections / suggestions in connection with its findings towards contravention of Provisions of 3(3) read with section 3(1) of the Competition Act, 2002 dealing with price fixation and other related matters. The company has filed its objections and clarifications with CCI on 31.07.2019. It was directed by CCI vide Order dated 22.01.2020 that the hearing in the matter would be notifed in due course.

NOTES TO THE FINANCIAL STATEMENTS

41. Financial Instruments and Risk mangement

A) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(₹ in Lakh)

Particulars	Carrying amount as at 31-Mar-20			Carrying amount as at 31-Mar-19		
	Fair value - Hedging instruments	FVOCI - Equity instruments	Amortized cost	Fair value - Hedging instruments	FVOCI - Equity instruments	Amortized cost
Financial assets measured at fair value						
Equity securities	-	27.54	-	-	66.58	-
Forward exchange contracts used for hedging	754.52	-	-	-	0.00	-
	754.52	27.54	-	-	66.58	0.00
Financial assets not measured at fair value						
Advances to sugar mills*	-	-	3873.06	-	-	4302.43
Trade receivables*	-	-	52756.49	-	-	44162.01
Cash and cash equivalents*	-	-	561.20	-	-	5143.89
Loans*	-	-	627.27	-	-	894.15
	-	-	57818.02	-	-	54502.48
Financial liabilities measured at fair value						
Lease Liabilities	-	-	2701.09	-	-	-
Forward exchange contracts used for hedging	-	-	-	1442.51	-	-
	-	-	2701.09	1442.51	-	-
Financial liabilities not measured at fair value						
Borrowings	-	-	217760.48	-	-	195864.18
Trade payables	-	-	99194.63	-	-	120813.81
Interest accrued but not due	-	-	1101.12	-	-	1412.26
Security Deposits from customers / contractors	-	-	7006.37	-	-	6821.13
Employee related Liabilities	-	-	6861.22	-	-	4131.78
Unclaimed Dividend	-	-	120.15	-	-	120.38
Creditors for Capital Goods	-	-	1976.17	-	-	2239.86
	-	-	334020.14	-	-	331403.40

NOTES TO THE FINANCIAL STATEMENTS

41. Financial Instruments and Risk mangement (continued)

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

(₹ in Lakh)

Particulars	Fair value - 31-Mar-20			Fair value - 31-Mar-19		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Equity securities	**27.54**			66.58		
Forward exchange contracts used for hedging	**754.52**					
	782.06			66.58		
Financial liabilities measured at fair value						
Lease Liabilities		**2701.09**				
Forward exchange contracts used for hedging					1442.51	
		2701.09			1442.51	

* The Company has not disclosed the fair values for financial instruments such as trade receivables, cash & cash equivalents and Loans, trade payable, because their carrying amounts are a reasonable approximation of fair value.

B) Measurement of fair values

i. Valuation techniques and significant unobservable inputs

Type of Financial instruments	Valuation technique	Significant unobservable inputs
Financial instruments measured at fair value		
Equity securities	Forward pricing: The fair value is determined using quoted market rates at the reporting date.	Not applicable
Forward exchange contracts	Forward pricing: The fair value is determined using quoted market rates at the reporting date.	Not applicable

C. Financial risk management

The company has exposure to the following risks arising from financial instruments:

- Credit Risk (see (C)(ii));
- Liquidity Risk (see (C)(iii)); and
- Market Risk (see (C)(iv)).

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The Company's audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

NOTES TO THE FINANCIAL STATEMENTS

41. Financial Instruments and Risk mangement (continued)

ii. Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and loans. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables and loans

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base.

The company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management of the company.

The company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 90 days for customers. More than 85% of the company's customers have been transacting with the company for over four years, and none of these customers' balances are credit-impaired at the reporting date.

Details of customers who owed more than 10% of Total Receivables

Particulars	As at 31-Mar-20	As at 31-Mar-19
Number of customers who owed more than 10% of the total receivables	**1**	1
Contribution of customers in owing more than 10% of Total Receivables	**32%**	25%

The movement in the allowance for impairment :

a) Trade Receivables

(₹ in Lakh)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Balance at beginning of the year	**1729.32**	355.01
Add: Provision recognised in the year	**211.39**	1379.06
Less: Amounts recovered during the year	**13.64**	4.75
Less: Provisions written back	**-**	-
Balance as at 31st March	**1927.07**	1729.32

b) Advances

(₹ in Lakh)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Balance at beginning of the year	**7340.83**	21.45
Add: Provision recognised in the year	**41.92**	7319.38
Less: Amounts recovered during the year	**-**	-
Less: Provisions written back	**-**	-
Balance as at 31st March	**7382.75**	7340.83

Confirmation of balances for some of Debtors & Loans and Advances have been received and the same is being reconciled

Cash and cash equivalents

The company holds cash and cash equivalents of ₹.441.05 lakhs at 31 March 2020 (31 March 2019: ₹.5023.51 lakhs). The cash and cash equivalents are held with bank and cash on hand.

Derivatives

The derivatives are entered into with bank as counterparties.

41. Financial Instruments and Risk mangement (continued)

iii. Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The company uses process costing to cost its products, which assists it in monitoring cash flow requirements and optimizing its cash return on investments.

iv. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk

The company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and functional currency. The functional currency of the Company is INR. The currencies in which these transactions are primarily denominated are US dollars.

The Company Forex risk management policy is to hedge currency exchange fluctuation and mitigate currency volatility and risks and to avoid uncertainties in cash flows. All foreign currency exposures – financial assets and liabilities and firm commitments (imports) & probable forecast transactions (exports) which are off-balance sheet exposures are covered under FRMP policy. Hedging of trade exposures viz., imports and exports are hedged separately and not on net exposures basis. The company mostly uses forward exchange contracts to hedge its currency risks mostly with the maturity of less than one year from the reporting date. Forward contracts booked to hedge currency risk relating to foreign currency transactions of firm commitments and probable forecast transactions are generally designated as cash flow hedge. All other forward contracts are designated as fair value hedge for the purpose of accounting.

Cash Flow Hedges

The Company holds the following instruments to hedge exposures to changes in foreign currency

(₹ in Lakh)

Particulars	As at 31-Mar-20	As at 31-Mar-19
	Maturity - 1- 6 Months	
Foreign Currency Risk		
Forward Exchange Contracts		
Exports	**4198.96**	3954.17
Imports - Regular	**4741.12**	21994.38
Imports - Mill Expansion Plan (MEP)	**930.93**	-
Average INR:USD forward contract rate - Exports	**72.780**	71.010
Average INR:USD forward contract rate - Imports - Regular	**75.866**	69.994
Average INR:EURO forward contract rate - Imports - MEP	**82.971**	-

The amount at the reporting date relating to items designated as edged items & Hedge instruments are as follows

(₹ in Lakh)

Particulars	Change in value used for calculating hedge ineffectiveness	Effective portion of Cash flow hedges
As at 31-Mar-20		
Foreign Currency risk		
Exports Sales	-	**(169.78)**
Imports - Materials	-	**127.39**
As at 31-Mar-19		
Foreign Currency risk		
Exports Sales	-	84.61
Imports - Materials	-	(464.19)

NOTES TO THE FINANCIAL STATEMENTS

41. Financial Instruments and Risk mangement (continued)

Reconciliation by risk category of components of equity and analysis of OCI items, resulting from cash flow hedge accounting:

(₹ in Lakh)

Particulars	Effective portion of Cash flow Hedges		Total
	Imports	Exports	
Balance as at 01-Apr-19	(464.19)	84.61	(379.58)
Changes in fair value	62.43	(45.12)	17.31
Amount reclassified to Statement of Profit and Loss / included in the cost of non-financial items	(401.76)	39.49	(362.27)
Change in the fair value of the effective portion of the outstanding cash flow hedges	127.39	(169.78)	(42.39)
Balance as at 31-Mar-20	127.39	(169.78)	(42.39)

42 Operating segments

A) Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Board of Directors (BoD) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has three reportable segments, as described below, which are the Company's strategic business units. For each of the business units the Company's Board of Directors reviews internal management reports on at least a quarterly basis.

B) Information about reportable segments and reconciliations

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(₹ in Lakh)

Particulars	Year Ended 31-Mar-20	Year Ended 31-Mar-19	Year Ended 31-Mar-20	Year Ended 31-Mar-19	Year Ended 31-Mar-20	Year Ended 31-Mar-19	Year Ended 31-Mar-20	Year Ended 31-Mar-19
	PAPER & BOARD		ENERGY		CEMENT		TOTAL	
1 Segment Revenue								
a) External Sales	329926.90	390974.35	1422.87	1515.75	12410.71	11597.26	343760.48	404087.36
b) Inter Segment Sales	0.00	0.00	40848.90	48037.54	271.18	34.28	41120.08	48071.82
Sub-Total	329926.90	390974.35	42271.77	49553.29	12681.89	11631.54	384880.56	452159.18
Reconciliation : Less: Inter Segment Revenue	0.00	0.00	40848.90	48037.54	271.18	34.28	41120.08	48071.82
Sale of products	329926.90	390974.35	1422.87	1515.75	12410.71	11597.26	343760.48	404087.36

NOTES TO THE FINANCIAL STATEMENTS

42 Operating segments (contd.)

(₹ in Lakh)

Particulars	Year Ended 31-Mar-20	Year Ended 31-Mar-19	Year Ended 31-Mar-20	Year Ended 31-Mar-19	Year Ended 31-Mar-20	Year Ended 31-Mar-19	Year Ended 31-Mar-20	Year Ended 31-Mar-19
	PAPER & BOARD		ENERGY		CEMENT		TOTAL	
Add: Other operating income							3350.80	4184.10
Total revenue from operations	329926.90	390974.35	1422.87	1515.75	12410.71	11597.26	347111.28	408271.46
2 Segment Results								
Segment profit (loss) before income tax	37855.26	34139.53	(454.96)	(332.67)	(623.77)	(1032.12)	36776.53	32774.74
Less: Other unallocable expenditure							17723.06	17255.06
Segment profit before income tax							19053.47	15519.68
Segment profit before income tax includes:								
- Interest Expense							22258.76	23335.86
- Interest Revenue							1187.54	1513.46
- Depreciation and amortisation	18700.45	18799.76	3297.43	2729.83	1049.38	1042.69	23047.26	22572.28
- Depreciation for unallocated corporate assets							77.17	96.10
3 Assets								
Segment Assets	473154.05	461196.73	63642.87	66139.67	17536.04	18301.92	554332.96	545638.32
Unallocated Corporate Assets							3331.82	7509.91
Total segment assets	473154.05	461196.73	63642.87	66139.67	17536.04	18301.92	557664.78	553148.23
Capital Expenditure (excludes unallocated corporate capital expenditure of Rs.19.62 lakh. (previous year Rs.38.38 lakh)	4902.13	5473.38	256.68	84.82	197.74	360.21	5356.55	5918.41
4.Segment Liabilities	135915.29	154170.19	2578.12	2617.47	1005.06	1105.12	139498.47	157892.78
Unallocated Corporate Liabilities							246875.20	230087.41
Total segment liabilities	135915.29	154170.19	2578.12	2617.47	1005.06	1105.12	386373.67	387980.19

NOTES TO THE FINANCIAL STATEMENTS

Geographical information **(₹ in Lakh)**

Particulars	India		Rest of the world		Total	
	31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19
Revenue from Operations	**300717.10**	349000.99	**43043.38**	55086.37	**343760.48**	404087.36

43 General

a) Figures for the previous year have been regrouped/ restated/reclassified wherever necessary to conform to current year's classification.

b) Amounts have been rounded off to the nearest two decimal points of lakh of rupees.

vide our report of even date

N MURUGANANDAM, IAS
CHAIRMAN
(DIN -00540135)

S.SIVASHANMUGARAJA, IAS
MANAGING DIRECTOR
(DIN- 06684301)

For BRAHMAYYA & CO.
CHARTERED ACCOUNTANTS
Firm Reg. No: 000511S

R.NAGENDRA PRASAD
Partner
Membership No: 203377

Place : Chennai
Date : 30th June, 2020

V. SIVAKUMAR
COMPANY SECRETARY