



## **ANNUAL REPORT**

**41<sup>st</sup>**  
**(Forty-First)**

**FY - 1<sup>st</sup> APRIL 2020 TO 31<sup>st</sup> MARCH 2021**

**2020-2021**

**SANGAL PAPERS LIMITED**

**SANGAL PAPERS LIMITED**  
**CIN: L21015UP1980PLC005138**

**BOARD OF DIRECTORS**

Mr. Himanshu Sangal	Managing Director
Mr. Amit Sangal	Whole Time Director/CFO
Mr. Tanmay Sangal	Director/President Mktg
Mr. Vinayak Sangal	Director/President Opr.
Mr. Prem Sethi	Ind. Director/Chairman
Mrs. Geeta Gupta	Ind. Women Director
Mr. Arpit Jain	Company Secretary cum Compliance Officer

**AUDIT COMMITTEE**

Mrs. Geeta Gupta	Chairperson
Mr. Prem Sethi	Member
Mr. Himanshu Sangal	Member

**STAKEHOLDER RELATIONSHIP COMMITTEE**

Mrs. Geeta Gupta	Chairperson
Mr. Prem Sethi	Member
Mr. Himanshu Sangal	Member

**NOMINATION AND REMUNERATION COMMITTEE**

Mrs. Geeta Gupta	Chairperson
Mr. Prem Sethi	Member
Mr. Vinayak Sangal	Member

**CORPORATE SOCIAL RESPONSIBILITY  
COMMITTEE (CSR)**

Mrs. Geeta Gupta	Chairperson
Mr. Himanshu Sangal	Member
Mr. Amit Sangal	Member

**BANKER:**

STATE BANK OF INDIA (SBI),  
SME Branch, Ganga Plaza,  
Begum Bridge, Meerut

**41<sup>st</sup> ANNUAL GENERAL MEETING**

Date: 29<sup>th</sup> Day of September, 2021  
Day: Wednesday  
Time: 01.00 P.M.  
Medium : Through Video Conferencing/OAVM

**LISTED ON : BSE (Bombay Stock Exchange)**

**AUDITOR:**

M/s RAJ SANDHYA & Co., Chartered Accountants

572/7, Bhartia Colony, Kukra Road,  
Muzaffarnagar, UP

**SECRETARIAL AUDITOR:**

D.K. GUPTA (D.K. Gupta & Co.),  
Practising Company Secretary,  
164, Behind Baijal Bhawan, Civil Lines, Meerut, UP

**REGISTERED OFFICE:**

Sangal Papers Limited,  
Vill, Bhainsa, 22km stone, Meerut-Mawana road,  
Mawana, Meerut, UP- 250401

**E-mail :** [accounts@sangalpapers.com](mailto:accounts@sangalpapers.com) or [sangalinvestors1980@gmail.com](mailto:sangalinvestors1980@gmail.com) **Website:** [www.sangalpapers.com](http://www.sangalpapers.com)

Note : All the documents of this report are duly signed and stamped and kept with the Company.

**REGISTRAR & SHARE TRANSFER AGENT:  
MAS SERVICES LTD.,**

T- 34, 2<sup>nd</sup> Floor, Okhla Industrial Area,  
Phase-II, New Delhi – 110 020

**E-mail:** [sm@masserv.com](mailto:sm@masserv.com),  
[info@masserv.com](mailto:info@masserv.com)

**Website:** [www.masserv.com](http://www.masserv.com)

**Phone No.:** 011-26387281- 82-83

**SCRIP CODE : 516096**

**SCRIP ID : SANPA**

**ISIN : INE384D01022**

**ISSUER CODE : 384D**

**CONTENTS**

1. Notice with Explanatory Statements & Notes,
2. Directors' Report and Extract of Annual Report,
3. Secretarial Audit Report and Annual Secretarial Compliance Certificate,
4. Corporate Governance Report,
5. Management Discussion and Analysis Report,
6. Auditors' Report,
7. Standalone Financial Statement,
8. Notes to financial statements,

## **A message from Mr. Himanshu Sangal, Managing Director of the company**

Dear Stakeholder

My heartiest greetings to you on my personal behalf and Sangal Papers Limited.

It is my pleasant duty once again to present to you the integrated Annual Report of your Company for the F.Y-2020-21, focusing on the performance highlights of the year.

Despite of many challenges for the industry during the F.Y. 2020-21, we are pleased to inform you that your company has fulfilled all its debt obligation on time without any delay of default. In addition, the company clocks a profit (PBT) of Rs. 76 Lacs approx. with a turnover of Rs. 10638 Lacs approx. during the year.

The financial performance of the company remained downtrend during the F.Y.2020-21 in all aspects as compared to its previous year due to adverse market conditions of COVID-19 pandemic.

However, we are pleased to inform you that after the shocking 1<sup>st</sup> & 2<sup>nd</sup> wave of COVID-19. Your company able to fulfills its debt obligation on time with banks and price of share almost went up twice the price since the date of first nationwide lock down during April-2020.

With the optimistic approach and believes your company has retained the pay scale of its employee without any reduction excluding lockdown period and strongly believe the future is ours with growth & success all together.

Sincerely,  
Himanshu Sangal  
Managing Director



**SANGAL PAPERS LIMITED(CIN : L21015UP1980PLC005138)**

Registered Office: Vill. Bhainsa, 22- Km., Meerut-Mawana Road, Mawana- 250 401, Distt. - Meerut (U.P)

E- Mail ID:[sangalinvestors1980@gmail.com](mailto:sangalinvestors1980@gmail.com), Website: [www.sangalpapers.com](http://www.sangalpapers.com) PH. No. : 01233-271515

**NOTICE TO MEMBERS:**

Notice is hereby given under the provision of section 101 of the Companies Act 2013 that Forty-First (41<sup>st</sup>) Annual General Meeting of SANGAL PAPERS LIMITED ("The Company") will be held on Wednesday, **29<sup>th</sup> day of September, 2021 at 01:00 P.M.** through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Standalone Financial Statements of the company for the year ended 31<sup>st</sup> March 2021, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of **Mr. Vinayak Sangal (DIN No.: 06833351)** who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Mr. Tanmay Sangal (DIN No.: 01297057)** who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

**4. RATIFICATION OF REMUNERATION OF COST AUDITORS**

To consider and if thought fit to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members of the Company be and is hereby accorded to the ratification of payment of remuneration of 40,000/- (Rupees Forty Thousand only) plus applicable taxes and reimbursement of travel and out of pocket expenses, if any, to be paid to M/s. Mr. S. R. Kapur, Cost Accountant (Membership No.:- M-4926), who has been appointed as the Cost Auditors of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2022."

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and take all such steps as may be necessary or expedient to give effect to this resolution."

**5. REAPPOINTMENT OF MR. HIMANSHU SANGAL (DIN- 00091324) AS MANAGING DIRECTOR**

To consider and if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and as per of Articles of Association of the Company, approval of the members of the company be and is hereby accorded to the re-appointment of Mr. Himanshu Sangal as Managing Director (DIN- 00091324) of the Company for a term of Five years with effect from 01<sup>st</sup> Day of April, 2021 to 31<sup>st</sup> Day of March, 2026, as well as the payment of salary and other benefits (hereinafter referred to as "remuneration"), and the terms and conditions as detailed herein explanatory statement attached herewith, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Himanshu Sangal."

"RESOLVED FURTHER THAT the remuneration payable to Mr. Himanshu Sangal (DIN- 00091324), shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197,198 and Part I of Section I and Section II and Part II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed from time to time."



**"RESOLVED FURTHER THAT** all the Directors of the Company be and is hereby individually authorized to file necessary forms with Registrar of Companies and to do all such act, deeds and things as may be considered necessary to give effect to the above said resolution".

**6. REAPPOINTMENT OF MR. AMIT SANGAL (DIN- 00091486) AS EXECUTIVE DIRECTOR.**

To consider and if thought fit to pass with or without modification(s), the following resolution as **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and as per of Articles of Association of the Company and approval of members of the company be and is hereby accorded to the re-appointment of Mr. Amit Sangal as Executive Director (DIN- 00091486) of the Company for a term of Five years with effect from 01<sup>st</sup> Day of April, 2021 to 31<sup>st</sup> Day of March, 2026, as well as the payment of salary and other benefits (hereinafter referred to as "remuneration"), and the terms and conditions as detailed herein explanatory statement attached herewith, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Amit Sangal.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Amit Sangal (DIN- 00091486), shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197,198 and Part I of Section I and Section II and Part II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

**RESOLVED FURTHER THAT** all the Directors of the Company be and is hereby individually authorized to file necessary forms with Registrar of Companies and to do all such act, deeds and things as may be considered necessary to give effect to the above said resolution".

**7. TO ADOPT A NEW SET OF MEMORANDUM OF ASSOCIATION (MOA) OF THE COMPANY AS PER COMPANIES ACT, 2013**

To consider and if thought fit, to pass the following resolution with or without modification(s) as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, read with the applicable Rules and Regulations made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Registrar of Companies, existing object Clause 3(b), 3(c) be and are hereby substituted with the object Clause 3(b) containing objects Incidental or Ancillary to the attainment of the Main Objects as per Companies Act, 2013 as per draft MOA.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be required for giving effect to this resolution and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**8. TO ADOPT A NEW SET OF ARTICLES OF ASSOCIATION AS PER COMPANIES ACT, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

---

**"RESOLVED** pursuant to the provisions of sections 5, 14 and 15 of the Companies Act, 2013, and other applicable provisions if any, read with the Companies (Incorporation) Rules, 2014 as amended from time to time and all other applicable provisions, if any, of the Companies Act 2013, that a new set of Articles of Association, primarily based on Table F of Schedule I to the Companies Act 2013, be and is hereby approved and adopted as the new set of Articles of Association in place of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be required for giving effect to this resolution and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**For and on behalf of the Board of Directors,**

**Date: 06/09/2021**  
**Place: Mawana**

**Sd/-**  
**Arpit Jain**  
**Company Secretary cum Compliance Officer**

**NOTES:**

1. In view of the situation arising due to COVID-19 global pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 and Circular No. 02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") has permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and its Circulars, the AGM of the Company is being held through VC / OAVM.
  2. Since, the AGM is being conducted through VC/OAVM, there is no provision for appointment of proxies. Accordingly, appointment of proxies by the members will not be available.
  3. Corporate members intending to attend the AGM through authorised representatives are requested to send a scanned copy of duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [dkgupta08@yahoo.co.in](mailto:dkgupta08@yahoo.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
  5. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed.
  6. Additional information, pursuant to Regulation 36 (3), of the Listing Regulations, in respect of directors reappointing at the Annual General Meeting and Explanatory Statement as required under Section 102 of the
-

Companies Act, 2013, in respect of special business under item numbers 04 to 08 of the Notice is appended hereto and forms part of this Notice.

7. a) The Register of Members and Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> September, 2021 to 29<sup>th</sup> September, 2021 (both days inclusive).

b) The remote e-voting period commences on Sunday, September 26, 2021 (09:00 am) and ends on Tuesday, September 28, 2021 (05:00 pm). No e-voting shall be allowed beyond the said date and time. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 22, 2021, may cast their vote by remote e-voting.

8. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, **MAS Services Limited**, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020 Ph:- 011-26387281/82/83 Fax:- 011-26387384 quoting registered Folio No. (a) details of their bank account/change in bank account, if any, and (b) change in their address, if any, with pin code number.

In case share are in demat form members are requested to update their bank detail with their depository participant.

9. In terms of Section 72 of the Companies Act, 2013 and the applicable provisions, the shareholders of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit the requisite nomination form.
10. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to GM (Finance) or CFO, on or before 24<sup>th</sup> September 2021 at the email id - sangalinvestors1980@gmail.com
11. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name/address etc., the members are requested to approach the Company's Registrars and Share Transfer Agent, in respect of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company/Registrar and Share Transfer Agent, members are requested to quote their folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
12. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company during normal business hours on any working day except Saturdays, upto the date of meeting.
13. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN to the Company/Registrar.
14. Members who hold shares in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar, for consolidation into a single folio.
15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020 and Jan 15, 2021 the Annual Report including audited financial statements for the financial year 2021 including notice of 41<sup>st</sup> AGM is being sent only through electronic mode to those Members who have registered their e-mail address so far
-



and are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

In case you have not registered your email id with depository or RTA you may registered your email id in the following manner.

<b>Physical Holding</b>	Send a signed request to Registrar and Transfer Agents of the Company, MAS Services Limited at <a href="mailto:info@masserv.com">info@masserv.com</a> providing Folio number, Name of the shareholder, scanned copy of the share certificate (Front and Back), PAN( Self attested scanned copy of PAN Card), AADHAR ( Self attested scanned copy of Aadhar Card) for registering email address.
<b>Demat Holding</b>	Please contact your Depository Participant (DP) and register your email address as per the process advised by DP.

16. Additional information, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment is annexed to the notice.
17. **Voting through electronic means:** In compliance with the provisions of Regulation 44 of the Listing Regulations and Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 Company is offering e-voting facility to its members. Detailed procedure is given in the enclosed letter.
18. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
19. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the EGM/AGM has been uploaded on the website of the Company at [www.sangalpapers.com](http://www.sangalpapers.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the EGM/AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER :-**

The remote e-voting period begins on 26.09.2021 at 09:00 A.M. and ends on 28.09.2021 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 22.09.2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 22.09.2021.

### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

#### Step 1: Access to NSDL e-Voting system

##### A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"><li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “<b>Beneficial Owner</b>” icon under “Login” which is available under “<b>IDeAS</b>” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider – NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li><li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li><li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site</li></ol>

	<p>wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**



Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 117988 then user ID is 117988001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file.

- (ii) Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'Initial password'.  
If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

#### **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

##### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

##### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature



of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [dkgupta08@yahoo.co.in](mailto:dkgupta08@yahoo.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please send signed request with Folio No., Name of shareholder, scanned copy of any one share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [info@masserv.com](mailto:info@masserv.com).
2. In case shares are held in demat mode, please update your email id with your depository. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. [Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode](#).
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. [In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.](#)

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for

e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
  3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at sangalinvestors1980@gmail.com. The same will be replied by the company suitably.
-

**ANNEXURE TO THE NOTICE**  
**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

The following statement sets out all material facts relating to certain Ordinary Business and all the Special Businesses mentioned in the accompanying Notice:

**Resolution at Item No. : 4**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 ("the Act"), read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to have the audit of its cost records conducted by a cost accountant in practice.

The Board of Directors of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. Surendra Rai Kapur, (M. No.: M-4926) Cost Accountants as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2022, at remuneration of Rs. 40,000/- plus applicable taxes and reimbursement of travel and out of pocket expenses M/s. Surendra Rai Kapur, Cost Accountants have the necessary experience in the field of cost audit and have submitted a certificate regarding their eligibility for appointment as Cost Auditors of the Company. As per the provisions of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the Members is sought for passing the resolution as set out in Item no. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2022.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the ordinary resolution as set out in Item No. 4 of this Notice for your approval.

**Resolution at Item No. : 5**

Mr. Himanshu Sangal was appointed Managing Director of the Company w.e.f. 01/04/2016 to hold office for a term of five years i.e. upto March 31, 2021. Board of Directors at their meeting held on 24<sup>th</sup> March 2021 proposed him for re-appointment Keeping in view that Mr. Himanshu Sangal has rich and varied experience in the Papers Industry and has been involved in the operations of the Company over a long period of time. It would be in the interest of the Company to continue the employment of Mr. Himanshu Sangal as Managing Director of the company.

In terms of the Corporate Governance policy of the Company and pursuant to the recommendation of the Nomination and remuneration Committee, the Board of Directors of the Company passed a resolution on March 24<sup>th</sup>, 2021 approving re-appointment of Mr. Himanshu Sangal as Managing Director of the Company for a further period of Five Years (5) with effect from April 1, 2021 to March 31, 2026. This is subject to the approval of the shareholders at this Annual General Meeting with Special Resolution.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Himanshu Sangal and term and condition of the re-appointment are given below:

A) Salary: Rs. 14,00,000 per month (Rupees Fourteen Lakh Only).

B) Residential accommodation: As per provided time to time, if any.

C) Perquisites and allowances: In addition to the above salary, he shall be entitled to the following perquisites and allowances restricted to an amount equal to two times his annual salary in a financial year, if any:

i) Gas, electricity, water, furnishing and other amenities, repairs, house maintenance expenses, servant(s), cook(s), security guard(s), etc., at his residence, if any;

ii) Club Fees: Actual fees of clubs will be reimbursed, if any;

---



iii) Leave travel concession: For self and family once in a year incurred in accordance with the rules of the company, as per provided;

iv) Facility of car with driver;

v) Allowances and other perquisites: Special allowance and/ or any other allowances or perquisites as determined by the nomination & remuneration committee. The above perquisites and allowances shall be evaluated as per income-tax rules, wherever applicable. In the absence of any such rules, these shall be evaluated at actual cost

D) Other Benefits:

i) Contribution to provident fund, pension/superannuation/ gratuity fund schemes in accordance with the Company's rules and regulations in force from time to time;

ii) One month's leave with full salary for every 11 months of service. Leave accumulated but not availed will be allowed to be encashed. Leave encashment at the end of the tenure will be as per the rules of the Company, if any;

iii) Reimbursement of actual medical expenses incurred in India or abroad for self and family including hospitalization expenses, treatment expenses and in case of medical treatment abroad, the air fare, boarding/lodging, travel, etc., for self and family and attendant;

iv) Medical/ Personal accident/Travel insurance/ Life Insurance: Actual premium to be paid by the Company for self & family (as per term and condition);

v) Telephone: Free telephone facility at residence including mobile phone & other suitable communication facilities. The above benefits will not be included in the computation of the ceiling on perquisites and allowances.

E) Commission: as per recommended by the nomination and remuneration committee, if any.

F) Minimum remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Himanshu Sangal, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in Section I and Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration. As the terms of re-appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, Central Government approval is not required for this re-appointment.

Except Shri Amit Sangal and Shri Tanmay Sangal the directors of the Company, None of the other Director and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the Special resolution as set out in Item No. 5 of this Notice for your approval.

#### **Resolution at Item No. : 6**

Mr. Amit Sangal was appointed Whole Time Director of the Company w.e.f. 01/04/2016 to hold office for a term of five years i.e. upto March 31, 2021. Board of Directors at their meeting held on 24<sup>th</sup> March 2021 proposed him for re-appointment Keeping in view that Mr. Amit Sangal has rich and varied experience in the finance and marketing and has involved in the operation of the company over a long period of time. It would be in the interest of the company to continue the employment of Mr. Amit Sangal as Executive Director of the company.

In terms of the Corporate Governance policy of the Company and pursuant to the recommendation of the Nomination and remuneration Committee, the Board of Directors of the Company passed a resolution on February 10, 2016 approving re-appointment of Mr. Amit Sangal as Executive Director of the Company for a further period of Five (5) Years with effect from April 1, 2021 to March 31, 2026. This is subject to the approval of the shareholders at this Annual General Meeting with Ordinary Resolution.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Amit Sangal and term and condition of the re-appointment are given below:

A) Salary: Rs.14,00,000 per month (Rupees Fourteen Lakhs Only).

B) Residential accommodation: As per provided time to time, if any.

---

C) Perquisites and allowances: In addition to the above salary, he shall be entitled to the following perquisites and allowances restricted to an amount equal to two times his annual salary in a financial year, if any:

- i) Gas, electricity, water, furnishing and other amenities, repairs, house maintenance expenses, servant(s), cook(s), security guard(s), etc., at his residence, if any;
- ii) Club Fees: Actual fees of clubs will be reimbursed, if any;
- iii) Leave travel concession: For self and family once in a year incurred in accordance with the rules of the company, as per provided;
- iv) Facility of car with driver;
- v) Allowances and other perquisites: Special allowance and/ or any other allowances or perquisites as determined by the nomination & remuneration committee. The above perquisites and allowances shall be evaluated as per income-tax rules, wherever applicable. In the absence of any such rules, these shall be evaluated at actual cost

D) Other Benefits:

- i) Contribution to provident fund, pension/superannuation/ gratuity fund schemes in accordance with the Company's rules and regulations in force from time to time;
- ii) One month's leave with full salary for every 11 months of service. Leave accumulated but not availed will be allowed to be encashed. Leave encashment at the end of the tenure will be as per the rules of the Company;
- iii) Reimbursement of actual medical expenses incurred in India or abroad for self and family including hospitalization expenses, treatment expenses and in case of medical treatment abroad, the air fare, boarding/lodging, travel, etc., for self and family and attendant;
- iv) Medical/ Personal accident/Travel insurance/ Life Insurance: Actual premium to be paid by the Company for self & family (as per term and condition);

v) Telephone: Free telephone facility at residence including mobile phone & other suitable communication facilities. The above benefits will not be included in the computation of the ceiling on perquisites and allowances.

E) Commission: as per recommended by the nomination and remuneration committee, if any.

F) Minimum remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Amit Sangal, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in Section I and Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration. As the terms of re-appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, Central Government approval is not required for this re-appointment.

Except Shri Himanshu Sangal and Shri Vinayak Sangal the directors of the Company, None of the other Director and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the Special resolution as set out in Item No. 6 of this Notice for your approval.

#### **Resolution at Item No. : 7**

The existing Memorandum of Association (MoA) is based on the erstwhile Companies Act, 1956. The Alteration of MoA is necessary to bring the existing MoA in line with the new Companies Act, 2013.

According to the new act, the companies now have only Main Business and Ancillary and Incidental Businesses to the attainment of Main Business, therefore it is important to alter and adopt the new set of Memorandum of Association as per the Companies Act, 2013. The new set of MoA is based on Table-A of the Companies Act, 2013.

A copy of the proposed set of new Memorandum of Associations of the company would be available for inspection at the registered office of the company during the business hours on any working day between 11am to 1:30pm up to the date of the Annual General meeting.

None of the Directors and Key Managerial Personnel of the company, including their respective relatives, is concerned or interested, financially or otherwise, in the foregoing resolution.

---

The Board commends the passing of the resolution for the approval of the members of the company by a special resolution.

#### **Resolution at Item No. : 8**

The existing Articles of Association (AoA) are based on the Companies Act, 1956 (the 'erstwhile Act') and several regulations in the existing AoA contained references to specific sections of the erstwhile Act and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 (the 'new Act').

With the coming into force of the new Act, several regulations of the existing AoA of the company require alteration or deletion. Accordingly, it is proposed to replace the entire existing AoA by a set of new Articles.

The new AoA to be substituted in place of existing AoA are based on Table-F of the Companies Act, 2013 which sets out the model Articles of Association for a company limited by shares.

A copy of the proposed set of new articles of Associations of the company would be available for inspection at the registered office of the company during the business hours on any working day between 11am to 1:30pm up to the date of the Annual General meeting.

None of the Directors and Key Managerial Personnel of the company, including their respective relatives, is concerned or interested, financially or otherwise, in the foregoing resolution.

The Board commends the passing of the resolution for the approval of the members of the company by a special resolution.

#### **Annexure A**

Required details of the Directors seeking re-appointment in the forthcoming Annual General Meeting (In pursuance of Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015).

<b>Name of the Director</b>	Vinayak Sangal (DIN- 06833351)	Tanmay Sangal (DIN- 01297057)	Himanshu Sangal	Amit Sangal
Date of Birth	21/11/1991	16/10/1985	22/10/1955	13/01/1965
Item Number	2	3	5	6
Date of Appointment	01/03/2014	30/11/2003	25/11/1980	27/09/1996
Relationship of Directors	Relative (Son of Mr. Amit Sangal)	Relative (Son of Mr. Himanshu Sangal)	Relative (Elder Brother of Mr. Amit Sangal) Relative (Father of Mr. Tanmay Sangal)	Relative (Younger Brother of Mr. Himanshu Sangal) (Father of Mr. Vinayak Sangal)
Experience in Specific functional area	Operations, Raw Material and production Management Experience.	International Business, Marketing, Finance and Wide Business Administration	Wide experience in Pulp and Papers Industry and as a	Finance, Sale, Raw Material and wide Management Experience.

		Experience.	Managerial Person.	
Qualification	B. Tech. (Mechanical), MBA (Operation)	MBA (Finance)	Graduate, LL.B.	Graduate in Commerce
Board Membership of Companies as on 31 <sup>st</sup> March, 2021	1. Sangal Papers Limited,	1. Sangal Papers Limited	1. Sangal Papers Limited	1. Sangal Papers Limited 2. Shree Ganesh Credits Pvt. Ltd. 3. Prerna Chits Pvt. Ltd.
Member of the Committee of the Board of Director as on 31 <sup>st</sup> March, 2021	Sangal Papers Ltd 1. Nomination and Remuneration Committee-Member	None	Sangal Papers Limited 1. Audit Committee-Member 2. Stakeholder Relationship Committee-Member	NA
Number of Shares Held on 31 <sup>st</sup> March, 2021	14487	45631	107940* (shares held by individual)	121100* (shares held by individual)

\*100000 (One lakh shares) individually are pledged out of total holdings separately by the aforesaid directors with the Bank as guarantee.

**For and on behalf of the Board of Directors,**

**Date: 06/09/2021**  
**Place: Mawana**

**Sd/-**  
**Arpit Jain**  
**Company Secretary cum Compliance Officer**

## **DIRECTORS' REPORT TO THE MEMBERS**

To,  
The Members,

We have the pleasure in presenting Forty-First (41<sup>st</sup>) annual report of business and operation of your Sangal Papers Limited ("The Company"), along with the standalone audited yearly financial statements for the financial year ended 31<sup>st</sup> March, 2021.

### **COMPANY OVERVIEW**

Sangal Papers Limited (herein called "The Company") was incorporated in the year 1980. The forty one year old Company is a manufacturer of Newsprint, Writing & Printing paper and other various special paper for domestic and exports markets. Each of these products is targeted to meet unique and changing needs of our customers.

The prevailing pandemic has challenged the industry with many obstacles, but reinventing ourselves continuously has helped the company to face these challenges and maintain a sustainable growth. We at Sangal Papers also believe that our employees are the backbone of our company and aims at safeguarding the health of employees. With this philosophy we have set up a CoVID helpdesk to ensure the employee's safety by educating the employees about the virus and ensuring that the protocols are followed.

### **FINANCIAL RESULT**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 (including any modification if any). The standalone financial highlights of your Company for the Financial Year ended March 31<sup>st</sup>, 2021 are summarized as follow, details are based on:

#### **Details of financials as per IND AS:**

**Amt. in Rs Lakhs**

<b>Particulars</b>	<b>Current Financial Year (2021)</b>	<b>Previous Financial Year (2020)</b>
Revenue from Operations	10591.66	12568.74
Other Income	46.73	83.05
<b>Total Income of the Company</b>	<b>10638.39</b>	<b>12651.79</b>
<b>Profit before Depreciation, Finance Costs, Exceptional items and Tax Expense</b>	<b>370.60</b>	<b>516.44</b>
Less: Depreciation/ Amortisation/ Impairment	136.39	129.32
<b>Profit before Finance Costs, Exceptional items and Tax Expense</b>	<b>234.21</b>	<b>387.12</b>
Less: Finance Costs	157.73	196.73
<b>Profit before Exceptional items and Tax Expense</b>	<b>76.49</b>	<b>190.39</b>
Add/(less): Exceptional items	0	0
<b>Profit before Tax Expense</b>	<b>76.49</b>	<b>190.39</b>
Less: Tax Expense (Current & Deferred)	11.18	10.12
<b>Profit for the year (1)</b>	<b>65.30</b>	<b>180.27</b>
Other Comprehensive Income (2)	32.80	(3.10)
<b>Total Comprehensive Income (1+2)</b>	<b>98.10</b>	<b>177.17</b>
Balance of profit /loss for earlier years	3138.04	2960.87
Add: Revaluation Reserve	48.56	48.56
<b>Balance carried forward</b>	<b>3284.70</b>	<b>3186.6</b>

### **SHARE CAPITAL**

The issued capital, subscribed capital and paid up equity share capital of the Company as on March 31<sup>st</sup>, 2021 was Rs. 1,30,72,600 (Rupees One Crore Thirty Lakhs Seventy Two Thousand Six Hundred only) divided in to 13,07,260 (Thirteen Lakh Seven Thousand Two Hundred Sixty) equity shares of Rs. 10/- each, fully paid up.



During the period under review, there is no change in the share capital of the Company.

#### **RESERVE**

The Board of Directors of your company has decided to transfer the profit into the reserve of the company.

#### **DIVIDEND**

The Board of Directors of your Company, after considering holistically the relevant circumstances and keeping in view the company's dividend distribution policy, has decided that it would be prudent, not to recommend any dividend for future growth of the company for the year under review.

#### **OPERATIONAL REVIEW**

Management of the Company deployed the skills and efforts for achieving its objectives and goals. In order to achieve the ultimate goal of maximizing the net worth of shareholders of the Company by legitimate and fair means, while discharging its obligations towards the society and environment through the Corporate Social Responsibility. The management aims to be more economical and to bring efficiency in the operations of the company.

The company is regularly exploring for growth opportunities in its domestic and international market, over last few years the Company has moved closer to the ultimate consumers and has remained successful in positioning its products in a way that consumers can connect with it. The Company has maintained international standards in its products. But due to economic slowdown as compared to last year, the demand of paper decreases sharply. However, despite unfavourable conditions for paper sector, our economy was able to fulfill all its debt obligations. The profit after tax (PAT) except (other comprehensive income) has decreased significantly by around 64% (approx) as compared to last year.

The Company has recorded a decline in revenue of 15% (approx.) across all segments as compared to last year. During the year under review the Company has achieved a turnover (Revenue from Operations) of **Rs. (In lakhs) 10591.65/-** as against previous figure of **Rs. (In lakhs) 12568.74/-** decrease in sale by 15% (approx).

During the year under review PBT (Profit Before Tax) was **Rs. (In lakhs) 76.48/-** as compared to previous year figure of **Rs. (In lakhs) 190.39/-**, posting a decrease by **60 % (approx)** in PBT. Net profit and PAT (profit after tax and other comprehensive income) were **Rs. (In lakhs) 98.10/-** as compared to previous year figure of **Rs. (In lakhs) 177.17/-** reporting a decrease of **45% (approx)** in net profit as compared to previous year. The operating and fixed expenses has increased during the financial year resulting in lower profits and high operating cost.

#### **INSTALLED CAPACITY**

The Company's current installed capacity is 33000 MT per annum. During the year under review there was no increment in the installed production capacity of the company.

#### **STATE OF THE COMPANY**

The following statement on the affairs of the company under review:

1. The Company engaged in single segment i.e. company engaged in manufacturing of Paper.
2. There is no changes in status of the company.
3. There is no changes in financial year of the company.
4. There is a Capital expenditure in Plant and Machinery including co-generation system of Rs. 338.27 lakhs to improve the quality and efficiency of paper which has taken effect on the financial position of the company.
5. There are no acquisition, merger, expansion, modernization and diversification during the year in the company under review.
6. With the outbreak of CoVID-19 pandemic, the country faces a nationwide lock down from 1<sup>st</sup> April 2020 (Janta Curfew). Due to which company suffered a loss in production proportionately for more than a

month, which has adversely affected the affairs of the company significantly during the year under review.

#### **CASH AND EQUIVALENTS**

Cash & Equivalents as on date 31<sup>st</sup> March, 2021 was **Rs. (In lakhs) 14.25/-**. The Company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters are kept under strict check through continuous monitoring.

#### **EARNING PER SHARE (EPS)**

The Earning per equity share of the company for the financial year ended on 31/03/2021 was **Rs. 5.0/-** per share and previous year was **Rs. 13.79/-** per share. The Company has reported a decline of **64%** in EPS for the FY 2020-2021.

#### **CHANGES IN FUNCTIONAL STRUCTURE OF THE COMPANY**

Earlier the Company worked as a single unit, but for availing the income tax benefit, the Company was divided into two units or undertakings. One was paper manufacturing and Second was power plant unit and both were working as independent units under the Name and Style of Sangal Papers Limited. The Board of Directors of the company apprised that to achieve maximum productivity with minimum wasted effort or expense and to operate businesses efficiently to maximize profits of the company in a well-organized and competent way. For these purposes and for availing Income Tax benefit under section 80-IA of the Income Tax Act, 1961. The power plant unit and paper unit is working as a separate unit since 1<sup>st</sup> April, 2018.

#### **INSURANCE**

The Company's properties including building, plant and machinery, stocks, stores, etc., have been adequately insured against major risks like fire, earthquake, terrorism, burglary etc.

#### **DEPOSITS**

The Company has not accepted any fixed deposits from public and as such, accordingly no amount, principal or interest amount was outstanding as on the date of the Balance Sheet.

#### **CREDIT RATING**

Your Company enjoys credit rating from Brickwork Ratings, The Brickwork Ratings India Pvt. Ltd. has granted credit rating to the company as **BWR BBB- (Pronounced as BWR Triple B Minus), Outlook: Negative (Reaffirm)** for Fund Based - Cash Credit and Term Loan (o/s) and **BWR A3 (Pronounced as BWR, A Three) (Reaffirm)** for Non Fund Based: Bank Guarantee and ILC/FLC for the FY 2020-2021. However till the preparation of this report, For the FY 2021-2022, the rating is under process with credit rating company and as soon as the rating is assigned, it shall be disclosed on company's website "[www.sangalpapers.com](http://www.sangalpapers.com)" and BSE immediately.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has not given or granted any loans or guarantee covered under the provisions of section 186 of the Companies Act, 2013 and other details can be found on the Notes to the financial statements of the Company.

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:**

In the term of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015, the Management Discussion and Analysis is set out in this Annual Report.

#### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its

objectivity and independence, the Internal Audit function reports to Chairman of the Audit Committee and Managing Director.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 including any amendments if any, your Company at its Board Meeting held on 30<sup>th</sup> Day May, 2019 approved and adopted a policy on Corporate Social Responsibility (CSR) such Policy has hosted on the website of the Company. During the Financial year ended 31<sup>st</sup> March 2021, the CSR committee meet two times i.e. 3<sup>rd</sup> September 2020 and 24<sup>th</sup> March 2021. The Companies (Amendment) Act, 2020. Notification dated 28th September, 2020 Amendment Effective from 22nd January 2021 as notified by Ministry of Corporate Affairs with the aim and purpose of ease of doing business has delegated the power and duties of the CSR committee to the Board such that Net CSR obligation of the company shall be less than Rupees Fifty lakh. On account of which Board of the Company in its meet dated 24<sup>th</sup> March 2021 approved the same and dissolve the committee and take over the charge of the CSR committee for the FY 2021-22 onwards.

The company is exploring more venues to provide maximum relief and benefits to the beneficiary as per Sch vii with such fund. At the end of FY 2020-21 no amount has been spend under CSR. The company has reserved such amount of Rs. 8.58 lakhs with two seperate FD's with SBI Account amounting Rs. 4 lakhs and Rs. 4.58 lakhs respectively. The detailed report on CSR activities is attached as Annexure-I to this report.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed pursuant to Section 134(3)(m) of The Companies Act, 2013, read with Rule 8 of the Companies(Accounts) Rules, 2014 are given to the extent applicable herein below:

##### **CONSERVATION OF ENERGY**

The Paper manufacturing Industries are one of the growing industries in India. The basic need of paper industries is raw material i.e. waste paper and energy to produce the final product. Our company is seeking to optimize use of energy and installing new equipment for reduce the consumption of energy and pollution at all its manufacturing facilities and registered office at Vill. Bhainsa 22km, Meerut - Mawana road, Meerut, UP. The company is ensuring:

##### **A) ELECTRICAL ENERGY:**

- (a) A provision of Energy Efficient Pumps for ETP/STP, Water Supply and Fire Systems.
- (b) Use of Energy Efficient LED Lighting for manufacturing and office.
- (c) Optimization of processes and operational control.
- (d) The manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- (e) Specific investment has been made to reduce energy consumption by installing VFD's and other electrical equipments.
- (f) As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.

##### **B) WATER:**

- (a) Rain water harvesting with Ground Recharge.

- (b) Replacement of underground hydrant and water pipeline with above ground level pipeline to arrest water leakages.
- (c) Zero discharge of waste water.

#### **TECHNOLOGY ABSORPTION**

Company's products are manufactured by using In-house know how and no outside technology is being used for manufacturing activities. The Company is adopting green initiative for reduce the pollution and being more eco friendly. Therefore no technology absorption is required. The Company constantly strives for maintenance and improvement in quality of its products and entire in-house Research & Development activities are directed to achieve the aforesaid goal.

#### **IMPORTS/ EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

##### **A. IMPORTS**

Imported raw materials during the year, detailed as per mentioned in notes of financials statements of the company.

##### **B. EXPORTS**

The Company exports the paper to Gulf, European, Asian and other Countries all over the world, during the year export decreased to Rs. (in lakhs) 970.48 from Rs. (in lakhs) 1401.96 in the previous year. The Company has reported a decline of 31% in export for the said financial year.

Details are provided under the Point 23.A. (ii) of "Notes to Financial Statements" for the financial year ended as on 31<sup>st</sup> March 2021.

#### **DEVELOPMENTS IN INDUSTRIAL RELATIONS/ HUMAN RESOURCES INCLUDING NUMBER OF EMPLOYEE EMPLOYED**

Employee wealth is main key of success of an organisation, it is our obligation provide more facilities to the employee. The company is a paper manufacturing industry, we are committed to maintaining a culture and custom for our employee to attract and retain the best talent. During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

#### **CORPORATE GOVERNANCE REPORT**

The Corporate Governance Report, which form an integral part of this Directors' report, is set out as separate Annexure, together with the Certificate from the auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated under various regulations of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015.

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

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention of sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. An Internal Complaints Committee ("ICC") has been set up from the senior management which is responsible for redressed of complaints related to sexual harassment and follows the guidelines provided in the Policy. During the year ended March 31, 2021 no complaints pertaining to sexual harassment have been received.

#### **DIRECTORS RETIREMENT AND RE-APPOINTMENT**

Pursuant to the provisions of section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Vinayak Sangal (DIN NO. 06833351) Director (Non-Executive) retires by rotation and being eligible, offers himself for re- appointment. The Board of Directors recommends the re-appointment of Mr. Vinayak Sangal (DIN: 06833351) as director of the Company.

Pursuant to the provisions of section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Tanmay Sangal (DIN: 01297057) Director (Non-Executive) retires by rotation and being eligible, offers himself



for re-appointment. The Board of Directors recommends the re-appointment of Mr. Tanmay Sangal (DIN: 01297057) as director of the Company

The Board proposed for approval of shareholder for appointment/re-appointment of Managing Director, Executive Director and Whole Time Director based on the recommendation of the Nomination and Remuneration Committee. Mr. Himanshu Sangal (DIN- 00091324), Mr. Amit Sangal (DIN- 00091486) has expiry of his tenure on 31<sup>st</sup> March, 2021. On the recommendation of the Nomination and Remuneration committee, the Board of Directors of the company has reappointed (subject to approval of members at General Meeting) of Mr. Himanshu Sangal as Managing Director and Mr. Amit Sangal as Executive Director at the meeting of Board of directors held on March 24<sup>th</sup>, 2021 for a term of five years w.e.f. 1<sup>st</sup> April 2021 upto 31<sup>st</sup> March 2026. The Board now recommends the said re-appointments for approval of members in the ensuing Annual General Meeting of company.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP")**

The Board of Director of the Company having such executive and non-executive directors.

##### **Key Managerial Personnel**

Mr. Himanshu Sangal (Managing Director), Mr. Amit Sangal (Whole Time Director cum CFO), Mr. Arpit Jain (Company Secretary) of the Company.

##### **Directors**

Mr. Tanmay Sangal (President Marketing cum Director), Mr. Vinayak Sangal (President Operation cum Director), Mr. Prem Sethi (Independent Director) and Mrs. Geeta Gupta (Independent Women Director) of the Company.

Pursuant to the Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors of the Company appointed Mr. Prem Sethi (Non-executive Director) as chairperson of the Board of Directors of the company.

#### **BOARD EVALUATION**

Pursuant to Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, mandate that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of the Board of Directors on various parameters, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the Working of its Audit Committee, Nomination and Remuneration Committees and Stakeholder Relationship Committee. The Board specified the manner in which the evaluation has been carried out and explained in the Corporate Governance Report.

#### **DIRECTOR APPOINTMENT AND REMUNERATION POLICY**

The policy on directors' appointment and remuneration, including criteria for determining qualification, positive attribute and independence of a director and other relevant matter, as required as per section 178(3) of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Remuneration policy has posted on website of the Company at [www.sangalpapers.com](http://www.sangalpapers.com), you may find. The Directors' appointment and Remuneration Policy also stated in Corporate Governance Report.

#### **DECLARATION BY THE INDEPENDENT DIRECTORS**

The Company received necessary declaration from each independent director under section 149(7) of Companies Act, 2013, that Mr. Prem Sethi (Independent Director) and Mrs. Geeta Gupta (Independent women Director) meets the criteria of independency laid down in section 149(6) of Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Pursuant to the Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and based on the confirmation/affirmation received from Mr. Prem Sethi (Independent Director) and Mrs. Geeta Gupta (Independent women Director), that they were not aware of any circumstances that are contrary to the declarations submitted by Independent Directors, the Board acknowledges the veracity of such confirmation and



takes on record the same.

#### **FAMILIARIZATION PROGRAM AND INDEPENDENT DIRECTORS MEETING**

During the financial year, as per company policy the Board of Directors of the company conduct a separate meeting of the independent director for the purpose of evaluation of the Board of Directors as whole and individually and also conduct the familiarization program for introduce to the Board attend an orientation program. The Details of Training and familiarization program are provided in the corporate governance report and also available on website ([www.sangalpapers.com](http://www.sangalpapers.com)) of the company.

#### **BOARD DIVERSITY**

We understand the value and importance of balanced and diverse board in the company. We always support a better/best board in the company. The Company believes that a truly diverse board will changes in thoughts, perspective, knowledge, skills, industry experience, cultural and geographical background, age, gender that will help us retain our competitive advantage.

#### **MEETINGS OF BOARD OF DIRECTORS AND COMMITTEE**

During the financial year 2020-2021, Eight (8) Board of Directors Meetings, Six (6) Audit Committee Meetings, Two (2) Nomination and Remuneration Committee Meetings, One (1) Stake holder Relationship Committee meetings, Two (2) Corporate Social Responsibility were convened and held. The details of which given in the Corporate Governance Report. The maximum interval between any two meeting of the Board of Directors and the Audit Committee, did not exceed 120 days, as prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **AUDIT COMMITTEE RECOMMENDATIONS**

During the year, all the recommendations of Audit Committee were reviews and approved by the Board of Directors, if any.

#### **MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANYP**

There has been a loss of production due to outbreak of CoVID-19 and (Janta Curfew) nation lock down as declared by the government from 22<sup>nd</sup> March 2020. However with the exceptions granted by local authorities and state/central government. The Company has restarted its production from 1<sup>st</sup> day of May 2020 with relevant grants and permission as required. On account of such lock down, the company suffered an opportunity loss of production of goods and revenue proportionately for morethan a month approximately during the FY 2020-2021 due to this lockdown.

#### **CHANGE IN THE NATURE OF BUSINESS**

The Company engaged in single segment i.e. manufacturing of paper, The Company has not undergone any changes in the nature of the business during the financial year.

#### **THE DETAILS OF SIGNIFICANT AND MATERIAL ORDER PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE**

The company recover the debt after one time settlement out of the court with Hind Samachar Limited unit of (Punjab Kesari) in Rs. 70,00,000 (Rupees Seventy lakhs only) on the condition such that case shall be withdrawn by the company before Hon'ble High Court of Punjab & Haryana at Chandigarh. On account of which suffered a loss of Rs. 1,27,25,724 in the form of bad debts.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act 2013, Your directors confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed with no

material departures;

- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair review of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the same period;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis;
- (e) They have laid down internal financial controls to be followed by the Company and that such internal financial control are adequate and are operating effectively;
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively;

#### **RELATED PARTY TRANSACTIONS**

Sangal Papers Limited has formulated a policy on Related Party Transaction. The same is available on the company website ([www.sangalpapers.com](http://www.sangalpapers.com)). All the Related Party Transactions are placed before the audit committee for its review on quarterly basis. The related party transactions have already been disclosed in the financial statements. No transaction of material nature has been entered into by the Company during the year which may have potential conflict with the interest of the Company. All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with promoters, key managerial personnel or other designated persons which may have potential conflict with interest of the Company at large.

All transactions with related party falls under the scope of Related Party Transactions are complied with the provisions of section 188(1) of the Companies Act, 2013, Information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure II** in Form AOC-2 and forms part of this report.

#### **SUBSIDIARY COMPANIES, JOINT VENTURE AND ASSOCIATE COMPANY**

The Company does not have any subsidiary, joint venture and associate company during the relevant financial year 2020-2021.

#### **CODE OF CONDUCT**

The Board of Directors has approved a Code of Conduct and which is applicable to the members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings/behaviors of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "Code of Business Conduct" which forms and Appendix to the Code and same is available on the company website ([www.sangalpapers.com](http://www.sangalpapers.com)).

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

Tanmay Sangal and Vinayak Sangal directors of the company has bought 3 shares and 100 shares respectively during trading window closure in the month of April 2020. The same has been duly informed by the respective directors to the company and intimated to the BSE (stock exchange) with reason recorded on the same. The director informed it was technical and unintentional breach. Necessary disclosures under SEBI (PIT) Regulations as applicable as been duly followed on the same.

All the Board members and the Senior Management personnel have confirmed compliances with the code. All management Staff was given appropriate training in this regard.



## **MECHANISM/WHISTLE BLOWER POLICY**

Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company has formulated a Whistle Blower Policy to establish a vigil mechanism for directors and employees of the Company. The purpose and objective of this Policy is to provide a framework to promote responsible and secure whistle blowing. It protects the employees wishing to raise a concern about serious irregularities within the Company. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company ([www.sangalpapers.com](http://www.sangalpapers.com)).

## **STATUTORY AUDITORS**

Pursuant to the provisions of section 139 of the Companies Act, 2013, the rules made thereunder M/s Raj Sandhya & Co., Chartered Accountants (Registration No.:002011C), Muzaffarnagar have been appointed as Statutory Auditors of the Company at the 37<sup>th</sup> annual general meeting held on 29<sup>th</sup> September, 2017 for a period Five (5) years till the conclusion of 42<sup>nd</sup> Annual General Meeting to be held in the year 2022. The Auditors have confirmed that, they are not disqualified in terms of Section 141 of the Act. As required under provisions of Section 139 Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

## **COST AUDIT**

Pursuant to the provision of the section 148 (3) of Companies Act, 2013 read with rule 6 (2) of Companies (Cost Records and Audit) Amendment Rule, 2014 (include any modification or re-enactment thereof, if any) and other applicable law, rules or regulations, if any. Pursuant to Section 148 of the Companies Act, 2013 read with the Rule 6 (2) Companies (Cost Records and Audit) Amendment Rules, 2014 (include any modification or re-enactment if any), the Company has appointed Mr. S. R. Kapur, Cost Accountant (Membership No.:- M-4926), Add.: 278, PakkaBagh, Holi Chock, Khatauli, Muzaffarnagar, UP-251201, as Cost Auditors of the Company for the financial year ended 2022 at such remuneration and other term and condition as may be agree by the Board of Directors of the Company.

## **SECRETARIAL AUDIT**

Pursuant to provision of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, The Board of Directors appointed Mr. DK Gupta proprietor of M/s D. K Gupta & Co., Practicing Company Secretary (Membership Number: 5226, Certificate of Practice Number: 3599), to undertake the Secretarial Audit of the Company for the financial year 2020-2021. The Secretarial Audit Report is annexed herewith as part of Boards' report.

## **AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT:**

The observation made in the Auditors' Report read together with relevant notes thereon have been explained in Notes on Account and hence, do not call for any further comments under Section 134 of the Companies Act, 2013. As required under section 204 (1) of the Companies Act, 2013 the Company has obtained a secretarial audit report. Observations, if any made there are self explanatory and read with Notes on Account of financial Statement.

## **PREVENTION OF INSIDER TRADING:**

In January 2015, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019. Pursuant thereto, the Company has formulated and adopted a new Code of practice for fair disclosure of unpublished price sensitive information and Code of Conduct. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Directors and the designated employees have confirmed compliance with the Code during the FY 2020-21 and the same has been informed under Code of Conduct section of this report.

**ANNUAL RETURN**

Pursuant to the Section 134 (3) of the Companies Act, 2013, Annual Return with necessary annexure of the company for the year 2020-2021, also available on company's website [www.sangalpapers.com](http://www.sangalpapers.com) under "Financial Tab".

**EXTRACT OF ANNUAL RETURN**

As per the Companies (Amendment) Act, 2017 (Effective from 28<sup>th</sup> August 2020). The details forming part of the extract of the Annual Return as provided under section 92(3) of the Companies Act, 2013 in prescribed form MGT - 9 has been dispensed with from FY 2020-2021. Hence detail and information of the same is available on company's website [www.sangalpapers.com/financials](http://www.sangalpapers.com/financials).

**PARTICULARS OF EMPLOYEES**

The provisions of Rule 5 (2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (include any modification or amendment thereof, if any) requiring particulars of the employees in receipt of remuneration in excess of Rupees One Crore and Two Lakh per year and Rupees Eight lakh Fifty Thousand per month only to be disclosed in the Report of Board of Directors are not applicable to the Company as none of the employees was in receipt of remuneration in excess of Rupees One Crore and Two Lakh per year and Rupees Eight lakh Fifty Thousand per month during the financial year 2020-2021.

The information required under section 197 (12) of the Companies Act, 2013 read with Rules 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is given in the Statement annexed herewith as "Annexure –III".

**ACKNOWLEDGEMENTS:**

Your Company and its Directors wish to extend their sincerest thanks to the Members of the Company, Bankers, State Government, Local Bodies, Customers, Suppliers, Executives, Staff and workers at all levels for their continuous co-operation and assistance.

**For and on behalf of the Board of Directors,**

**Date: 06/09/2021**  
**Place: Mawana**

Sd/-  
**Amit Sangal**  
**Whole Time Director/CFO**  
**DIN- 00091486**

Sd/-  
**HimanshuSangal**  
**Managing Director**  
**DIN - 00091324**



## **ANNEXURE "I" TO BOARD'S REPORT**

### **ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES**

CSR is a commitment by business to behave ethically and contribute to economic development and to improve the quality of life of local community and society at large. It includes ensuring environmental sustainability, promoting gender equality, education etc. Business entities can no longer limit themselves to using resources, to engage in activities that increase their profits. They have to be socially responsible corporate citizens and also contribute to the social good.

We have assumed the above requirement to act in socially diligent manner. We have explored its impact on the economic, social and environmental sector which directly affects the relationships with employees, society, environment and other stake holders. The Company has developed and implemented a policy pursuant to the provisions of section 135 of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy), Rules 2014.

- 1. Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company's CSR policy has been uploaded and available at the website of the Company under the web-link at <https://www.sangalpapers.com>.

- 2. Composition of the CSR Committee:**

Sl No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Geeta Gupta	Chairperson-Independent Director	2	2
2.	Mr. Himanshu Sangal	Member - Executive Director	2	2
3.	Mr. Amit Sangal	Member -Executive Director	2	2

- 3. Weblink of Composition of the CSR Committee and CSR Policy, and CSR Projects approved by the Board of Directors are disclosed on the website of the company at <https://www.sangalpapers.com>.**
- 4. Impact Assessment of CSR projects carried out in pursuance of sub rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if any - Not Applicable**



5. **Amount required for set off for the financial year 2020-21, in pursuance of sub rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014:** NIL
6. **Average net profit of the Company for the last three financial years (FY 18-19, 19-20, 20-21):**  
Average net profit: Rs. 333.16 Lakhs/- (Rupees Three hundred and Thirty three lakhs and Sixteen Thousand only)
7. (a) **Two percent of average net profit of the Company as per Section 135(5):** Rs. 6.67 lakhs/- (Rupees Six Lakhs and Sixty Seven Thousand only)
- (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil
- (c) **Amount required to be set off for the financial year 2020-21:** NIL
- (d) **Total CSR obligation for the financial year 2021-22:** Rs. 6.67 Lakhs/- (Rupees Six Lakhs and Sixty Seven Thousand only), in addition of previous year (FY 20-21) unspent obligation.

**8. (a) CSR Amount spent or unspent for the financial year:**

Total Amount spent for the financial year FY 2020-21 (In Rs.)	Amount unspent (In Rs.)				
	Total Amount transferred to unspent CSR Account as per Section 135 (6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
NIL	Rs. 8.58 lakhs of 30 <sup>th</sup> Sep 2021	31/03/2021	CLEAN GANGA FUND	Rs. 8.58 lakhs	upto / by the end

(b) Details of CSR amount spent against ongoing projects for the financial year (FY 2020-2021): Not Applicable

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year (FY 2020-2021): **NIL**

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment: Not applicable

(f) Total amount spent for the financial year 2020-21 (8b+8c+8d+8e): NIL

(g) Excess amount for set off, if any: NA

Sl no.	Particulars	Amount (in Rs.)
1.	Two percent of average net profit of the Company as per Section 135(5) to be spent in the FY (2021-2022)	6.67 lakhs
2.	Total amount spent for the F.Y. 2020-21	Nil
3.	Excess amount spent for the F.Y. 2020-21	Nil

4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
5.	Amount available for set off in succeeding financial years (iii-iv)	nil

9. (a) Details of Unspent CSR amount for the preceeding three financial years: Nil

(b) Details of CSR amount spent in the F.Y. 2020-21 for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, the details relating to the asset so created or acquired through CSR spent in the F.Y. 2020-21- Not Applicable

11. The reason for failure to spend two percent of the average net profit as per Section 135(5): Not applicable

**Responsibility Statement by the Corporate Social Responsibility Committee:**

The responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Place : Mawana  
Date : 06/09/2021

Sd/-  
Himanshu Sangal  
Managing Director

Sd/-  
Geeta Gupta  
Chairperson – CSR Committee

**ANNEXURE “II” TO BOARD'S REPORT****Form No. AOC-2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

The Company has not entered into any contract/arrangement/transaction with its Related Parties which is not in ordinary course of business or at arm's length during FY 2020-21. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

(a) Name(s) of the related party and nature of relationship: Not Applicable

(b) Nature of contracts/arrangements/transactions: Not Applicable

(c) Duration of the contracts / arrangements/transactions: Not Applicable

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable

(e) Justification for entering into such contracts or arrangements or transactions: Not Applicable

(f) Date(s) of approval by the Board: Not Applicable

(g) Amount paid as advances, if any: Not Applicable

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

SL. NO.	Name of Related Party	nature of relationship	Nature of contracts/ transaction	Duration of contract/ transactions	Salient terms of the contracts or transactions including value (Rs. In Lakhs) per annum	Amount paid as advances, if any
1.	Mr. Tanmay Sangal (DIN No.: 01297057)	Son of MD (Mr. Himanshu Sangal)	Salary for holding office or place of profit	Regular Service	30	NIL
2.	Mr. Vinayak Sangal (DIN No.: 06833351)	Son of WTD (Mr. Amit Sangal)	Salary for holding office or place of profit	Regular Service	30	NIL
3.	Mrs. Ishita Niyogi	Wife of Mr. Tanmay Sangal, Director	Salary for holding office or place of profit	Regular Service	9.60	NIL

4.	Mrs. Annika Saviola Gracias	Wife of Mr. Vinayak Sangal, Director	Salary for holding office or place of profit	Regular Service	9.60	NIL
5.	Smt. Renu Sangal	Wife of Sh. Himanshu Sangal, Managing Director of the Company	Rent	Regular	4.44	NIL

**For and on behalf of the Board of Directors,**

**Date: 06/09/2021**  
**Place: Mawana**

Sd/-  
**Amit Sangal**  
**Whole Time Director/CFO**  
**DIN- 00091486**

Sd/-  
**HimanshuSangal**  
**Managing Director**  
**DIN - 00091324**

### ANNEXURE “III” TO BOARD'S REPORT

#### Pursuant to Section 197 (3) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

Sangal Paper Limited is paper manufacturing company. The remuneration and perquisites provided to our employees including management of the company are on par with industries benchmarks. The Board of Directors and Nomination and Remuneration committee continuously review the compensation of our MD, WTD/CFO and other KMP to align both the short term and long term business objectives of the company and to link with the performance of the directors and KMPs. The details of remuneration to KMP including MD and WTD/CFO in the below table:

a. Remuneration of Managing Director, Whole Time Director/Chief Financial Officer (CFO):

Name of Director	Directors Identification Number (DIN)	Designation	Remuneration in the year 2020-21 (Rs. In Lakhs)*	Remuneration in the year 2019-20 (Rs. In Lakhs)*	%increase of remuneration in fiscal 2021 as compared to 2020*	The ratio of the remuneration of each director to the median of remuneration of employees of the company for the Financial Year 2020-2021
Himanshu Sangal	00091324	Managing Director	84	84	NIL	79.90:1
Amit Sangal	00091486	Whole Time Director/CFO	84	84	NIL	79.90:1

\*includes benefits provided by the company to concern MD and WTD during the financial year and remuneration drawn during the FY 2020-2021 year.

Due to Covid 19 pandemic, Managerial Remuneration remains the same as compared to immediate previous year i.e FY 2019-2020.

Note:

1. The details in the table are on accrual basis.
2. Remuneration provided to MD and WTD recommended by the Nomination and Remuneration Committee and approved by Board of Directors.
3. Remuneration calculation of MD and WTD/CFO as per Schedule V of Companies Act, 2013 and others applicable rules and regulation. If any.

b. Increase in remuneration of other Key Managerial Personnel (KMP):

Name of KMP	Title	Remuneration in the year 2020- 2021 (Rs. In Lakhs)	Remuneration in the year 2019-2020 (Rs. In Lakhs)	% increase of remuneration in fiscal 2020-21 as compared to 2019-20
Arpit Jain	Company Secretary cum Compliance officer	4.63	2.52	2.8 %

The details in the above table are on accrual basis. For the purpose of comparison for both the financial year 2021 and financial year 2020 are given for the full year.

c. Remuneration of Directors (Non-executive) other than MD,WTD and KMP:



Name of Director	Directors Identification Number (DIN)	Designation	Remuneration in the year 2021 (Rs. In Lakhs)	Remuneration in the year 2020 (Rs. In Lakhs)	% increase of remuneration in fiscal 2021 as compared to 2020	The ratio of the remuneration of each director to the median of remuneration of employees of the company for the Financial Year 2020-2021
Tanmay Sangal*	01297057	Director	Nil	Nil	NA	NA
Vinayak Sangal*	06833351	Director	NIL	NIL	NA	NA
PremSethi	07146425	Director	NIL	NIL	NA	NA
Geeta Gupta	00095939	Director	NIL	NIL	NA	NA

**Note:**

The details in the above table are on accrual basis, for the purpose of comparison for both the financial year 2021 and financial year 2020 are given for the full year.

\*Mr. Tanmay Sangal, President Marketing/Director and Mr. Vinayak Sangal, President Operation/Director (Non-Executive Director) of the Company. They are receiving salary in the capacity of employee not in capacity of director since 2017.

- d. Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Top 10 Employee in terms of remuneration draw during the year:

Employee Name	Designation	Educational Qualification	Experience (in years)	Remuneration in 2020-21 (in Lakhs)	Previous employment and designation	Date of Commencement of employment	Date of Birth/Age as on 01.01.21 (in years)	No of share held as on date 31 <sup>st</sup> March 2021	Relationship with Director
Tanmay Sangal	President Marketing	MBA	11	30	Deloitte/ Business Valuation Analysis	01/01/2017	16/10/1985/ 36	45631	Son of Mr. Himanshu Sangal, MD
Vinayak Sangal	President Marketing	B.tech., MBA	5.5	30	Godrej boyce Manufacturing co. ltd./ Purchasing Manager	01/04/2017	21/11/1991/ 30	14487	Son of Mr. Amit Sangal, WTD/CF O
Praveen Agarwal	VP Plant	B.E., P.G.	38	11.30	Ruchi Paper Mill,/GM	03/04/2017	15/05/1960 /61	NA	NA
Arvind Sharma	GM Plant	B.O.E.	18	9.60	Shree Lakshmi Cotsyn Ltd./ DGM Power Plant	03/09/2016	01/07/1979/ 42	NA	NA
Ishita Niyogi	President Export	MBA	11	9.60	Google/ Account Manager	01/11/2017	05/10/1986/ 35	6864	Wife of Mr. Tanmay Sangal

Annika Saviola Gracias	President Marketing North-South Division	BBA, PGDM	4	9.60	State Street Syntel Services Pvt. Ltd./Deputy Manager	01/03/2020	14/05/1993/28	NIL	Wife of Mr. Vinayak Sangal
Rakesh Paspola	Sales Manager	B.A.	26	6.48	NA	01/06/2014	20/06/1968/53	NA	NA
Sanjay Kumar Agarwal	GM Finance	M.Com, L.L.B., CA	36	6.01	Anand Triplex Board Ltd./GM Finance	01/08/2009	01/07/1966/55	60	NA
M.C. Rana	Production Manager	B.sc., B.E.	31	5.87	NA	01/01/2017	01/07/1959/62	NA	NA
Kesho Singh	Electric Manager	M.Tech.	37	5.54	NA	01/07/2008	12/01/1959/62	NA	NA

- e. The percentage decreases in the median remuneration of employee in the financial year:(1.02%).  
**Note:** During the year median remuneration of employee decreases due to number of employee for the financial year 2020-2021 is less than number of employee during the financial year 2019-2020.
- f. The number of permanent employees on the rolls of company as on 31<sup>st</sup> March, 2021: 266 for the year 2020-2021.  
The number of permanent employees on the rolls of company as on 31<sup>st</sup> March, 2020: 272 for the year 2019-2020.
- g. Average percentage increase in the salaries of employees other than the managerial personnel in the financial year 2020-2021 was 2.5% (estimated) and increase in the managerial remuneration for the same financial year was NIL. However, the company is paying fixed remuneration to the individuals based on the responsibility and position, the Company is paying remuneration to the Key Managerial Person (KMP) as per skills and experience. Increment in Managerial remuneration of the Key Managerial Persons (KMP) and MD and WTD as per Managerial Remuneration Policy.
- h. Key parameter for any variable component of remuneration availed by the Director-Variance in managerial remuneration as per Managerial Remuneration Policy.
- i. We affirm that the remuneration paid to the Directors, Key Managerial Personnel and employees is as per the remuneration policy of the Company.
- j. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Closing date of the Financial Year	Issued Capital (Shares)	Closing Market Price Per Share	EPS	PE Ratio	Market Capitalization (Rs. in Lakh)
31.03.2020	1307260	48.80	13.78	3.54	637.94
31.03.2021	1307260	63.05	5.0	12.61	824.23
Increase/(Decrease)	-	14.25	(8.78)	9.07	186.29
% of Increase/Decrease	-	(29.20)%	(63.72)%	13.10%	29.20%

Market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.

The equity shares of the Company were initially listed on BSE Ltd. in the year 1994. The last public offer of the equity shares was made in the year 1994 by way of Public issue to the general public in the ratio of 3:1 at a price of Rs. 10/- per equity share. As on 31<sup>st</sup> March, 2021 the market quotation of the Company's share price (closing price) was Rs. 63.05 .

k. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances to increase in the managerial remuneration:

There is only one Managing Director, one Whole Time Director cum Chief Financial Officer (CFO), two non-executive directors and two Independent Directors. Increment in the remuneration of the Executive Director for the respective period as per Managerial Policy and mention in here in below.

(h) Comparison of the each remuneration of the KMP against the performance of the company:

<b>Name</b>	<b>Remuneration of KMP and Directors for the period 2020-2021 (Rs. In Lakhs)</b>	<b>Performance of the Company PAT as on 31<sup>st</sup> March 2021 (Rs. In Lakh)</b>
Himanshu Sangal Managing Director	84	65.30
Amit Sangal Whole Time Director cum CFO	84	65.30
Tanmay Sangal President Marketing/ Director	NIL	65.30
Vinayak Sangal President Operation/Director	NIL	65.30
Arpit Jain Company Secretary	4.63	65.30

Note: Mr. Tanmay Sangal, President Marketing and Mr. Vinayak Sangal, President Operation is receiving remuneration in the capacity Place of Profit, referred to AOC-2 for disclosure regarding this.

(i) The key parameters for any variable component of remuneration availed by the directors: There is no variable component in the remuneration of Executive Directors of the Company.

(j) If remuneration is as per the remuneration policy of the Company: Yes

(k) The ratio of the remuneration of the highest paid director to that of the employee who are not directors but receive remuneration in excess of the highest paid director during the year: NA

**For and on behalf of the Board of Directors,**

**Date: 06/09/2021**  
**Place: Mawana**

Sd/-  
**Amit Sangal**  
**Whole Time Director/CFO**  
**DIN- 00091486**

Sd/-  
**HimanshuSangal**  
**Managing Director**  
**DIN - 00091324**

**FORM NO. MR – 3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH 2021**

**[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel Rules, 2014)]**

To  
The Members,  
Sangal Papers Ltd.  
CIN: L21015UP1980PLC005138

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Sangal Papers Ltd. (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by Sangal papers Ltd. ('the Company') its officers, agents, and authorized representatives during the conduct of Secretarial Audit *(due to prevailing COVID-19 pandemic situation, records maintained by the Company and various returns filed were supplied to us electronically through e-mail and our examination is based on documents provided and explanations furnished without any physical verification of the records)*, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on **31<sup>st</sup> March 2021** complied with the statutory provision listed hereunder and also that the Company has proper Board processes and compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**A. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provision of:**

- I. The Companies Act, 2013 and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder and as amended from time to time;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

Address: 164, Civil Lines, Behind Baijal Bhawan, Meerut – 250001, Uttar Pradesh, India

Ph: + 91-121-2663066, Mob: +91-9997773884, 9557089388

e-mail [dkgupta08@yahoo.co.in](mailto:dkgupta08@yahoo.co.in), [ecorpservices@yahoo.co.in](mailto:ecorpservices@yahoo.co.in)

- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Shares Based Employees Benefits) Regulations 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- VI As informed by management other laws applicable to the Company are:-
- 1. Air (Prevention and Control of Pollution) Act, 1981 read with The Air (Prevention and Control of Pollution) Rules, 1982
  - 2. Central Excise Act, 1944
  - 3. Cenvat Credit Rules, 2004
  - 4. Employee's Compensation Act, 1923
  - 5. Employees' Pension Scheme, 1995
  - 6. Employees' Provident Fund Scheme, 1952
  - 7. Employees Provident Funds And Miscellaneous Provisions Act, 1952
  - 8. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
  - 9. Industrial Disputes Act, 1947
  - 10. The Contract Labour (Regulation & Abolition) Act, 1970
  - 11. The Payment of Bonus Act, 1965
  - 12. The Payment of Gratuity Act, 1972
  - 13. The Payment of Wages Act, 1936
  - 14. Water (Prevention and Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975
  - 15. Child Labour (Prohibition And Regulation) Act, 1986
  - 16. Employee's Compensation Act, 1923
  - 17. Employees Deposit-Linked Insurance Scheme, 1976



18. Explosives Act, 1884
19. Foreign Exchange Management Act, 1999
20. Income-Tax Act, 1961 | Income-Tax Rules, 1962
21. Industrial Employment (Standing Orders) Act, 1946
22. Legal Metrology Act, 2009
23. Competition Act, 2002
24. Goods and Services Act, 2016 and Rules thereunder,
25. Services Tax Act, Chapter V of Finance Act, 1994,

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

Tanmay Sangal and Vinayak Sangal directors of the company has bought 3 shares and 100 shares respectively during trading window closure in the month of April 2020 in violation of SEBI (PIT) Regulations. The same was duly informed by the respective directors to the company and also intimated to the BSE (stock exchange) with reason recorded on the same.

**B. I Further Report that:**

The Board of Directors of the Company is duly constituted with executive, non-executive and independent directors. The changes in the composition of the Board of Directors that took place during the period under review were generally carried out in compliance with the provisions of the Act.

As informed adequate notices were given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and committee meetings are carried out unanimously as recorded in the minutes of the meetings of Board of Directors or the Committees of the Board as the case may be.

**C. I Further Report that:**

based on review of compliance mechanism established by the Company, I am of the opinion that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**D. I Further Report that:**

During the audit period, there was no any other events or actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, Guidelines, standards, etc.;

Place: Meerut

Date: 4<sup>th</sup> September 2021

ICSI UDIN: **F005226C000894818**

**for D. K. GUPTA & CO.**  
(Company Secretaries)

DINESH  
KUMAR  
GUPTA

Digitally signed by  
DINESH KUMAR  
GUPTA  
Date: 2021.09.04  
10:18:16 +05'30'

**DINESH KUMAR GUPTA**  
(Proprietor)

C. P. No. 3599  
FCS No. 5226

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

**'ANNEXURE - A'**

To  
The Members,  
**Sangal Papers Ltd.**  
CIN: L21015UP1980PLC005138

My report of even date is to be read along with this letter.

**Management's Responsibility**

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.

**Auditor's Responsibility**

2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, Standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.

**Disclaimer**

5. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Meerut

Date: 4<sup>th</sup> September 2021  
ICSI UDIN: **F005226C000894818**

**for D. K. GUPTA & CO.**  
(Company Secretaries)

DINESH  
KUMAR  
GUPTA

Digitally signed by  
DINESH KUMAR GUPTA  
Date: 2021.09.04  
10:18:47 +05'30'

**DINESH KUMAR GUPTA**  
(Proprietor)

C. P. No. 3599  
FCS No. 5226

Address: 164, Civil Lines, Behind Baijal Bhawan, Meerut – 250001, Uttar Pradesh, India

Ph: + 91-121-2663066, Mob: +91-9997773884, 9557089388

e-mail [dkgupta08@yahoo.co.in](mailto:dkgupta08@yahoo.co.in), [ecorpservices@yahoo.co.in](mailto:ecorpservices@yahoo.co.in)

**Secretarial Compliance Report of Sangal Papers Limited**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH 2021**  
**[Pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> Feb. 2019]**

To

The Members,

**Sangal Papers Limited**

CIN: L21015UP1980PLC005138

Reg. Office: Village Bhainsa, 22 K. M. Mawana Road, Meerut- 250401 UP IN

I, Dinesh Kumar Gupta, Practicing Company Secretary (FCS No. 5226 and C. P. No. 3599) have examined:

- (a) all the documents and records made available to us and explanation provided by Sangal Papers Limited ("the Company"),
- (b) the filings/ submissions made by the Company to the stock exchanges,
- (c) website of the Company,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification.

**For the year ended on 31<sup>st</sup> March 2021 ("Review Period") in respect of compliance with the provisions of :**

- a. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- b. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;  
**(Not applicable to the company during the period under review)**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the company during the period under review)**
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the company during the period under review)**
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **(Not applicable to the company during the period under review)**
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (j) Any circulars/ guidelines issued thereunder



Based on my examination and verification of the documents and records produced to me and according to the information and explanations given to me by the Company, I report that:

- (a) The Company has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below: -

Sl. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
	NIL		

- (b) The Company has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

- (c) There were no instances for actions taken or to be taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
	NIL			

- (d) The Company was not required to take any action with regard to compliance with the observations made in previous reports as the same was not applicable:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended... <i>(The years are to be mentioned)</i>	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
	There are no observations made in previous Annual Secretarial Compliance Report.			

*(Due to prevailing second wave of COVID-19 pandemic, record maintained by the Company and various returns filed were supplied to us electronically through e-mail and our examination is based on documents provided and explanations furnished without any physical verification of the records)*

Place: Meerut

Date: 30<sup>th</sup> June 2021

UDIN: F005226C000546360 dated 30<sup>th</sup> June 2021

for D. K. GUPTA & CO.  
(Company Secretaries)

DINESH  
KUMAR  
GUPTA

Digitally signed  
by DINESH  
KUMAR GUPTA  
Date: 2021.06.30  
11:21:24 +05'30'

**DINESH KUMAR GUPTA**  
(Proprietor)

C. P. No. 3599  
M. No. F-5226

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE - A' and forms an integral part of this report.

**'ANNEXURE - A'**

To

The Members,

**Sangal Papers Limited**

CIN: L21015UP1980PLC005138

Reg. Office: Village Bhainsa, 22 K. M. Mawana Road, Meerut- 250401 UP IN

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of SEBI laws, Corporate and other applicable laws, Rules, Regulations, Standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. Due to prevailing COVID-19 pandemic, record maintained by the Company and various returns filed were supplied to us electronically through e-mail and our examination is based on documents provided and explanations furnished without any physical verification of the records.
7. The Secretarial Compliance Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Meerut

Date: 30<sup>th</sup> June 2021

**UDIN: F005226C000546360 dated 30<sup>th</sup> June 2021**

**for D. K. GUPTA & CO.**  
(Company Secretaries)

DINESH  
KUMAR GUPTA  
Digital signed by  
DINESH KUMAR GUPTA  
Date: 2021.06.30  
11:21:49 +05'30'

**DINESH KUMAR GUPTA**  
(Proprietor)

C. P. No. 3599

M. No. F-5226



**SANGAL PAPERS LIMITED (CIN- L21045UP1980PLC005138)**  
 22- Km – Meerut Mawana Road, Mawana- 250 401, Distt. – Meerut (U.P)  
 E- Mail ID: [sangalinvestors1980@gmail.com](mailto:sangalinvestors1980@gmail.com), PH. No. : 01233-271515

**This report on Corporate Governance forms part of the Directors Report for the financial year ended 31<sup>st</sup> March, 2021.**

## **1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

Sangal Papers Ltd. strives to adopt the standard of excellence in Corporate Governance. The Company has consistently practiced good Corporate Governance norms for the past several years for the efficient conduct of its business and meeting its obligations towards all its stakeholders viz, the shareholders, customers, employees and the community in which the Company operates.

The Company has established procedures and systems to be fully complied with the requirements stipulated by the Securities and Exchange Board of India (SEBI) from time to time, under the Chapter IV read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Chapter IV read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and other related policy adopted by the company has been implemented in a manner so as to achieve the objectives of Corporate Governance.

The essential elements of Corporate Governance are fairness, transparency, accountability and responsibility towards which company continues to remain committed.

## **2. BOARD OF DIRECTORS**

### **(i) COMPOSITION AND CATEGORY OF DIRECTORS**

The Board of Directors of the Company have an optimum combination of Executive, Non- Executive and Independent Directors who have an in- depth knowledge of business, in addition to the expertise in their areas of specialization.

The Board of the Company comprises Six Directors - Two Executive Directors and Four Non-Executive Directors, of whom two are Independent Directors. The current strength of the Board includes one Woman Independent Director.

Composition of the Board of Directors as on 31<sup>st</sup> March 2021:

Name of Director	Category of Directors	Qualification of director	Experience in years	Expertise in area	Subject to retirement by rotation	No. of Directorship in other Company (include private limited company)	Number of Committee positions held in other public companies	
							Chairman	Member
Mr. Himanshu Sangal	Managing Director/ Promoter/ Executive	Graduate, L.Lb.	41 (Paper industries) 10 (Pharma)	Operation, production, administrative management	No	NIL	NA	NA
Mr. Amit Sangal	Whole Time Director/CFO/ Promoter/ Executive	Graduation in commerce	28 (Paper industries) 12 (Finance)	Finance, sale, operation, raw material management	No	TWO(2)	NA	NA



Mr. Tanmay Sangal	Director/ Promoter/ Non-Executive	MBA (Finance)	12	International business, Marketing, finance and business administration	Yes	NIL	NA	NA
Mr. Vinayak Sangal	Director/ Promoter/ Non-Executive	B.tech., MBA	6.5	Operation, raw material and production management	Yes	NIL	NA	NA
Mr. Prem Sethi	Independent Director/ Non-Executive	Graduate	32	Finance, legal	No	NIL	NA	NA
Mrs. Geeta Gupta	Independent Director/ Non-Executive/ Women Director	Graduate	27	Finance, taxation, audit	No	NIL	NA	NA

Pursuant to the applicable provisions of Companies Act, 2013 and The Chapter IV read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, Board has carried out an evaluation of its own performance, the Directors individually as well as the valuation of the working of its Committees viz Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The manner in which evaluation has been carried out has been explained in the Corporate Governance Report. Mr. Prem Sethi, Non-Executive director of the company appoint as chairperson of the Board of Director.

## **(ii) BOARD MEETINGS DETAIL**

The total number of Board Meetings held during the financial year ended as on 31<sup>st</sup> March 2021 is Eight (8). The details are as follows:

01/05/2020, 10/07/2020, 19/08/2020, 03/09/2020, 12/09/2020, 12/11/2020, 12/02/2021, 24/03/2021.

## **(iii) Attendance of Directors at the Board Meetings:**

Name of the Director	Designation/ Category	Board Meeting Held During the Year	Board Meeting attended during the year	Whether attended last AGM
Himanshu Sangal	Managing Director/Promoter/ Executive Director	8	8	Yes
Amit Sangal	Whole Time Director cum CFO/ Promoter/ Executive Director	8	8	Yes
Tanmay Sangal	Director/Promoter/ Non-Executive Director	8	8	Yes
Vinayak Sangal	Director/Promoter/ Non-Executive Director	8	8	Yes
Prem Sethi	Independent Director/ Non-Executive Director	8	8	Yes

<b>Mrs. Geeta Gupta</b>	<b>Independent Director/ Non-Executive Director</b>	<b>8</b>	<b>8</b>	<b>Yes</b>
-------------------------	---	----------	----------	------------

### 3. COMMITTEES OF THE BOARD

#### 1. Audit Committee

##### i) Terms of Reference :

Apart from all the matters provided in Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and section 177 of the Companies Act 2013, the Audit Committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company.

In order to effectively discharge their responsibility, the Audit Committee members have been empowered:-

- To investigate any activity within its terms of reference.
- To seek information from any employee of the Company.
- To obtain outside legal or other professional advice.
- To invite statutory/ internal auditors.

The Committee acts as a link between the Internal Auditor, Statutory Auditor and the Board of Directors of the Company. The Committee reviews the financial statements and other related matters before submission to the Board for approval. The audit committee charter containing terms and condition is available on our website i.e. [www.sangalpapers.com](http://www.sangalpapers.com).

##### ii) Composition :

The Audit Committee consists of Three Directors, Mr. Prem Sethi, Mrs. Geeta Gupta and Mr. Himanshu Sangal. Mrs. Geeta Gupta has been designated and elected as Chairman of the Committee and Mr. Himanshu Sangal and Mr. Prem Sethi designated as member of the Committee and Committee met Six (6) times on such dates 01/05/2020, 10/07/2020, 03/09/2020, 12/09/2020, 12/11/2020, 12/02/2021 during the financial year ended March 31<sup>st</sup>, 2021. The attendance records of the members at the meeting were as follows:

<b>Name of the Member</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Geeta Gupta	6	6
Prem Sethi	6	6
Himanshu Sangal	6	6

#### 2. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee presently consists of three (3) Directors out Two (2) are Independent Directors, One (1) Director is Executive Director:-

<b>Name of member</b>	<b>No. of Meeting Held</b>	<b>No. of Meeting Attend</b>
Mr. Prem Sethi	1	1
Mrs. Geeta Gupta	1	1
Mr. Himanshu Sangal	1	1

There is no pending share transfer as on date where the documents are clear in all respects. During the financial year 2020-2021, The Stakeholders Relationship Committee met one (1) time on 03/09/2020, during the financial year 2020-2021. The Stakeholders Relationship committee charter containing terms and condition is available on our website ([www.sangalpapers.com](http://www.sangalpapers.com)).

#### **Investors' complaints attended and resolved during 2020-21**

<b>Investors' complaints</b>	<b>Attended/resolved during 2020 - 21</b>
Pending at the beginning of the year	0
Received during the year	1
Disposed of during the year	1
Remaining unresolved at the end of the year	0

### **3. NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration committee inter alia include Succession planning for Board of Directors and Senior Management Employees, identifying and selection of candidates for appointment of Directors/Independent Directors based on certain laid down criteria, identifying potential individuals for appointment of Key Managerial Personnel and other senior managerial position and review the performance of the Board of Directors and Senior Management personnel including Key Managerial personnel based on certain criteria approved by the Board.

The Nomination and Remuneration Committee presently consists of Three (3) Directors out Two (2) are Independent Directors and One (1) Directors is Non-Executive Director. Such as, Mrs. Geeta Gupta as Chairman (Independent Non- Executive Director), Mr. Prem Sethi (Independent Non- Executive), Mr. Vinayak Sangal (Non- Executive Director) as members of the Committee as on 31.03.2021. The Committee ensures appropriate disclosure on the remuneration of Directors and deals with the remuneration package of Directors, Service Contract, Notice Period, Severance Fees and Stock Option, If any. Sitting fee of Rs. 2000/- per meeting is payable to all non-executive directors except the promoter group directors, who attended the Board Directors meetings and committee meetings held during the year. No shares of the Company are held by independent directors. The Committee met during the year Two (2) times as on 03/09/2020 and 24/03/2021. Chairperson and all members were presented. The Nomination and Remuneration Committee charter containing terms and condition is available on our website i.e. [www.sangalpapers.com](http://www.sangalpapers.com).

#### **Payment to Managing Director and Whole Time Director/CFO:**

<b>Name of the Director</b>	<b>Designation</b>	<b>Remuneration (Rs. In Lakhs)</b>
Mr. Himanshu Sangal	Managing Director	84
Mr. Amit Sangal	Whole Time Director/CFO	84

#### **Payment to Director (other than Managing Director and Whole Time Director/CFO):**

<b>Name of the Member</b>	<b>Designation</b>	<b>Remuneration (Rs. In Lakhs)</b>
Mr. Tanmay Sangal	President Marketing/ Director	NIL
Mr. Vinayak Sangal	President Operation/ Director	NIL
Mr. Prem Sethi	Director	NIL
Mrs. Geeta Gupta	Director	NIL

\*Mr. Tanmay Sangal, President Marketing and Mr. Vinayak Sangal, President Operation receiving monthly salary in the capacity of employee of the company not in the capacity of director of the Company.



**Payment sitting fees to Non-Executive Directors (Independent Directors):**

Name of the Member	Designation	Setting Fees (Per Meeting)
Mr. Prem Sethi	Director	Rs. 2,000/-
Mrs. Geeta Gupta	Director	Rs. 2,000/-

The Company is paying sitting fees only to independent directors not to others.

**4. BOARD MEMBERS AND INDEPENDENT DIRECTORS PERFORMANCE EVALUATION**

Pursuant to the provision of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board and Nomination and Remuneration Committee have carried out the annual evaluation of performance of individual Board of Directors and Independent Directors as individual for the ended financial year. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairperson of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

Non observation find out in evaluation of Board of Directors of the company, so it does not required to any action.

**5. Directors' appointment and Remuneration Policy:**

Policy for appointment and removal of Director, KMP and Senior Management

**i. Appointment criteria and qualifications**

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years, subject to the conditions. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

**ii. Term / Tenure**

a) Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**b) Independent Director:** - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on specified date or such other date as may be determined by the Committee as per regulatory requirement; he/she shall be eligible for appointment for one more term of 5 years only. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Managing Director or Whole-time Director of a listed company or such other number as may be prescribed under the Act

**iii. Evaluation** The Committee shall carry out evaluation of performance of every Director, KMP, Independent Directors and Senior Management Personnel at regular interval (yearly).

**iv. Removal** Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**v.** The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **5. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel**

### **i. General:**

**a)** The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Nomination and Remuneration Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

**b)** The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

**c)** Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

**d)** Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the



remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**ii. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

**a) Fixed pay:** The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Nomination and Remuneration Committee and approved by the shareholders and Central Government, wherever required.

**b) Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**c) Provisions for excess remuneration:** If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**iii. Remuneration to Non- Executive / Independent Director:**

**a) Remuneration / Commission:** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

**b) Sitting Fees:** The Non – Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**c) Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

**d) Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

**6. GENERAL BODY MEETINGS**

i) The details of the last three Annual General Meetings are held as under:

Financial Year	Date	Time	Venue	No. of Special Resolution Passed
2019-2020	29/09/2020	10.00 A.M.	Vill. Bhainsa, 22km., Mawana Road, Meerut	NIL
2018-2019	28/09/2019	11.00 A.M.	Vill. Bhainsa, 22km., Mawana Road, Meerut	Four (4)
2017-2018	29/09/2018	11.00 A.M.	Vill. Bhainsa, 22km., Mawana Road, Meerut	Two (2)

i) **Postal Ballot :**

For the year ended as on 31<sup>st</sup> March, 2021, There have been no ordinary or special resolution passed by the company through postal ballot.

#### **7. SUCCESSION POLICY:**

The Nomination and Remuneration Committee works with the Board of Directors of the Company on the leadership succession plan and prepare contingency plans for succession in case of any exigency.

#### **8. RISK MANAGEMENT POLICY:**

Pursuant to the Section 134(3) of Companies Act, 2013, The Company has a risk management programme which comprises of a series of processes, structures and guidelines to assist the Company to identify, assess, monitor and manage its business risks, including any material changes to its risk profile.

The objective and scope of the Risk Management Committee broadly comprises:

- i) Oversight of the risk management performed by the executive management.
- ii) Review of the risk management policy in line with legal requirements and SEBI guidelines.
- iii) Reviewing risks and initiating mitigation actions.

#### **9. FAMILIARIZATION PROGRAM AND INDEPENDENT DIRECTORS MEETING:**

As per Company annual strategy and planning, a Familiarization program of the independent directors of the company conducted by the company during the financial year ended on 31<sup>st</sup> March 2021. All Independent Director of the company introduce to the Board attend an orientation program. In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulation, 2015 a separate meeting of the Independent Directors of the Company was held on Thursday, 12<sup>th</sup> Day of November, 2020. Mr. Prem Sethi was unanimously elected as Chairman of the meeting and Mrs. Geeta Gupta was presented at the said Meeting.

During the year under review, the Independent Directors met on November 12<sup>th</sup> 2020 inter alia, to discuss:

- 1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
- 2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- 3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the independent Directors were present at the meeting.

#### **10. SHAREHOLDERS:**

##### **(a) MEANS OF COMMUNICATION WITH SHAREHOLDERS:**

The quarterly, half yearly and annually results are communicated to the BSE limited, where the company's share are listed as soon as they are approved and taken on record by the Board of Directors of the Company. Further, the results are published in news papers of Financial Express (English language News paper) and Jansatta (Hindi language News paper). The results are not sent individually to the shareholders. The financial results are also displayed on the web site of the company at [www.sangalpapers.com](http://www.sangalpapers.com).

As per SEBI guideline the Company has maintained website namely [www.sangalpapers.com](http://www.sangalpapers.com) providing the basic information about the company such as details of our business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievance etc. the

information provided on the website is being updated regularly.

- (i) In line with the existing provisions of the SEBI (LODR) Company has created a separate e-mail address [sangalinvestors1980@gmail.com](mailto:sangalinvestors1980@gmail.com) to receive complaints and grievances of the investors.

**(ii) Share Transfers Agents:**

M/s. Mas Services Limited, T-34, 2<sup>nd</sup> Floor Okhla Industrial Area, Phase-II, New Delhi-110020

E-mail: [sm@masserv.com](mailto:sm@masserv.com), [info@masserv.com](mailto:info@masserv.com), Phone No.: 011- 26387281-82-83.

**(iii) Share Transfer System:**

All physical share transfers are completed within 15 days of lodgment, subject to the documents being in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participant.

**11. PARTICULARS RELATING TO THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The Company has always believed in providing a safe and harassment free workplace for every individual working in its premises through various policies and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has adopted a policy on Prevention of Sexual Harassment at Workplace which aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior. An Internal Complaints Committee ("ICC") has been set up from the senior management which is responsible for redressed of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended March 31, 2021 no complaints pertaining to sexual harassment have been received.

- (i) Number of complaints filed during the financial year: Nil  
(ii) Number of complaints disposed of during the financial year: Nil  
(iii) Number of complaints pending as at the end of the financial year: Nil

**12. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

A Certificate has been obtained from the Auditors of the Company regarding compliance with the provisions relating to Corporate Governance laid down in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 of the said company with stock exchanges.

**13. CEO/CFO CERTIFICATION**

The MD and CFO have issued certificate pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 certifying that the financial statements do not contain any untrue statements and these statements represent a true and fair view of the Company's affair. The said certificate is annexed and forms part of the Annual Report.

**GENERAL SHAREHOLDERS INFORMATION**

**•Annual General Meeting :**

Date	Wednesday, 29 <sup>th</sup> September 2021
Time	01:00 P.M.



The aforesaid AGM shall be conducted through VC/OAVM, the procedure to attend and join the meeting has been provided annexed with the notice.

Please note that Annual Report and Notices shall be mailed to the shareholders who have registered or updated their email id's with the company.

#### **Financial Year**

The Financial Year of the Company is from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.

#### **Financial Calendar (tentative dates)**

First quarter results (June 30)	By first half of August 2021
Second quarter results (September 30)	By first half November 2021
Third quarter results (December 31)	By first half February 2021
Fourth quarter & annual audited results of the current Financial Year (March 31)	By Second half of May 2022

#### **• Listing in Stock Exchange and Stock Code:**

**Name of Stock Exchange:** BSE

**Scrip Code:** (516096)

**Scrip ID:** SANPA

**ISIN:** INE384D01022

**Registrar and Share Transfer Agent:**

MAS SERVICES LTD.,

Address: T-34, II<sup>nd</sup> Floor, Okhla Industrial Area, Phase- II, New Delhi - 110020.

Phone No.: 011-26387281 - 82 - 83

Mail ID: [sm@masserv.com](mailto:sm@masserv.com), [info@masserv.com](mailto:info@masserv.com)

#### **• Confirmation of payment of Annual Listing Fees of BSE:**

The Company has paid the listing fees and any other fees, if any of BSE Limited for the financial year 2020-2021 and 2021-2022.

#### **• Market Price Data:**

High/Low of Market price of Company's equity share traded on the BSE, during the financial year ended on 31<sup>st</sup> March 2021 was as follows:

Month	High	Low
April 2020	69.75	46.40
May 2020	54.00	47.65
June 2020	91.00	51.30
July 2020	84.40	71.05
August 2020	84.90	73.55
September 2020	90.70	70.70
October 2020	93.00	83.00
November 2020	88.00	71.90
December 2020	86.95	72.20
January 2021	88.00	73.70
February 2021	81.45	70.00
March 2021	81.00	57.05

#### **• Distribution of shareholding as on March 31, 2021.**

No. of	Percentage	Size of	No. of Share	Amount in Rs.	Percentage
--------	------------	---------	--------------	---------------	------------

shareholder	total (%)	Shareholding			total (%)
8268	98.546	1 to 5000	511394	5113940	39.120
61	0.727	5001 to 10000	45377	453770	3.471
30	0.358	10001 to 20000	38746	387460	2.964
8	0.095	20001 to 30000	20116	201160	1.539
3	0.036	30001 to 40000	9739	97390	0.745
1	0.012	40001 to 50000	4920	49200	0.376
7	0.083	50001 to 100000	51822	518220	3.964
12	0.143	100001 to above	625146	6251460	47.821
<b>8390</b>	<b>100</b>	<b>Total</b>	<b>1307260</b>	<b>13072600</b>	<b>100</b>

- **Shareholding Pattern:** Shareholding pattern of the company as on 31<sup>st</sup> March, 2021.

Sr. No.	Category	No. of Share	% of Shareholding
1.	Promoters (Individuals)	515942	39.47%
2.	Other then promoters (Individuals)	776934	59.43%
3.	Corporate bodies	11402	0.87%
4.	Financial Institutions/Bank and Mutual Funds	0	0.00%
6.	Venture capital Fund	0	0.00%
7.	NRI's (Repeated and Non-Repeated)	2701	0.21%
8.	Clearing Members	281	0.02%
	<b>Total</b>	<b>1307260</b>	<b>100.00%</b>

- **Share held in physical and Dematerialized From:**

As on March 31<sup>st</sup>, 2021

TOTAL SHARE HOLDERS IN NSDL	825	TOTAL SHARES IN NSDL	2,14,676
TOTAL SHARE HOLDERS IN CDSL	708	TOTAL SHARES IN CDSL	6,50,484
TOTAL SHARE HOLDERS IN PHY.	6886	TOTAL SHARES IN PHY	4,42,100
<b>TOTAL</b>	<b>8,419</b>		<b>13,07,260</b>

Note: 29 (TWENTY NINE) shareholders are common in demat and physical.

- **Outstanding GDR's/ADR's/Warrant's/Convertible instruments and their impact on equity.**  
NIL.
- **Foreign Exchange risk and hedging activity:**  
NIL
- **Book Closure:**  
The register of Members and share Transfer books of the company shall remain closed from **September 23, 2021 to September 29, 2021 (both days inclusive).**
- **Registered office/Plant locations and address for correspondence:**  
Sangal Papers Limited's plant and registered office situated at:  
Village Bhainsa, 22km stone, Meerut-Mawana road, Mawana, Meerut, UP- 250401
- **CREDIT RATING:**  
Your Company enjoys credit rating from Brickwork Ratings, The Brickwork Ratings India Pvt. Ltd. has granting credit rating to the company as **BWR BBB- (Pronounced as BWR Triple B Minus), Outlook: Negative (Reaffirm)** for Fund Based - Cash Credit and Term Loan (o/s) and **BWR A3 (Pronounced as BWR, A Three) (Reaffirm)** for Non Fund Based: Bank Guarantee and ILC/FLC for



the FY 2020-2021. However for the FY 2021-2022, the rating is under process with credit rating company and as soon as the rating assigned, it shall be disclosed on company's website "www.sangalpapers.com" and BSE immediately.

**DISCLOSURE:**

**Disclosures on materially significant Related Party Transactions (RPT) that may have potential conflict with the interests of company at large.**

BSE complies with the disclosure requirements as prescribed in Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Indian Accounting Standards (IND AS) applicable to listed companies relating to Related Party Transactions (RPT). Details of material RPT are informed to the Board on a yearly basis, AOC-2 along with financial results. The details of policy on dealing with related party transactions is available on the website [www.sangalpapers.com](http://www.sangalpapers.com).

**Total fees for all services paid by the company to the statutory auditors for the financial year 2020-2021:**

The Company's statutory auditor M/s Raj Sandhya & Co., ICAI (Firm Registration No.: 002011C), Chartered Accountant, Raj Kumar Sharma (Membership No.: 077650), total fees for all services rendered by the statutory auditors towards the company and the Company paid total Rs. 1,50,000/- (One Lakh Fifty Thousands) to the statutory auditors for the financial year 2020-2021.

**Certificate from Mr. DK Gupta proprietor M/s DK Gupta & Co., Company Secretary in Practice that none of the directors on the board of the company have been debarred or disqualified from the being appointed or continuing as directors of the companies by the Board/MCA:**

A certificate from Mr. DK Gupta proprietor M/s DK Gupta & Co., Company Secretary in Practice, certificate attached herewith.

**Details of non-compliance by the Company, penalties, structures imposed by SEBI or any statutory authority, on any matter related to the capital markets during the last three years:**

The Company has complied with the requirements of the Stock exchange, SEBI and other statutory authority on all matters related to capital markets during the last three years. There were no penalties imposed nor any stricture issued on the Company by the Stock exchange, SEBI or any statutory authority, on any matter related to capital markets during the year 2020 - 21.

**Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel have been denied access to the audit committee;**

The details of the policy on whistle blower is available on the website and you can find the same on [www.sangalpapers.com](http://www.sangalpapers.com). The Company confirms that no personnel have been denied access to the audit committee.

**Compliance with the conditions of Corporate Governance:**

The Company has mutatis mutandis complied with the conditions of corporate governance as stipulated in Listing Agreement as well as SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**Policy for determining 'material' subsidiaries: NA**

**DECLARATION ON CODE OF CONDUCT AND CODE OF ETHICS**

The board has laid down the standard procedure of business code of conduct and code of ethics which is expected to be followed by the directors which is being followed by them. The board of directors has laid down/adopted a Code of Conduct and Code of Ethics for all Board members of the Company and such policies are on the Company website i.e. [www.sangalpapers.com](http://www.sangalpapers.com). All Board Members have affirmed compliance with the code of conduct for the financial year 2020 - 21.

**For and on behalf of the Board of Directors,**

**Date: 06/09/2021**  
**Place: Mawana**

Sd/-  
**Amit Sangal**  
**Whole Time Director/CFO**  
**DIN- 00091486**

Sd/-  
**Himanshu Sangal**  
**Managing Director**  
**DIN- 00091324**

**CERTIFICATE OF MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER ON CORPORATE GOVERNANCE**

**The Board of Directors,  
Sangal Papers Limited,  
Vill. Bhainsa, 22km stone, Meerut-Mawana road,  
Mawana, Meerut, UP**

We have reviewed the financial statement and the cash flow statement of Sangal Papers Ltd. For the financial year 2020-21 and certify that:

- a) These statements to the best of our knowledge and belief :
  - I. Do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading.
  - II. Present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable law and regulations.
- b) To the best of our knowledge and belief, there are no transactions entered into by the Directors and Senior Management Personnel during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company for such reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design operation of such internal controls, of which we are aware of and the steps taken and/or proposed to be taken to rectify these deficiencies.
- d) We have also indicated to the Auditors and the Audit Committee :
  - i) Significant changes in Internal Controls with respect to financial reporting during the year.
  - ii) Significant changes in accounting policies during the year and these have been disclosed in the notes to the financial statements.
- e) To the best of our and belief, there are no instances of significant fraud involving either the management or employees having a significant role in the Company's internal control systems with respect to financial reporting.

**For and on behalf of the Board of Directors,**

**Date: 06/09/2021  
Place: Mawana**

**Sd/-  
Amit Sangal  
Whole Time Director/CFO  
DIN- 00091486**

**Sd/-  
Himanshu Sangal  
Managing Director  
DIN- 00091324**



Ref. No.

Dated.....

**AUDITOR'S COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

The Members  
**Sangal Papers Limited,**  
Vill. Bhainsa, 22km stone, Meerut-Mawana road,  
Mawana, Meerut, UP

We have examined the compliance of conditions of Corporate Governance by Sangal Papers Limited For the year ended March 31<sup>st</sup>, 2021 stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 of the said company with stock exchanges.

The Compliance of condition of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company to ensure Compliance with the condition of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has fully complied with all mandatory Conditions of Corporate Governance as stipulated in Chapter IV of SEBI( Listing Obligations & Disclosure Requirements) Regulations, 2015.

For Raj Sandhya & Co.,  
Chartered Accountants,  
ICAI Firm Regn. No. 002011C,



CA Raj Kumar Sharma  
Partner

Membership No.: 077650  
UDIN:21077650AAAADR2661

Dated: 04.09.2021  
Place: Muzaffarnagar



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Your Directors have pleasure in presenting the management discussion and analysis report for the year ended on March 31<sup>st</sup>, 2021.

Sangal Papers Limited (hereinafter called "The Company") incorporated in the year 1980 and having registered office in the state of Uttar Pradesh. The company is engaging in manufacturing of News Print paper and other various variety color papers. We manufacture the paper on demand of the customers. The management discussed the various aspects and come out this summary:

### **A) INDUSTRY STRUCTURE AND DEVELOPMENT:**

Paper is the cultural barometer of the nation. We need paper every day for widening the frontier of our knowledge. The new millennium is going to be the millennium of the knowledge. Pulp and paper constitute one of the most important segments of India's industrial economy and is treated as a basic sector. As per IPMA's (Indian Paper Mills Association) estimates, this industry contributes approximately provides employment to more than 5 lakh people and indirectly 1.5 million people. The Broad characteristics of the industry are that it is capital, raw material, energy and water intensive and highly fragmented (small units account for 60% of the industry size). Globally over 400 million tonnes of paper and paper products are consumed. The world's three largest paper producing countries are China, the United States, and Japan (these three countries account for approximately half of the world's total paper production), while India accounts for a small but growing share of the global market. The global paper and pulp mills industry has contracted slightly over the past five years, primarily due to the shift to digital media and paperless communication across most developed economies. The Indian Paper & Paperboard industry is one of the oldest organized manufacturing industries in India and the first paper mill was started in 1812 in Serampore, West Bengal. The Indian paper industry accounts for approximately 4% of the world's production of paper.

During the financial year 2020-2021 the paper and paper product industry in india seen a significant decline in demand in export market as well as in domestic market due to Covid 19 pandemic as compared to last fiscal year. The Sangal Papers Limited ("The Company") has reported a decline of 15% (approx) in turnover (total Income) and profit after tax (PAT) plunges by 64% (\*details based on 2020-2021 and 2019-2020 financials of the company) during the financial year. Paper pervades all sectors of our activity from book to bullets and from morning newspaper to nuclear technology. Indian paper industry is highly fragmented with varying sizes ranging from 10 tpd to 1500 tpd. In global context, India is one of the fastest growing markets for paper and paper consumption in the country is estimated to touch 23.50 million tons by 2024-25. Our company also engaged in manufacturing of news print paper and the newsprint sector in India is governed by the Newsprint Control Order (NCO), 2004. At present there are more than 120 mills registered under the Schedule of the NCO.

### **B) Opportunities and Threats:**

The Company's products have been enjoying consistently good brand image and loyalty from the consumers for the past several years and the company is concerning on the increasing in sale of the paper product in India and abroad but due to Covid pandemic globally has seen a drastic decline in demand of the paper globally which is quite challenging to almost every sector of the economy.

Your company is manufacturing paper on demand of the Customer, our production and market size is negligible in paper industry. We are manufacturing of News print and writing printing paper, the prices

of News print paper decided by international market, large manufacturer and publishers of Newsprint (Buyer) on quarterly basis on the availability of indigenous as well as imported news print paper in the market.

In the reference of pricing of writing printing paper and other various variety of paper, our company is very small company by size and value. We are following price decided by the customer and the market forces. We are only price takers and not setters. The price of paper is determined/decided by taking into various factors like quantity, quality etc.

Current year sale (total revenue from operations) of product involve domestic sale and abroad sale of our product during the year ending 31<sup>st</sup> March, 2021 of Rs. 10591.66 (Rupees in Lakh) decreased with 15% approx. The company is also trying to using to full capacity of production for better and economical use of the resources. Raw material use by the company is one of the best quality of its category, the availability of raw material for production is depend on the availability in the market and as well as price consideration. The Company is also considering on the using of best technologies in the production for economical uses of the production capacity.

The Company is facing many issues with raw material and other substance, to overcome the problem associate with production as shortage of raw material, labor etc. and other considerable other things.

#### **C) Segment:**

As per Ind AS 108 required to information in business report about reporting segment and related disclosures about product and services, geographic areas and major customers. Based on the management approach as defined in IND AS 108, the Chief Operation Decision Maker (CODM) evaluated the company's performance and allocates resources based on an analysis of single segment and geographic segment. Accordingly, the information has been presented both along business segment and geographic segment.

Sangal Papers Limited engaged in single segment of business, paper manufacturing is our primary business activity.

In geographic segment, the company is selling its paper in India and exporting to Sri Lanka, Singapore, Nepal, Iran, United Arab Emirates and other various countries.

In the significant customers, our company is paper manufacturing and selling the paper to pan India and export to many countries.

As per IND AS and as the standalone balance sheet of the company for the financial year ended 31<sup>st</sup> March, 2021, the total income of the company (including other income) of Rs. 10638.39/- (Rs. in Lakh, approx) (current year) and of Rs. 12651.79/- (Rs. in Lakh, approx) (previous year) decreased about 16 % (approx) and total expenses of the respected year of Rs. 10561.90/- (Rs. in Lakh, approx) (current year) and of Rs. 12461.40/- (Rs. in Lakh, approx) (previous year) expenses decreased about 15% (approx). Profit after Tax (PAT) of the company for the relevant period of Rs. 65.30/- (Rs. in Lakh, approx) (current year) and of Rs. 180.27/- (Rs. in Lakh, approx) (previous year), profit after tax decreased about 64% (approx). Despite of challenges due to Covid19 which affects (decline) the global demand significantly. The Company is able to satisfy in terms of servicing its debt and interest obligations during the relevant financial period without any delay or default. The management of the company is optimistic and expects the business to get back to its normal rhythm by next year.

#### **D) Outlook and other concerns:**

This Section lists future based statement, it depend on the present and future Market and paper industry situations and also involvement of risk and uncertainties.

Due to outbreak of CoVID-19 pandemic situation since March 2020, both inward and outward supply chains of the paper industry have been totally disrupted, and are yet to fully recover. There has also

been a severe demand compression due to the lockdown of commercial establishments and downstream printers, publishers, converters, stationery services among others.

For the Indian paper industry, this year see a de-growth as compared to last fiscal ended March 31, 2020 with poor sales volumes in the first quarter and the ongoing second quarter, where the situation has not improved much. However the business may take at least couple of more quarters in fair assessment, things may get back to normalcy by next year.

**CARE Ratings witness a significant decline in import during FY 2020-2021 and slightly increase in export due to outbound shipments of the segment paper of all kinds (except newsprint).**

The growth will be largely driven by printing & writing and packaging & paper board segment. The Indian paper industry can be broadly classified into three segments:

**1. Printing & writing (P&W):** Printing and writing segment caters to office stationary, textbooks, copier papers, notebooks etc. This segment forms ~31% of domestic paper industry. Governments thrust on education through steps like Right to Education, Sarva Shiksha Abhiyan, rise in service sector are key factors contributing to the growth of this segment.

**2. Packaging & paper board:** Packaging paper & board segment caters to tertiary and flexible packaging purposes in industries such as FMCG, food, pharma, textiles etc. This segment forms ~47% of the domestic paper industry. This is currently fastest growing segment owing to factors such as rising urbanization, increasing penetration of organized retail, higher growth in FMCG, pharmaceutical.

**3. Newsprint:** Newsprint serves the newspaper & magazines industry. This segment forms ~18% of Indian paper industry. This segment is under stress due to lower growth rates and import threat.

Our actual results could differ materially from those anticipated in these statements a result of certain factors. The company will try or make efforts to increase in the revenue and profit of the company in future. The company will also try to enter in new geographical area for capturing more market and increased in the percentage of participate in the national and international market. A large portion of the revenue is dependent on the top clients of the company and the loss of any one of major client could significantly impact of the business. We may be the subject of litigation which, if adversely determine could harm our business and operating result.

#### **E) Internal Financial Control and their adequacy:**

The Company identifies a risk based internal audit scope and assesses the inherent risk in the processes and activities of the department within the company and ensures that appropriate risk management limits, internal control mechanisms and mitigation strategies are in place. The Internal Auditors, via, their internal audit reports, make suggestion for better application of policies and rules relating to the deficiencies/non-compliance of various audit areas and give suggestions/recommendations and control directives like periodic reconciliation, proper authorizations/approvals, processing controls, segregations of duties, maker-checker approach, etc. so as to mitigate the deficiencies and make the process, procedure, systems and functions more robust, accountable, reliable and compliant. The suggestions made by the Internal Auditors and the compliances thereof are placed before the Audit Committee. The Audit Committee of the company, the details of which have been provided in the Corporate Governance Report. The Committee reviews audit reports submitted by the Internal Auditors. Internal Financial Control's Suggestions for improvement are considered and the Committee follows up on the implementation of corrective actions. The Committee also meets the Statutory Auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the company.

#### **F) Financial Performance:**

**Funds (Equity):**

As per present capital structure of the company i.e. we have authorized capital is Rs. 7,00,00,000/- divided into 70,00,000 equity share of Rs. 10/- each. The issued, subscribed and paid-up capital is Rs. 1,30,72,600/- divided into 13,07,260 equity share of Rs. 10/- each.

**Other Funds (Other equity):****1. Revaluation Reserve**

As per standalone balance sheet for the financial year ended 31<sup>st</sup> March, 2021: Revaluation Reserve as on 31<sup>st</sup> March, 2020 of Rs. 48.56 (Rupees in Lakhs) and on 31<sup>st</sup> March, 2021 of Rs. 48.56 (Rupees in Lakhs).

**2. Retained Earnings**

As per standalone balance sheet for the financial year ended 31<sup>st</sup> March, 2021: The retained earnings as on 31<sup>st</sup> March, 2020 of Rs. 3,138.04 (Rupees in Lakhs) and on 31<sup>st</sup> March, 2021 of Rs. 3236.13 (Rupees in Lakhs).

**Revenue of Operations:****1. Sale of Product**

As per standalone balance sheet of the company that total revenue from operation during the relevant period as on 31<sup>st</sup> March, 2020 of Rs. 12568.74 (Rupees in Lakhs) and as on 31<sup>st</sup> March, 2021 of Rs. 10591.65 (Rupees in Lakhs), revenue of the company decreased with 15.21 % in the relevant period.

**2. Other Income**

As per standalone balance sheet of the company that total other income of the company as on 31<sup>st</sup> March, 2020 of Rs. 83.05 (Rupees in Lakhs) and as on 31<sup>st</sup> March, 2021 of Rs. 46.73 (Rupees in Lakhs), other income of the company decreased with 44 % approx. in the relevant period.

**Earning/Profit of the Company:**

As per standalone balance sheet of the company that total profit earn by the Company during the period April, 2020 to March, 2021.

**1. Profit before Tax (PBT)**

As per standalone balance sheet of the company that Profit before Tax of the company for the financial year ended 31<sup>st</sup> March, 2020 of Rs. 190.39 (Rupees in Lakhs) and as on 31<sup>st</sup> March, 2021 of Rs. 76.49 (Rupees in Lakhs), Profit Before Tax decreased with 60% approx..

**2. Profit after Tax (PAT)**

As per standalone balance sheet of the company that Profit after Tax of the company for the financial year ended 31<sup>st</sup> March 2020, of Rs. 180.27 (Rupees in Lakhs) and as on 31<sup>st</sup> March 2021, of Rs. 65.30 (Rupees in Lakhs), Profit after Tax decreased with 64% approx..

**3. Earning per equity share**

As per standalone balance sheet of the company for the financial year ended 31<sup>st</sup> March, 2020, of Rs. 13.78 (Basic and Diluted) and as on 31<sup>st</sup> March 2021 of Rs. 5.0 (Basic and Diluted). The Earning Per Share (EPS) of the company decreased with 64%.



The financial performance of the company during the year is satisfactory. Amid, decline in export, pressure on profit margin and outbreak of Covid19 pandemic.

**G) Human Resources Relationship:**

As per human resources relationship policy of the company recognizes the importance of human value and ensures that proper encouragement both moral and financial is extended to employees to motivate them and as well as we protects the right of the employee/workers and provide a comfortable environment to the employee/workers. The company is a paper manufacturing industry, we are maintaining a culture and custom for our employee to attract and retain the best talent. During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

**HUMAN RESOURCES**

Employees of the company are essential assets of the company. Our company believes for welfare and development of the company. As at 31<sup>st</sup> march, 2021, the company employed 266 employees.

**RECRUITMENT**

Our company has recruitment policy and procedure. All the recruitment and vacancy filled by the company under this policy and procedure. The selection process based on candidate's qualification, experience and interview after that eligible candidate elected for the company. As on 31<sup>st</sup> March, 2021 266 employee on pay roll of the company, during the financial year ended 2021, 19 new employee joined and 25 employee left the company.

**TRAINING AND DEVELOPMENT**

Our company's continuous education program emphasize enhancing the relevance and effectiveness of learning. Under review, The Company is providing relevant training for skills and personality development to every employee (employee of 3rd or 4th level) of the company in every month and training providing to senior level employee (employee 2nd level) periodically or as per requirement and directors and top management's training conducting at least one time in a year.

**COMPENSATION**

We always to try to provide best competitive salaries and benefits to our employees as per our industries. We have also a variable compensation policy as per individual employee performance.

As per pay roll policy of the company as on March 31, 2021 the company has 266 employees/workers on pay roll at its Power and Paper unit. The company has provided many facilities to the staff & workers of the company for welfare. The company enjoyed excellent relationship with workers and staff during the last year.

**H) Details of significant changes:**

During the financial year 2020-2021 changes in financials and operating position of the company.

Financial Ratio:

Sr.no.	Ratio	Definition	UOM	20-21	19-20	% change
1.	Debtor Turnover	Net credit Sale/Average Account Receivable	Times	4.49	5.53	(18.81%)
2.	Inventory Turnover	Sale/Inventory	Times	7.93	9.32	(14.91%)
3.	Interest Coverage	EBIT/Finance Cost	Times	1.48	1.97	(24.87%)

	ratio					
4.	Current Ratio	Current Assets/ Current Liabilities	Times	1.51	1.52	(0.65%)
5.	Debt equity Ratio	Debt/Equity	%	54	61	(7%)
6.	Operation Profit Margin	EBIT/Sale	%	2.21	3.08	(28.25%)
7.	Net Profit Margin	Net profit/Total Revenue	%	0.93	1.41	(34.04%)

The Company reported a decline of 15% approx. in its sales due to adverse market condition both in domestic and export market. The Company reported a decline of 17.71% in Debtor Turnover Ratio during the financial year 2020-2021 as compared to FY 2019-2020. The Company reported a decline of 14.91% in Inventory Turnover Ratio during the financial year 2020-2021. The Company reported a decline of 24.87% in Interest Coverage Ratio during the financial year 2020-21 due to profit before tax decreased sharply with 60% and profit after tax decreases with 64% (other than OCI). The Company reported marginal change in Current Ratio during the financial year 2020-2021. There is an decrease of 7% in Debt Equity Ratio during the financial year 2020-2021. The Company reported a decline of 40% in Operating Profit Margin during the financial year 2020-21 due to decline in both - profit before tax with 60% and profit after tax with 64% (other than OCI) and sale decreased with 15% approx. during the year. The Company reported a decline of 45% in Net Profit Margin (includes other comprehensive income) during the financial year 2020 - 2021 due to decline in profit before tax with 60% and profit after tax decrease with 64 % (other than OCI) and total revenue decreased with 15% approx.

#### **I) Announcement:**

The statements in the "Management Discussion and Analysis Report" section describes the Company's objectives, projections, estimates, expectations and predictions, which may be "forward looking statements" within the meaning of the applicable laws and regulations. The annual results can differ materially from those expressed or implied, depending upon the economic and climatic conditions, Government policies and other incidental factors.

**For and on behalf of the Board of Directors,**

**Date: 06/09/21**  
**Place: Mawana**

Sd/-  
**Amit Sangal**  
**Whole Time Director/CFO**  
**DIN - 00091486**

Sd/-  
**Himanshu Sangal**  
**Managing Director**  
**DIN - 00091324**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
***(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)***

To,  
The Members,  
**SANGAL PAPERS LIMITED,**  
CIN: L21015UP1980PLC005138  
Reg. Office: Vill. Bhainsa, 22km stone Meerut-Mawana road, Mawana, Meerut, UP- 250401

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sangal Papers Limited having CIN: L21015UP1980PLC005138 and having registered office at "Vill. Bhainsa, 22km stone, Meerut-Mawana Road, Mawana, Meerut, UP" (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31<sup>st</sup> March, 2021** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	HIMANSHU SANGAL	00091324	25/11/1980
2.	AMIT SANGAL	00091486	27/09/1996
3.	TANMAY SANGAL	01297057	30/11/2003
4.	VINAYAK SANGAL	06833351	01/03/2014
5.	PREM SETHI	07146425	16/03/2015
6.	GEETA GUPTA	00095939	16/03/2015

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

**for D. K. GUPTA & CO.**  
(Company Secretaries)

DINESH  
KUMAR GUPTA  
Digitally signed by  
DINESH KUMAR GUPTA  
Date: 2021.06.30  
11:55:23 +05'30'

**DINESH KUMAR GUPTA**  
(Proprietor)  
C. P. No. 3599  
M. No. F-5226

Place: Meerut  
Date: 30<sup>th</sup> June 2021  
ICSI UDIN: F005226C000546844 dated 30<sup>th</sup> June 2021



**Independent Auditor's Report**  
**To the Members of SANGAL PAPERS LIMITED, MEERUT**

**Report on the Financial Statements**

We have audited the accompanying standalone financial statements of **SANGAL PAPERS LIMITED, MEERUT** ("the Company") which comprise the Balance sheet as at **31 March 2021**, the Statement of Profit and Loss including the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone IND AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31 March 2021**, its profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended **31 March 2021**. These matters were addressed in the context of our audit of the Standalone IND AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit Standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatements of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedure performed to address the matter below, provide the basis for our audit opinion on the accompanying Standalone Ind AS financial statements.



Key audit matters	How our audit addressed the key audit matter
<b>Revenue Recognition</b> (as described in note 1.j of the standalone Ind AS financial statements)	
<p>For the year ended 31 March 2021, the Company has recognized revenue from contracts with customers amounting to Rs. 10591.66 lakhs.</p> <p>Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflect that the consideration to which the Company expects to be entitled in exchange for those goods or services.</p> <p>The Company has generally concluded that as principal, it typically controls the goods or services before transferring them to the customers.</p> <p>The variety of terms that defined when control are transfer to the customer, as well as the high value of the transactions, give rise to the risk that revenue is not recognized in the correct period.</p> <p>Revenue is measured net of return and allowances, cash discounts, trade discount and volume rebates (collectively 'discount and rebates'). There is a risk that these discount and rebates are not correctly reported as it also requires in a certain degree of estimation, resulting in understatement of the associated expenses and accrual.</p> <p>Revenue is also an important element of how the Company measure its performance. The Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before the risk and rewards have been transferred.</p> <p>Accordingly, due the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it was determined to be a key audit matter in our audit of the standalone IND AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the Company's revenue recognition policy prepared as per Ind AS 115 'Revenue from contracts with customers'.</li> <li>Assessed the design and tested the operating effectiveness of internal controls related to revenue recognition, discounts and rebates.</li> <li>Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. Further, in respect of the samples checked that the revenue has been recognized as per the shipping terms.</li> <li>To test cut off selected sample of sales transactions made pre-and post year end, agreeing the period of revenue recognition to third party support, such as transporter invoice and customer confirmation of receipt of goods.</li> <li>Tested the provision calculations related to management incentives, discounts and rebates by agreeing a sample of amounts recognized to underlying arrangements with customers and other supporting documents.</li> <li>Performed monthly analytical procedures of revenue by streams to identify any unusual trends.</li> <li>Obtained confirmations from customers on sample basis to support existence assertion of trade receivables and assessed the relevant disclosures made in the financial statements: to ensure revenue from contracts with customers are in accordance with the requirements of relevant accounting standards.</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report 2020-21, but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS Financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the Financial Position, Financial Performance including Cash Flows and the Statement of Changes in Equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatements of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a base for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(1) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of sub controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e. On the basis of written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.



- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 36 to the Standalone Ind As financial statements;
  - (ii) The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Raj Sandhya & CO.,**  
Chartered Accountants,  
Firm Regn. No. 002011C

Dated: 30.06.2021  
Place: MUZAFFARNAGAR

Raj Kumar Sharma  
**Partner**  
Membership No.07765  
UDIN: 21077650AAAACO7282

**ANNEXURE A TO THE AUDITORS' REPORT**

The annexure referred to in our report to the members of **SANGAL PAPERS LIMITED, MEERUT** ('the Company') for the year ended 31 March 2021. We report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant & equipment.
- (b) According to the information and explanations given to us, physical verification of property, plant & equipment have been carried out by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the company and nature of its assets.
- (c) In our opinion and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company.
- (ii) The inventory has been physical verified at reasonable intervals by the management during the year. As explained to us, no material discrepancies were noticed on physical verification as compared to book records.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans or guarantees/made any investments within the meaning of Section 185 & 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public.
- (vi) The Cost record has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii)(a) According to the records of company and information and explanation given to us, the company is regular in depositing undisputed statutory dues including, provident fund employees' state insurance, income-tax, duty of customs, goods and service tax and any other statutory dues with the appropriate authorities during the year. There is no undisputed amounts payable, as at 31.03.2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, duty of customs, goods and service tax which have not been deposited with the appropriate authorities on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to financial institution, banks during the year.
- (ix) In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instrument). The Company has taken term loan from bank and have been applied to the purpose for which they were raised.
- x) According to information and explanation given to us, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to information and explanation given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act; 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations provided to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations provided by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations provided to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For Raj Sandhya & CO.,**  
Chartered Accountants,  
Firm Regn. No. 002011C

Dated: 30.06.2021  
Place: MUZAFFARNAGAR

**Raj Kumar Sharma**  
**Partner**  
Membership No.07765  
UDIN: 21077650AAAACO7282



**ANNEXURE B TO THE AUDITORS' REPORT**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SANGAL PAPERS LIMITED, MEERUT** ("the company") as of 31 March 2021 in conjunction with our audit of the standalone Ind As financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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



### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

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

**For Raj Sandhya & CO.,**  
Chartered Accountants,  
Firm Regn. No. 002011C

Dated: 30.06.2021  
Place: MUZAFFARNAGAR

Raj Kumar Sharma  
**Partner**  
Membership No.07765  
UDIN: 21077650AAAACO7282

**Sangal Papers Limited**  
**Balance Sheet as at 31 March 2021**  
(Amounts in INR Lakhs, unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
<b>Assets</b>			
<b>(I) Non-current assets</b>			
(a) Property, plant and equipment	3	3,176.94	2,964.59
(c) Financial assets			
Loan	4	15.38	16.59
(d) Other non-current assets	5	13.17	61.87
<b>Total non-current assets</b>		<b>3,205.49</b>	<b>3,043.05</b>
<b>Current assets</b>			
Inventories	6	1,336.02	1,348.06
<b>Financial assets</b>			
Trade receivables	7	2,443.35	2,272.67
Cash and cash equivalents	8	14.25	26.23
Bank balances other than cash and cash equivalents	9	8.58	-
Current tax assets (net)	10	17.52	54.69
Other current assets	11	78.67	109.97
<b>Total current assets</b>		<b>3,898.39</b>	<b>3,811.62</b>
<b>Total assets</b>		<b>7,103.88</b>	<b>6,854.67</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	12	130.73	130.73
Other equity	13	3,284.70	3,186.60
<b>Total equity</b>		<b>3,415.43</b>	<b>3,317.33</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	14	728.90	625.10
Provisions	15	57.88	83.11
Deferred tax liabilities (net)	16	326.22	316.63
<b>Total non-current liabilities</b>		<b>1,113.00</b>	<b>1,024.84</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	17	982.95	1,252.33
Trade payables	18		
(a) Total outstanding dues of micro enterprises and small enterprises		66.47	72.22
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,141.59	815.32
Other current financial liabilities	19	270.48	291.29
Other current liabilities	20	73.45	54.84
Provisions	21	30.99	26.50
Current tax liability (net)	22	9.52	-
<b>Total current liabilities</b>		<b>2,575.45</b>	<b>2,512.50</b>
<b>Total liabilities</b>		<b>3,688.45</b>	<b>3,537.34</b>
<b>Total equity and liabilities</b>		<b>7,103.88</b>	<b>6,854.67</b>
Summary of significant accounting policies	1-2	-	-
The accompanying notes are an integral part of the financial statements			

As per our report of even date

**For Raj Sandhya & Co.**

ICAI Firm Registration No.: 002011C

Chartered Accountants

Raj Kumar Sharma

Partner

Membership No.: 077650

Place: Muzaffarnagar

Date: 30.06.2021

UDIN

Managing Director

(Himanshu Sangal)

DIN- 00091324

Executive Director & Chief Financial Officer

(Amit Sangal)

DIN: 00091486

Director

(Tanmay Sangal)

DIN- 01297057

Company Secretary

(Arpit Jain)

PAN : ASQPJ9366A

**For and on behalf of the Sangal Papers Limited**

**Sangal Papers Limited****Statement of Profit and Loss for the year ended 31 March 2021**

(Amounts in INR Lakhs, unless otherwise stated)

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income:</b>			
Revenue from operations	23	10,591.66	12,568.74
Other income	24	46.73	83.05
<b>Total income</b>		<b>10,638.39</b>	<b>12,651.79</b>
<b>Expenses:</b>			
Cost of material consumed	25	8,658.62	10,652.82
Purchase of stock-in-trade	26	6.55	13.60
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	208.47	2.79
Employee benefits expense	28	728.06	775.52
Depreciation and amortization expense	3	136.39	129.32
Finance costs	29	157.73	196.73
Other expenses	30	666.08	690.62
<b>Total expenses</b>		<b>10,561.90</b>	<b>12,461.40</b>
<b>Profit before tax</b>		<b>76.49</b>	<b>190.39</b>
<b>Tax expense</b>			
Current tax		13.12	33.14
Less: MAT credit entitlement		(11.93)	(31.78)
Deferred tax		10.00	8.76
<b>Profit for the year</b>		<b>65.30</b>	<b>180.27</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gains/(losses) on defined benefit plan		44.32	(4.19)
Income tax effect		(11.52)	1.09
<b>Other comprehensive income</b>		<b>32.80</b>	<b>(3.10)</b>
<b>Total comprehensive income</b>		<b>98.10</b>	<b>177.17</b>
<b>Earnings per equity share of face value of ₹ 10 each :</b>			
Basic (in ₹)		4.99	13.78
Diluted (in ₹)		4.99	13.78

Summary of significant accounting policies

1-2

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Raj Sandhya & Co.**

ICAI Firm Registration No.: 002011C

Chartered Accountants

Managing Director

(Himanshu Sangal)

DIN- 00091324

Director

(Tanmay Sangal)

DIN- 01297057

Raj Kumar Sharma

Partner

Membership No.: 077650

Executive Director &amp; Chief Financial Officer

(Amit Sangal)

DIN: 00091486

Company Secretary

(Arpit Jain)

PAN : ASQPJ9366A

Place: Muzaffarnagar

Date: 30.06.2021

UDIN:

**Sangal Papers Limited**  
**Statement of changes in equity for the year ended 31 March 2021**  
(Amounts in INR Lakhs, unless otherwise stated)

**A Equity share capital (Refer Note 11)**

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the reporting period	130.73	130.73
Changes in equity share capital during the year	-	-
Balance at the end of the reporting period	130.73	130.73

**B Other equity (Refer Note 12)**

Particulars	Reserve & surplus				Total other equity	
	Revaluation reserve		Retained earnings			
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
	(refer note 13.1)		(refer note 13.2)			
Balance at the beginning of the reporting period	48.56	48.56	3,138.04	2,960.87	3,186.60	3,009.43
Profit/(loss) for the year	-	-	65.30	180.27	65.30	180.27
Other comprehensive income	-	-	32.80	(3.10)	32.80	(3.10)
Total Comprehensive Income	-	-	98.10	177.17	98.10	177.17
Balance at the end of the reporting period	48.56	48.56	3,236.14	3,138.04	3,284.70	3,186.60

Summary of significant accounting policies 1-2

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Raj Sandhya & Co.**

ICAI Firm Registration No.: 002011C

Chartered Accountants

Raj Kumar Sharma  
Partner  
Membership No.: 077650  
Place: Muzaffarnagar  
Date: 30.06.2021  
UDIN:

Managing Director  
(Himanshu Sangal)  
DIN- 00091324

Director  
(Tanmay Sangal)  
DIN- 01297057

Executive Director & Chief Financial Officer  
(Amit Sangal)  
DIN: 00091486

Company Secretary  
(Arpit Jain)  
PAN : ASQPJ9366A



**Sangal Papers Limited**
**Statement of Cash Flows for the year ended 31 March 2018**

(Amounts in INR, unless otherwise stated)

Particulars	Year ended For the year ended 31 March 2021	Year ended For the year ended 31 March 2020
<b>Profit before tax</b>	76.49	190.39
Adjustments for:		
Depreciation and amortisation	136.39	129.32
Interest expenses	157.73	196.73
Profit on sale of property, plant & equipment	(0.54)	(6.19)
Interest income	(1.48)	(1.40)
<b>Operating profit before working capital changes</b>	<b>368.59</b>	<b>508.85</b>
<b>Movement in working capital</b>		
(Increase)/decrease in trade receivables	(170.68)	(42.30)
(Increase)/decrease in bank balances other than cash and cash equivalents	(8.58)	-
(Increase)/decrease in inventories	12.04	224.74
(Increase)/decrease in other current assets	68.47	(54.31)
(Increase)/decrease in other non-current assets	49.91	(14.52)
Increase/(decrease) in trade payables	320.52	(365.83)
Increase/(decrease) in other current financial liabilities	(20.81)	63.55
Increase/(decrease) in other current liabilities	18.61	(41.28)
Increase/(decrease) in current tax liability	9.52	
Increase/(decrease) in long term provisions	20.29	15.27
Increase/(decrease) in short term provisions	4.49	9.18
<b>Cash generated from/(used in) operations</b>	<b>672.37</b>	<b>303.35</b>
Direct taxes paid (net of refunds)	(1.19)	(49.89)
<b>Net cash generated from/(used in) operating activities</b>	<b>671.18</b>	<b>253.46</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant & equipment including cwip and capital advances	(349.12)	(258.77)
Proceeds from disposal of assets	0.90	14.00
Interest received	1.48	1.40
<b>Net cash (used in)/generated from investing activities</b>	<b>(346.74)</b>	<b>(243.37)</b>
<b>Cash flow from financing activities</b>		
Repayment of long-term borrowings	103.80	(78.67)
Proceeds from short-term borrowings	(269.38)	251.44
Interest paid	(170.84)	(184.16)
<b>Net cash (used in)/generated from financing activities</b>	<b>(336.42)</b>	<b>(11.39)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(11.98)</b>	<b>(1.30)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>26.23</b>	<b>27.53</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>14.25</b>	<b>26.23</b>
<b>Components of cash and cash equivalents</b>		
Cash and cheques on hand	7.25	0.64
Balances with banks:		
- On current accounts	7.00	25.59
<b>(refer note 8)</b>	<b>14.25</b>	<b>26.23</b>

Notes:

The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

**Disclosure of changes in liabilities arising from financing activities**

Particulars	Term Loans including current maturities	Unsecured Loans	Short Term Loans- CC	Interest
Opening Balance as at April 01, 2020	322.46	468.54	1,252.33	16.33
Add:- Proceeds from borrowings/ Interest accrued during the year	495.10	36.89	11,785.84	157.73
Less:- Repayment of borrowings / Interest payment during the year	360.26	68.61	12,055.22	171.38
Non Cash items :-				
- Amortization	-	-	-	-
Closing Balance as at March 31, 2021	457.30	436.82	982.95	2.68

Particulars	Term Loans including current maturities	Unsecured Loans	Short Term Loans- CC	Interest
Opening Balance as at April 01, 2019	363.39	440.36	1,000.89	3.22
Add:- Proceeds from borrowings/ Interest accrued during the year	128.45	39.09	14,364.65	197.80
Less:- Repayment of borrowings / Interest payment during the year	169.38	10.91	14,113.21	184.69
Non Cash items :-				
- Amortization	-	-	-	-
Closing Balance as at March 31, 2020	322.46	468.54	1,252.33	16.33

As per our report of even date  
**For Raj Sandhya & Co.**  
ICAI Firm Registration No.: 002011C  
Chartered Accountants

Managing Director  
(Himanshu Sangal)  
DIN- 00091324

Director  
(Tanmay Sangal)  
DIN- 01297057

Raj Kumar Sharma  
Partner  
Membership No.: 077650

Executive Director & Chief Financial Officer  
(Amit Sangal)  
DIN: 00091486

Company Secretary  
(Arpit Jain)  
PAN : ASQPJ9366A

Place: Muzaffarnagar  
Date: 30.06.2021  
UDIN:

## Sangal Papers Limited

(Amounts in INR Lakhs, unless otherwise stated)

### Background

Sangal Papers Limited is a Company domiciled in India, incorporated on 22 November 1980 with its registered office situated at Village Bhainsa, 22 km Mawana Road Meerut U.P, the Company has been incorporated under Indian Companies Act and its equity shares are listed on the Bombay Stock Exchange (BSE). "The financial statements are approved for issuance by the company's board of directors on 30th June 2021"

### Note 1: Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

##### (i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and as amended from time to time and other relevant provisions of the Act.

##### (ii) Historical Cost Convention

The financial statement have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value; and
- defined benefit plans and their liabilities are measured at fair value.

#### (b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting year. The difference between the actual results and estimates are recognised in the year in which the results are known/materialize.

All Assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities

#### (c) Segment Reporting

The Company is engaged in the business of Paper Manufacturing (refer note-1) considering the nature of company's business and operations, there are no other reportable segments in accordance with Ind AS 108 'Operating segments' and hence, there are no additional disclosures required.

#### (d) Foreign Currency Transactions and Translations

Transactions in foreign currencies are initially recorded by the company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### (e) Financial instruments - initial recognition, subsequent measurement and impairment

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

### Financial Assets

Financial assets are measured at amortised cost or fair value through other comprehensive income or fair value through profit or loss depending on its business model for managing those financial assets and the assets contractual cash flow characteristics.

Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes significant financial assets are tested on an individual basis, other financial assets are assessed collectively that share similar credit risk characteristics.

### Derecognition of financial assets

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**Financial Liabilities**

At initial recognition, all financial liabilities other than fair valued through profit and loss are recognised initially at fair value less transaction costs that are attributable to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss is expensed in profit or loss.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date at fair value with all the changes recognized in the Statement of Profit and Loss.

**Financial liabilities measured at amortised cost**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ('EIR') except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting year.

**De-recognition of financial liability**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Subsequent recoveries of amounts previously written off are credited to other income.

**(f) Trade and other payables**

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(g) Cash Flow statements**

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

**(h) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**(i) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.



## **(j) Revenue recognition**

### **Sale of goods**

For sale of goods, revenue is recognised when control of the goods has transferred at a point in time i.e. when the goods have been dispatched to the location of customer. Following dispatch, the customer has full discretion over the responsibility, manner of distribution, price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are dispatched to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment is due within 30-90 days. The Company considers the effects of variable consideration, non-cash consideration, and consideration payable to the customer (if any).

### **Interest income**

Interest income from financial instrument is recognised using the effective interest rate (EIR) method. EIR is the rate which exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset. When calculating the EIR the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions, call and similar options) but does not consider the expected credit losses.

### **Variable consideration**

If the consideration in a contract includes a variable amount, estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Company recognizes changes in the estimated amount of variable consideration in the period in which the change occurs. Some contracts for the sale of goods provide customers with volume rebates and pricing incentives, which give rise to variable consideration.

Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

### **Contract balances**

#### **Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy (n).

#### **Contract liabilities (which the Company refer to as advance from customer)**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

#### **Cost to obtain a contract**

The Company pays sales commission to its selling agents for each contract that they obtain for the Company. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included in 'commission on sales' under other expenses) because the amortization period of the asset that the Company otherwise would have used is one year or less.

**Costs to fulfil a contract** i.e. freight, insurance and other selling expenses are recognized as an expense in the period in which related revenue is recognised.

### **Financing components**

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Also, refer note 21 for other disclosures.

## **(k) Provisions, contingent liabilities and assets**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are disclosed where an inflow of an economic benefit is probable.

## **(l) Earning Per Share**

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

**(m) Taxation**

Provision for tax consists of current tax and deferred tax. Current tax provision is computed for current income based on the tax liability after considering allowances and exemptions. Deferred tax assets and liabilities are computed on the basis of timing differences at the Balance Sheet date between the carrying amount of assets and liabilities and their respective tax basis. Deferred tax assets are recognized based on management estimates of available future taxable income and assessing its certainty.

**(i) Current Income Tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(ii) Deferred Tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period.

Ind AS 12, "Income Taxes" requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12, has resulted in recognition of deferred tax on new temporary differences, which was not required under Indian GAAP, if applicable.

In addition, the various transitional adjustments lead to additional temporary differences. According to the accounting policies, the Company has to account for such differences. Tax impact on Deferred tax adjustments are recognized in reserves for opening balance sheet and statement of profit and loss in subsequent years.

**(n) Trade Receivables**

Trade Receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**(o) Inventories (Raw material and stores, work in progress, traded and finished goods)**

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average / first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(p) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The above cost of the assets includes the revaluation of assets carried out in the previous years' and the accumulated amount of revaluation forms part of the Other Equity in Shareholders' Funds with name of "Revaluation Reserve"

Useful life of assets are as follows:

Building	40-60 years
Plant & Machinery	25-40 years
Furniture, fixture & Office Equipment	5 years
Furniture & Fixtures	
Computer	3 years
Vehicle	8 years

**(i) 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 recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**(ii) Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term

The useful lives have been determined as per those specified by Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying

amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

**(q) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are de-recognized in the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(r) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised Rs. 1.07 lakhs during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

**(s) Employee benefits**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Post-employment obligations**

The group operates the following post-employment schemes:

- (a) defined benefit plan viz. gratuity; and
- (b) defined contribution plans such as provident fund.

**(a) Defined benefit plan**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.



**(b) Defined contribution plans**

The group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(t) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(u) Impact of COVID 19**

During the year under review, the operations of the company were fully suspended from 1st April 2020 to 30th April 2020. The operations of the company partially started from 1st May, 2020. After that the company gradually ramped up the production activities as per the directions/regulations/guideline issued by Government and local bodies to ensure safety of employees in its office. Due to the shutdown of plant and manufacturing activities of the company during the lockdown period, the liquidity and profitability of the Company has been affected. As the CoVID 19 pandemic is still spreading in various parts of India, the future impact of the pandemic on the overall operations and financials of the Company cannot be assessed with certainty.

**(v) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**Amendment in Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

**Note 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The company makes estimates and judgments that affect the reporting amounts of assets and liabilities within the next year. Estimates and judgments are continually evaluated and are based on historical experience and other factor, including expectations of future events that are believed to be reasonable under the circumstance.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimation of current tax expense and payable – **Note 15**

Estimation of defined benefit obligation – **Note 30**

Recognition of deferred tax liabilities – **Note 15**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

**Recent accounting developments**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021.

MCA issued notifications dated 24th March 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures to be made by the Group in its financial statement. These amendments are applicable to the group for the financial year starting 1st April, 2021.

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**3 Property, plant & equipment**

	Land & Site development	Buildings	Buildings others	Co-generation system	Plant & machinery	Office furniture & equipment	Computer	Vehicles	Total	Capital Work in Progress
<b>Gross carrying value as of March 31, 2020</b>	<b>254.44</b>	<b>641.09</b>	<b>106.57</b>	<b>1,083.31</b>	<b>3,324.09</b>	<b>28.21</b>	<b>6.44</b>	<b>214.05</b>	<b>5,658.20</b>	<b>-</b>
Additions during the year	-	-	-	53.19	285.08	1.40	-	9.45	349.12	-
Deletions during the year	-	-	-	-	-	0.40	-	7.20	7.60	-
<b>Gross carrying value as of March 31, 2021</b>	<b>254.44</b>	<b>641.09</b>	<b>106.57</b>	<b>1,136.50</b>	<b>3,609.17</b>	<b>29.21</b>	<b>6.44</b>	<b>216.30</b>	<b>5,999.72</b>	<b>-</b>
<b>Accumulated Depreciation as of March 31, 2020</b>	<b>-</b>	<b>268.92</b>	<b>5.54</b>	<b>455.11</b>	<b>1,886.92</b>	<b>20.71</b>	<b>4.85</b>	<b>51.56</b>	<b>2,693.61</b>	<b>-</b>
Depreciation	-	16.45	1.95	20.93	70.68	2.16	0.61	23.61	136.39	-
Accumulated Depreciation on deletions	-	-	-	-	-	0.38	-	6.84	7.22	-
<b>Accumulated Depreciation as of March 31, 2021</b>	<b>-</b>	<b>285.37</b>	<b>7.49</b>	<b>476.04</b>	<b>1,957.60</b>	<b>22.49</b>	<b>5.46</b>	<b>68.33</b>	<b>2,822.78</b>	<b>-</b>
<b>Carrying value as of March 31, 2021</b>	<b>254.44</b>	<b>355.72</b>	<b>99.08</b>	<b>660.46</b>	<b>1,651.57</b>	<b>6.72</b>	<b>0.98</b>	<b>147.97</b>	<b>3,176.94</b>	<b>-</b>
<b>Carrying value as of March 31, 2020</b>	<b>254.44</b>	<b>372.17</b>	<b>101.03</b>	<b>628.20</b>	<b>1,437.17</b>	<b>7.50</b>	<b>1.59</b>	<b>162.49</b>	<b>2,964.59</b>	<b>-</b>

**Note:**

1 Capital work in progress includes a part of Finance Cost added in capital work in progress amounting to Rs.NIL for the year ended 31 March 2021 and Rs.4.05 Lakhs for year ended 31 March 2019

2 Term loans from SBI are secured by way of equitable mortgage of land & building and hypothecation of Plant & Machinery and personal guarantee by Directors of the Company.- Refer Note-13

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**4 Non Current Financial assets-loans**

	<u>As at 31</u> <u>March 2021</u>	<u>As at 31</u> <u>March 2020</u>
<b>Unsecured, considered good</b>		
Security deposit	15.38	16.59
<b>Total</b>	<u><u>15.38</u></u>	<u><u>16.59</u></u>

**5 Other non current assets****(Unsecured, considered good unless otherwise stated)**

Capital advance	-	48.70
Balances with government authorities	13.17	13.17
<b>Total</b>	<u><u>13.17</u></u>	<u><u>61.87</u></u>

**6 Inventories**

	<u>As at 31</u> <u>March 2021</u>	<u>As at 31</u> <u>March 2020</u>
Raw materials	575.72	290.29
Work-in-process	128.68	80.36
Finished goods	234.00	490.79
Stores and spare parts	244.19	241.95
Others*	153.43	244.67
	<u><u>1,336.02</u></u>	<u><u>1,348.06</u></u>

\*Others include chemicals, packing material &amp; fuel

**7 Trade receivables**

	<u>As at 31</u> <u>March 2021</u>	<u>As at 31</u> <u>March 2020</u>
<b>Current</b>		
Unsecured		
Considered good	2,333.54	2,031.95
Considered doubtful	109.81	240.72
Less: Provision for doubtful debts	-	-
<b>Total</b>	<u><u>2,443.35</u></u>	<u><u>2,272.67</u></u>

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
<b>8 Cash and cash equivalents</b>		
Cash on hand	5.86	0.64
Cheques on hand	1.39	-
Balance with bank	7.00	25.59
	<b>14.25</b>	<b>26.23</b>
	As at 31 March 2021	As at 31 March 2020
<b>9 Bank balances other than cash and cash equivalents</b>		
Fixed deposit	8.58	-
	<b>8.58</b>	<b>-</b>
	As at 31 March 2021	As at 31 March 2020
<b>10 Current tax assets (net)</b>		
Income tax refund receivable	17.52	54.69
	<b>17.52</b>	<b>54.69</b>
	As at 31 March 2021	As at 31 March 2020
<b>11 Other current assets</b>		
(Unsecured, considered good unless otherwise stated)		
Advances to suppliers	40.94	53.31
Balances with government authorities	0.24	29.46
Others	37.49	27.20
<b>Total</b>	<b>78.67</b>	<b>109.97</b>



## Sangal Papers Limited

(Amounts in INR Lakhs, unless otherwise stated)

### 12 Share capital

#### Authorised share capital

Equity shares of INR 10 each

As at 31 March 2020

Increase during the year

As at 31 March 2021

Number of shares (lakhs)	Amount
70.00	700.00
-	-
<b>70.00</b>	<b>700.00</b>

### 12A Issued share capital

Equity shares of INR 10 each issued, subscribed and fully paid up

As at 31 March 2020

Shares issued during the year

As at 31 March 2021

Number of shares (lakhs)	Amount
13.07	130.73
-	-
<b>13.07</b>	<b>130.73</b>

#### Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company will declare and pay dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

No shares have been issued by the Company for consideration other than cash, during the period of five years immediately preceding the reporting date.

### 12 B Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	Number (lakhs)	% Holding	Number	% Holding
Equity shares of INR 10 each				
Shri Himanshu Sangal	1.08	8.26%	1.08	8.26%
Shri Amit Sangal	1.21	9.26%	1.21	9.26%
Smt. Charu Sangal	0.94	7.19%	0.94	7.19%
Smt. Renu Sangal	1.13	8.65%	1.13	8.65%

As per records of the Company, including its register of shareholders/members the above shareholding represents both legal and beneficial ownerships of shares.

### 13 Other equity

#### 13.1 Revaluation Reserve

As at 31 March 2020

Addition/Reduction during the year

As at 31 March 2021

48.56	48.56
-	-
<b>48.56</b>	<b>48.56</b>

#### 13.2 Retained earnings

Statement of profit & loss

As at 31 March 2020

Profit for the year

As at 31 March 2021

3,138.04	2,960.87
98.10	177.17
<b>3,236.14</b>	<b>3,138.04</b>

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**14 Long term Borrowings**

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
<b>(Secured)</b>		
Term loans from banks	267.56	110.50
Vehicle loans from banks	-	10.44
Vehicle loans from NBFC	24.52	35.61
<b>(a)</b>	<u><b>292.08</b></u>	<u><b>156.55</b></u>
<b>(Unsecured)</b>		
From directors	107.42	99.54
From director's relative	52.20	106.07
From bodies corporate	277.20	262.94
<b>(b)</b>	<u><b>436.82</b></u>	<u><b>468.55</b></u>
<b>Total long-term borrowings</b>	<u><b>(a+b) 728.90</b></u>	<u><b>625.10</b></u>

**Notes:**

Details of terms of repayment and security provided in respect of the secured long-term borrowings:

**Term loan from Banks****Security:**

Term loans from SBI are secured by way of equitable mortgage of land &amp; building and hypothecation of plant &amp; machinery and personal guarantee by directors of the company. Following are the details of loans.

**Other information:****From State Bank of India (Original loan Amount 195 lacs)**

At the rate of 1.00% above MCLR rate, i.e. 9.05% p.a. (Previous year 1.05% above MCLR rate, i.e. 9.555% p.a.), repayable in 53 monthly installments of 3.60 lacs each and final installment of 4.20 lacs starting from June 2017.

**From State Bank of India (Original loan Amount 294 lacs)**

At the rate of 1.00% above MCLR rate, i.e. 8.85% p.a. (Previous year 1.00% above MCLR rate i.e. 9.55% p.a.), repayable in 60 monthly installments of 4.90 lacs each starting from February 2019.

**Vehicle Loan****From State Bank of India (Original loan Amount 35 lacs)**

At the Present effective rate is 9.00% p.a. (Previous year 9.00% p.a.), repayable in 36 monthly EMI of 0.64 lacs each starting from August 2018.

**From BMW India Financial Services Pvt. Ltd. (Original Loan Amount 35 lacs)**

At the Present effective rate is 9.55% p.a. (Previous year 9.55% p.a.), repayable in 35 monthly EMI of 0.53 lacs each and last installment for 25.29 lacs starting from September 2018.

**From Axis Bank (Original loan Amount 35 lacs)**

At the Present effective rate is 8.86% p.a. (Previous year 8.86% p.a.), repayable in 37 monthly EMI of 1.08 lacs each starting from January 2019.

**From Toyota Financial Services Pvt. Ltd. (Original loan Amount 25 lacs)**

At the Present effective rate is 9.00% p.a., repayable in 36 monthly EMI of 0.79 lacs each starting from November 2019.

**Security:**

Vehicle Loan is secured by hypothecation of respective vehicles and guaranteed by Directors of the Company.

**15 Provisions**

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
Provision for gratuity (Refer note 30)	57.88	83.11
<b>Total</b>	<u><b>57.88</b></u>	<u><b>83.11</b></u>

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**16 Deferred Tax Liabilities (net)**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>Deferred Tax Liabilities</b>		
Property, plant & equipment: Impact of differences between tax depreciation charged as per Financial Reporting	(a) 429.63	384.83
<b>Deferred Tax Assets</b>		
Impact of gratuity expenditure charged to the statement of profit & loss in current year but allowed for tax purposes on payment basis	(b) 18.35	(4.93)
<b>Mat Credit Entitlement</b>		
Mat credit entitlement	(c) 85.06	73.13
<b>Total</b>	(a-b-c) <b>326.22</b>	<b>316.63</b>

**Income Tax**

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

**Statement of profit and loss:****Profit or loss section**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>Current income tax:</b>		
Current income tax charge	13.12	33.14
Less: Mat credit entitlement	(11.93)	(31.78)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	10.00	8.76
<b>Income tax expense reported in the statement of profit or loss</b>	<b>11.19</b>	<b>10.12</b>

**OCI section**

Deferred tax related to items recognised in OCI during in the year:

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Net loss/(gain) on remeasurements of defined benefit plans	-11.52	1.09
<b>Income tax charged to OCI</b>	<b>-11.52</b>	<b>1.09</b>

## Sangal Papers Limited

(Amounts in INR Lakhs, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
Accounting profit before tax	76.49	190.39
<b>Non deductible income for tax purposes:</b>		
Less: Profit from power unit	106.23	284.45
<b>Taxable Profit</b>	(29.74)	(94.06)
At India's statutory income tax rate of 26% (previous year statutory income tax of 27.82%)	(7.65)	(22.43)
Deferred tax expenses reported in the statement of profit and loss*	10.00	8.76
<b>Non deductible expenses for tax purposes:</b>		
Depreciation expense (net)	(30.83)	(28.91)
Bonus	0.22	3.30
Loss on sale of property, plant & equipment	-	3.97
Profit on sale of property, plant & equipment	(1.61)	-
Gratuity	5.27	5.70
Other non deductible expenses	2.74	0.73
<b>At the effective income tax rate</b>	<b>(21.86)</b>	<b>(28.88)</b>
Income tax expense reported in the statement of profit and loss	13.12	33.14
Deferred tax expenses reported in the statement of profit and loss	10.00	8.76
Less: MAT credit entitlement	(11.93)	(31.78)
	<b>11.19</b>	<b>10.12</b>

### 17 Short term Borrowings

	As at 31 March 2021	As at 31 March 2020
Secured		
Working capital loan from bank*	982.95	1,252.33
<b>Total</b>	<b>982.95</b>	<b>1,252.33</b>

\*The above loan is secured by primarily through a hypothecation on present & future stock and receivables of the company and certain immovable property such as factory land & building at Village Bhainsa, Pargana Hastinapur, Tehsil Mawana Distt. Meerut as a collateral.

### 18 Trade payables

	As at 31 March 2021	As at 31 March 2020
<b>Trade payable</b>		
Total outstanding dues of micro enterprises and small enterprises	66.47	72.22
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,141.59	815.32
<b>Total</b>	<b>1,208.06</b>	<b>887.54</b>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 90-day terms.



**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**19 Other current financial liabilities**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Current maturities of long term debt	162.54	159.73
Salaries & wages payable	89.72	87.71
Interest accrued and due on borrowings	2.68	15.79
Cheque payable	0.94	10.71
Other payable	14.60	17.35
<b>Total</b>	<b>270.48</b>	<b>291.29</b>

**20 Other current liabilities**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Advance from customers	13.21	32.13
Statutory dues (including provident fund, esic,gst and tax deducted at source)	60.24	22.71
<b>Total</b>	<b>73.45</b>	<b>54.84</b>

**21 Provisions**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Provision for gratuity (Refer note 30)	30.99	26.50
<b>Total</b>	<b>30.99</b>	<b>26.50</b>

**22 Current tax liability (net)**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Income tax	9.52	-
<b>Total</b>	<b>9.52</b>	<b>-</b>

## Sangal Papers Limited

(Amounts in INR Lakhs, unless otherwise stated)

### 23 Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products	10,556.75	12,541.62
<b>Other operating revenue</b>		
Sale of scrap	32.65	27.12
Sale of other items	2.26	-
<b>Revenue from operations</b>	<b>10,591.66</b>	<b>12,568.74</b>

#### A. Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

##### (i) Based on Type of products sold

	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of manufactured products	10,556.75	12,536.87
Sale of traded products	-	4.75
Sale of scrap	32.65	27.12
Sale of others	2.26	-
<b>Revenue from operations</b>	<b>10,591.66</b>	<b>12,568.74</b>

##### (ii) Based on Geography

	For the year ended 31 March 2021	For the year ended 31 March 2020
Domestic	9,621.18	11,166.79
Export	970.48	1,401.96
<b>Revenue from operations</b>	<b>10,591.66</b>	<b>12,568.75</b>

#### B. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables *	2,443.35	2,272.67
<b>Contract liabilities</b>		
Advances from customers (Refer Note no 19)	13.21	32.13

\* Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

#### C. Reconciliation of revenue recognised with contract price:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per contracted price	10,591.66	12,667.06
<b>Adjustments</b>		
Sales return	-	33.87
Discount	-	64.44
<b>Revenue from operations</b>	<b>10,591.66</b>	<b>12,568.75</b>

#### D. The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at year end are, as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Advances from customers (Refer Note no 19)	13.21	32.13

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting period will be recognised as revenue during the next financial year.

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**24 Other income**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income	1.48	1.40
Duty draw back	9.68	17.95
Unclaimed balance written back	2.11	-
MEIS sale	23.83	25.99
Mill board rent	4.80	4.80
Profit on sale of property, plant & equipment	0.54	6.19
Foreign exchange fluctuation	3.99	25.67
Miscellaneous income	0.30	1.05
<b>Total</b>	<b>46.73</b>	<b>83.05</b>

**25 Cost of raw material and components consumed**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Cost of raw materials (Waste Paper)	5,428.64	6,770.44
Other components consumed		
Chemicals	942.18	1,118.45
Packing material	153.95	161.95
Stores & spares	342.62	384.96
Power & fuel	1,738.81	2,154.02
Repairs - plant & machinery	52.42	63.00
<b>Total</b>	<b>8,658.62</b>	<b>10,652.82</b>

**26 Purchase of stock-in-trade**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Purchase of stock-in-trade	6.55	13.60
<b>Total</b>	<b>6.55</b>	<b>13.60</b>

**27 (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods**

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Opening stock</b>		
Finished goods	556.12	556.82
Stock in process	15.03	17.12
<b>Total (a)</b>	<b>571.15</b>	<b>573.94</b>
<b>Closing stock</b>		
Finished goods	347.07	556.12
Stock in process	15.61	15.03
<b>Total (b)</b>	<b>362.68</b>	<b>571.15</b>
<b>Total (a) - (b)</b>	<b>208.47</b>	<b>2.79</b>

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**28 Employee benefit expenses**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	672.76	722.51
Contribution to provident and other funds	25.65	25.33
Gratuity expenses	24.69	23.17
Staff welfare expenses	4.96	4.51
<b>Total</b>	<b>728.06</b>	<b>775.52</b>

**29 Finance costs**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on:		
- term loans	34.58	30.55
- bank borrowings & others	123.15	167.25
<b>Total</b>	<b>157.73</b>	<b>197.80</b>
<b>Less: Amount included in capital work in progress</b>	<b>-</b>	<b>1.07</b>
	<b>157.73</b>	<b>196.73</b>

**30 Other expenses**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Printing & stationery	2.48	3.59
Communication expenses	8.01	12.01
Travelling & conveyance	7.09	18.63
Insurance charges	22.34	18.19
Legal & professional charges	16.99	21.11
Bank charges	6.38	17.31
Rent	6.12	6.12
Rates & taxes	23.34	14.18
Bad debts	127.26	-
Corporate social responsibility expenses (refer note below)	-	9.15
Advertisement & Publicity	3.75	4.29
Business promotion expenses	2.07	23.52
Rebate & discount	17.80	32.72
Freight outward & loading charges	294.13	328.68
Commission on sales	61.70	120.43
Repair to building	33.94	20.13
Payment to auditors	1.50	1.50
Vehicle running & maintenance	16.53	26.40
Miscellaneous expenses	14.65	12.66
<b>Total</b>	<b>666.08</b>	<b>690.62</b>

## Sangal Papers Limited

(Amounts in INR Lakhs, unless otherwise stated)

### Detail of Payment to Auditors

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>As auditor:</b>		
Audit fee	1.15	1.15
Tax audit fee	0.35	0.35
<b>Total</b>	<b>1.50</b>	<b>1.50</b>

### Corporate Social Responsibilities

The Gross amount required to be spent by the Company under its Corporate Social Responsibility Obligation of Rs.8.58 lakhs (2% of the average net profits made during the three immediately preceding financial years) for the F.Y 2020-21. Out of the total amount, the company has spent no amount towards social development activities in accordance with the Schedule VII, of the Companies Act, 2013 so the company deposited the amount Rs. 8.58 into bank account.

The company has spent Rs. NIL (2019-20 Rs. 9.15) towards various schemes of Corporate Social Responsibility under section 135 of the Companies Act, 2013. The details are :

	2020-21	2019-20
(i) Gross amount required to be spent by the company during the year : Rs. 8.58 lakhs	8.58	9.05
(ii) Amount spent during the year on:		
Modi Charitable Trust	-	1.00
Pinjra Pashushala, Hastinapur	-	2.00
Help Care Society	-	0.15
Vijay Sri Foundation, Lucknow	-	1.00
PM Care Fund	-	5.00
<b>Total</b>	<b>-</b>	<b>9.15</b>

### 31 Earnings per share (EPS)

The following reflects the profit and loss share data used for the basic and diluted EPS computations:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit/(loss) for calculation of basic EPS	65.30	180.27
Weighted average number of equity shares for calculating basic EPS	13.07	13.07
Basic earnings/(loss) per share	5.00	13.79
Net profit/(loss) for calculation of diluted EPS	65.30	180.27
Weighted average number of equity shares for calculating diluted EPS	13.07	13.07
Diluted earnings/(loss) per share	5.00	13.79
	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of equity shares in calculating basic EPS	13.07	13.07
<b>Effect of dilution</b>	-	-
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>13.07</b>	<b>13.07</b>



**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**32 Employee benefit obligations****a) Defined contribution plan**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company has recognised the following amounts in the Statement of Profit and Loss for the year: (Refer Note- 26)

Particulars	2020-21	2019-20
Contribution to provident and other fund	25.65	25.33
<b>Total</b>	<b>25.65</b>	<b>25.33</b>

**b) Defined benefit plan**

Gratuity is payable to eligible employees as per the Company's policy and The Payment of Gratuity Act, 1972. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit (PUC) method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

Provision for leave benefits is made by the Company on the basis of actuarial valuation using the Projected Unit Credit (PUC) method.

Liability with respect to the gratuity is determined based on an actuarial valuation done by an independent actuary at the year end and is charged to Statement of Profit and Loss. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Other Comprehensive income as income or expense.

Other disclosures required under Indian Accounting Standards 19 "Employee benefits" are given below:

**Statement of profit and Loss**

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Net employees benefit expense recognised in employee cost</b>		
Current service cost	18.33	16.69
Interest cost on benefit obligation	6.36	6.47
<b>Net benefit expense recognised in profit &amp; loss</b>	<b>24.69</b>	<b>23.16</b>

**Balance sheet**

	As at 31 March 2021	As at 31 March 2020
<b>Benefit asset/(liability)</b>		
Present value of unfunded obligation	(88.87)	(109.61)
Fair value of plan assets	-	-
<b>Net liability</b>	<b>(88.87)</b>	<b>(109.61)</b>

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening defined benefit obligation	109.62	85.17
Current service cost	18.34	16.69
Interest cost	6.36	6.47
Benefit paid	(1.11)	(2.91)
Actuarial (gains)/ losses on obligation	(44.32)	4.19
<b>Closing defined benefit obligation</b>	<b>88.87</b>	<b>109.62</b>

**Closing defined benefit obligation**

Since the entire amount of plan obligation is unfunded therefore changes in fair value of plan assets, categories of plan assets as a percentage of the fair value of total plan assets and Company's expected contribution to the plan assets for the next year as not given.

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**The principal assumptions used in determining gratuity obligation**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Discount rate	6.90%	6.60%
Salary escalation	2.50%	7.00%
Rate of employee turnover	0.00%	2.00%
Retirement age	58 Years	
Mortality table	100% of IALM (2012-14)	
Average withdrawal rate	Withdrawal Rate	Withdrawal Rate
a) Upto 30 Years	2.00%	2.00%
b) From 31 to 44 Years	2.00%	2.00%
c) Above 44 Years	2.00%	2.00%

The estimates of future salary considered in actuarial valuation take account of inflation, total amount of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company regularly assesses these assumptions with the projected long-term plans and prevalent industry standards. The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefit obligation is given in the table below.

<u>Particulars</u>	<u>Change in assumptions</u>	For the year ended 31 March 2021	For the year ended 31 March 2020
Defined benefit obligation based on current assumptions		88.87	109.61
Discount rate	+0.50%	0.83	4.75
	-0.50%	(4.84)	(5.18)
Salary escalation	+0.50%	(4.66)	(4.65)
	-0.50%	0.69	4.67
Employee Turnover	+0%	-	-
	-0%	-	-

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of resonable changes in key assumptions occurring at the end of the reporting period

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Projected plan cash flows:**

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date

<u>Maturity Profile</u>	For the year ended 31 March 2021	For the year ended 31 March 2020
Within next 12 months	30.99	26.50
Between 2 and 5 years	23.12	22.38
Between 5 and 10 years	28.92	39.74
Beyond 10 years	-	-

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**Risk analysis**

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefit plans and management estimation of the impact of these risks are as follows

**Inflation risk**

Currently the Company has not funded the defined benefit plans. Therefore, the Company, will have to bear the entire increases in liability on account of inflation

**Longevity risk/life expectancy**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

**Salary growth risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participant will increase the plan liability

**33 Financial instruments-fair values and accounting classification**

Set out below, are the fair values of the financial instruments of the Company, including their accounting classification;

Financial Assets	As at 31 March 2021		As at 31 March 2020	
	Amortised Cost	FVTPL	Amortised Cost	FVTPL
Trade receivables	2,443.35	-	2,272.67	-
Security deposits	15.38	-	16.59	-
Bank balance other than cash and cash equivalents	8.58	-	-	-
Cash and cash equivalents	14.25	-	26.23	-
<b>Total</b>	<b>2,481.56</b>	<b>-</b>	<b>2,315.49</b>	<b>-</b>
<b>Financial Liabilities</b>				
Term loans (Secured)	267.56	-	110.50	-
Vehicle loans from bank (Secured)	-	-	10.44	-
Vehicle loans from NBFC (Secured)	24.52	-	35.61	-
Loans from directors (Unsecured)	107.42	-	99.54	-
Loans from directors relative (Unsecured)	52.20	-	106.07	-
Loans from bodies corporate (Unsecured)	277.20	-	262.94	-
Short-term borrowings	982.95	-	1,252.33	-
Trade payables	1,208.06	-	887.54	-
Current maturities of long term debt	162.54	-	159.73	-
Salaries & wages payable	89.72	-	87.71	-
Interest accrued and due on borrowings	2.68	-	15.79	-
Cheque payable	0.94	-	10.71	-
Other payable	14.60	-	17.35	-
<b>Total</b>	<b>3,190.39</b>	<b>-</b>	<b>3,056.26</b>	<b>-</b>

**Financial Instruments-Fair value hierarchy**

The company categorizes financial assets and financial liabilities measured at fair value into one of three level depending on the ability to observe inputs employed in their measurement which are described as follows:

- i) Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- ii) Level 2 Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the financial asset or financial liabilities.
- iii) Level 3 Inputs are unobservable input for the assets or liability reflecting the significant modifications to observable related market data or Company's assumptions about pricing by market participants.

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

The following table provides the fair value measurement hierarchy to the financial assets and financial liabilities of the Company :-

**Quantitative disclosure fair value measurement hierarchy for assets/liabilities as at period end**

Particulars	Level of the Fair Value	As at 31 March 2021		As at 31 March 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets not measured at fair value</b>					
<b>Measured at amortised cost</b>					
<b>Financial assets (current)</b>					
Trade Receivable	Level 3	2,443.35	2,443.35	2,272.67	2,272.67
Security deposits	Level 3	15.38	15.38	16.59	16.59
Bank balance other than cash and cash equivalents	Level 3	8.58	8.58	-	-
Cash and cash equivalents	Level 3	14.25	14.25	26.23	26.23
<b>Financial liabilities not measured at fair value</b>					
<b>Measured at amortised cost</b>					
Term loans (Secured)	Level 3	267.56	267.56	110.50	110.50
Vehicle loans from bank (Secured)	Level 3	-	-	10.44	10.44
Vehicle loans from NBFC (Secured)	Level 3	24.52	24.52	35.61	35.61
Loans from directors (Unsecured)	Level 3	107.42	107.42	99.54	99.54
Loans from directors relative (Unsecured)	Level 3	52.20	52.20	106.07	106.07
Loans from bodies corporate (Unsecured)	Level 3	277.20	277.20	262.94	262.94
<b>Total</b>		<b>728.90</b>	<b>728.90</b>	<b>625.10</b>	<b>625.10</b>
<b>Short term borrowings</b>	Level 3	<b>982.95</b>	<b>982.95</b>	<b>1,252.33</b>	<b>1,252.33</b>
<b>Trade payables</b>	Level 3	<b>1,208.06</b>	<b>1,208.06</b>	<b>887.54</b>	<b>887.54</b>
<b>Financial liabilities (Current) Others</b>					
Current maturities of long term debt	Level 3	162.54	162.54	159.73	159.73
Salaries & wages payable	Level 3	89.72	89.72	87.71	87.71
Interest accrued and due on borrowings	Level 3	2.68	2.68	15.79	15.79
Cheque payable	Level 3	0.94	0.94	10.71	10.71
Other payable	Level 3	14.60	14.60	17.35	17.35
<b>Total</b>		<b>270.48</b>	<b>270.48</b>	<b>291.29</b>	<b>291.29</b>

**Notes:**

i) Fair valuation of current financial liabilities is considered as approximate to respective carrying amount due to the short term maturities of their instrument

ii) Trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities have fair value that approximate to their carrying amounts due to their short-term nature.

iii) There are no transfer between Level 1, Level 2, and Level 3 during the year ended 31 March 2021 and 31 March 2020.

**34 Financial Risk Management objectives and policies****Financial risk factors**

The company's activities expose it to a variety of financial risks; market risk (including currency risks, interest rate risks and price risk), credit risk and liquidity risk. This note presents information about the company's exposure to each of the said risks, the company's objectives, policies and processes for measuring risks and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of director 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 analyse the risks faced by the company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and in the company's activities.

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

The company's exposure to the various types of risks associated to its activity and financial instruments is detailed below:

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of a customer on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instrument that are subject to concentration of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instrument of the Company result in material concentration of credit risk.

**Provision for expected credit losses**

Recognition of provision of expected credit losses provision is done on the basis of:

Trade receivables: Lifetime expected credit losses  
Other assets: 12 months expected credit

**For the year ended 31 March 2021**

Particulars	Estimated gross carrying	Expected credit loss	expected credit losses	Carrying amount net of impairment provision
Trade Receivables	2,443.35	-	-	2,443.35
Cash and cash equivalents	14.25	-	-	14.25

**For the year ended 31 March 2020**

Particulars	Estimated gross carrying	Expected credit loss	expected credit losses	Carrying amount net of impairment provision
Trade receivables	2,272.67	-	-	2,272.67
Cash and cash equivalents	26.23	-	-	26.23

**Liquidity risk**

Liquidity risk is the risk that the company will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of the company to manage liquidity is to ensure, as far as possible, that these will have sufficient liquidity to meet their respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to their reputation.

The table below summarises the maturity profile of financial liabilities of company based on contractual undiscounted payments:

For the year ended 31 March 2021	On demand	Within 1 year	1 to 5 years	> 5 years	Total
<b>Borrowings</b>					
Term loans (Secured)	-	-	267.56	-	267.56
Vehicle loans (Secured)	-	-	24.52	-	24.52
Loans from director (Unsecured)	-	-	-	107.42	107.42
Loans from directors relative (Unsecured)	-	-	-	52.20	52.20
Loans from bodies corporate (Unsecured)	-	-	-	277.20	277.20
<b>Short term borrowings</b>					
Working capital loan from bank	-	982.95	-	-	982.95
<b>Other financial liabilities</b>					
Current maturities of long term borrowings <sup>1</sup>	-	162.54	-	-	162.54
Interest accrued and due on borrowings	-	2.68	-	-	2.68
<b>Trade payables</b>					
Trade payables	-	1,208.06	-	-	1,208.06



**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

For the year ended 31 March 2020	On demand	Within 1 year	1 to 5 years	> 5 years	Total
<b>Borrowings</b>					
Term loans (Secured)	-	-	110.50	-	110.50
Vehicle loans (Secured)	-	-	46.05	-	46.05
Loans from director (Unsecured)	-	-	-	99.54	99.54
Loans from directors relative (Unsecured)	-	-	-	106.07	106.07
Loans from body corporate (Unsecured)	-	-	-	262.94	262.94
<b>Short term borrowings</b>					
Working capital loan from bank	-	1,252.33	-	-	1,252.33
<b>Other financial liabilities</b>					
Current maturities of long term borrowings <sup>1</sup>	-	159.73	-	-	159.73
Interest accrued and due on borrowings	-	15.79	-	-	15.79
<b>Trade payables</b>					
Trade payables	-	887.54	-	-	887.54

**35 Market Risk**

Market risk is the risk that the Company's assets and liabilities will be exposed to due to a change in market prices such as foreign exchange rates and interest rates that determine the valuation of these financial instruments. Financial instruments affected by market risk include receivables, payables, and loans and borrowings.

**(a) Foreign currency risk exposure:**

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

Particulars	As at 31 March 2021	As at 31 March 2020
	USD	USD
<b>Financial assets</b>		
Trade receivables	3.04	1.64
Advance to suppliers	0.07	0.07
<b>Net exposure to foreign currency risk (assets)</b>	<b>3.11</b>	<b>1.71</b>
<b>Financial liabilities</b>		
Advance from customers	0.10	0.34
<b>Net exposure to foreign currency risk (liability)</b>	<b>0.10</b>	<b>0.34</b>

**(C) Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

	Impact on Profit after Tax	
	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>USD Sensitivity</b>		
INR/USD -Increase by .5% (31 March 2020-.5%)	(0.00)	(0.01)
INR/USD -Decrease by .5% (31 March 2019-.5%)	0.00	0.01

**(b) Interest rate risk exposure:**

The exposure of the group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Variable Rate Borrowings</b>		
Term loans from Banks	267.56	110.50
Vehicle loans from Banks	-	10.44
Vehicle loans from NBFC	24.52	35.61
<b>Total</b>	<b>292.08</b>	<b>156.55</b>

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**(b) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

Particular	Impact on profit after tax	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest rates – increase by 50 basis points*	1.81	1.69
Interest rates – decrease by 50 basis points*	(1.81)	(1.69)
<b>Total</b>		

\* Holding all other variable constant

**36 Contingent Liabilities and Commitments (to the extent not provided for)**

Contingent Liabilities	As at 31 March 2021	As at 31 March 2020
Trade tax	9.44	9.44
<b>Commitment</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	200.50

**37 Details of dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006**

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2021 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

a the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	66.47	72.22
b the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**38 Related Party Disclosure****Related Parties names and relationship**

Name of Party	Principal Place of Operation	Principal Activities	Relation
Shri Himanshu Sangal	India	Remuneration/ Investing	Key Management Personnel
Shri Amit Sangal	India	Remuneration/ Investing	Key Management Personnel
Shri Arpit Jain	India	Remuneration	Key Management Personnel
Shri Tanmay Sangal (S/o Shri Himanshu Sangal)	India	Remuneration/ Investing	Relative of Key Management Personnel
Shri Vinayak Sangal (S/o Shri Amit Sangal)	India	Remuneration/ Investing	Relative of Key Management Personnel
Smt. Ishita Niyogi (W/o Shri Tanmay Sangal)	India	Remuneration	Relative of Key Management Personnel
Smt. Renu Sangal (W/o Shri Himanshu Sangal)	India	Investing	Relative of Key Management Personnel
Smt. Charu Sangal (W/o Shri Amit Sangal)	India	Investing	Relative of Key Management Personnel
Smt. Anika Sangal	India	Investing	Relative of Key Management Personnel
Prema Chits (P) Limited	India	Investing	Company controlled by director/relative
Shree Ganesh Credits (P) Limited	India	Investing	Company controlled by director/relative

**Related parties transaction and balance**

Name of the Related Parties and Relationship	Key Management personnel		Companies controlled by directors / relatives	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>Unsecured borrowings</b>				
Unsecured Loans repayment	-	7.00	130.82	-
Unsecured Loans taken	-	-	0.00	-
Interest on Unsecured Loan	7.87	7.68	49.97	31.41
Outstanding Payable as on 31.03.2021	98.51	91.28	497.94	377.26
<b>Remuneration to:-</b>				
Shri Himanshu Sangal, Managing Director	84.00	84.00	-	-
Shri Amit Sangal, Whole Time Director & CFO	84.00	84.00	-	-
Shri Tanmay Sangal, Director/ President Marketing (S/o Shri Himanshu Sangal)	-	-	30.00	30.00
Shri Vinayak Sangal, Director/ President Operation (S/o Shri Amit Sangal)	-	-	30.00	30.00
Smt. Ishita Niyogi, President Export (W/o Shri Tanmay Sangal)	-	-	9.60	9.60
Smt. Annika Saviola Gracias, President Operation (W/o Shri Vinayak Sangal)	-	-	9.60	-
Shri Arpit Jain, Company Secretary & Compliance Officer	4.63	2.52	-	-
<b>Rent to:-</b>				
Smt. Renu Sangal (W/o Shri Himanshu Sangal)	-	-	4.44	4.44

**39 Segment Reporting**

In line with IND AS 108 - Operating Segments and on the basis of review of operations being done by the senior management, the operations of the company fall under manufacturing of paper products, which is considered to be the only reportable segment by the management.

**Details of Revenue from Single Customer more than 10%**

There is no revenue from single customer which exceeds the 10% of the total revenue of the company for the FY 2019-20

	As at March 31, 2021	As at March 31, 2020
<b>Non current assets</b>		
(Other than financial instruments; post employment benefits; deferred tax Assets; and right arising under insurance contracts)		
Within India	13.17	61.87
Outside India	-	-

**Sangal Papers Limited**

(Amounts in INR Lakhs, unless otherwise stated)

**40 Capital management****(a) Risk management**

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the followings gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet, including non-controlling interests)

The company's gearing ratio were as follows:

Particular	As at 31 March 2021	As at 31 March 2020
Net debt	1,860.14	2010.93
Total equity	3,415.43	3317.33
<b>Net debt to equity ratio</b>	<b>54%</b>	<b>61%</b>

In order to achieve this overall objective, the company's capital management amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowing that define capital structure requirement. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

Previous year figures have been re-arranged and re-grouped wherever necessary.

Summary of significant accounting policies

1-2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Raj Sandhya & Co.

ICAI Firm Registration No.: 002011C

Chartered Accountants

For and on behalf of the Sangal Papers Limited

Raj Kumar Sharma

Partner

Membership No.: 077650

Managing Director

(Himanshu Sangal)

DIN- 00091324

Director

(Tanmay Sangal)

DIN- 01297057

Place: Muzaffarnagar

Date: 30.06.2021

UDIN:

Executive Director & Chief Financial Officer

(Amit Sangal)

DIN: 00091486

Company Secretary

(Arpit Jain)

PAN : ASQPJ9366A