



Kuantum Papers Ltd
The Paper Makers

20th Annual Report 2016-2017



BOARD OF DIRECTORS

Jagesh K Khaitan Chairman
Justice S S Sodhi (Retd)*
D C Mehandru
Umesh K Khaitan
Yashovardhan Saboo
D S Sandhwalia
Neena Singh
Ashutosh Khaitan
Pavan Khaitan Managing Director
*Ceased w.e.f. 07.04.2017

SENIOR EXECUTIVES

Roshan Garg President-Finance
D K Chawda Advisor-Engineering
R P Puri Advisor-Technical
Col Amarjit Singh Saran Sr. Vice President-Raw Material
A K Bhatia Sr. Vice President-Commercial
Manoj Kumar Aggarwal Sr. Vice President-Process
Dr. Narender Sharma Vice President-Environment
Suresh Kumar Sain Vice President-Finance
Sanjay Khosla Vice President-Marketing
Sanjay Thakur Vice President-Corporate

COMPANY SECRETARY

Vivek Trehan

STATUTORY AUDITORS

M/s B S R & Co. LLP
Chartered Accountants
Chandigarh

COST AUDITORS

M/s R J Goel & Co
Cost Accountants
Delhi

SECRETARIAL AUDITORS

S K Sikka & Associates
Company Secretaries
Chandigarh

INTERNAL AUDITORS

A Gandhi & Associates
Chartered Accountants
Panchkula

BANKERS

Punjab National Bank
State Bank of India
Axis Bank Ltd.
HDFC Bank Ltd.

REGISTERED OFFICE & WORKS

Paper Mill
Saila Khurd 144 529
Distt Hoshiarpur Punjab (India)

CORPORATE OFFICE

SCO 18-19 First Floor
Sector 8-C Chandigarh 160 009

CIN & CONTACT DETAILS

CIN- L21012PB1997PLC035243
Ph. : 01884-230241 Fax : 01884-230244
Email : kuantumcorp@kuantumpapers.com
Website : www.kuantumpapers.com

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In Everlasting Memory of

Dr B L Bihani

10.4.1934 - 30.5.2017



A highly respected and greatly revered figure in the paper industry. A Mentor to us. Your continuous guidance and vast knowledge coupled with expertise and experience have left an indelible impact on our operations and work culture. We endeavor to follow the path laid out by you and achieve the heights that you envisioned for us. We remain forever grateful to you.



Kuantum Papers Ltd

The Paper Makers

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the members of Kuantum Papers Limited will be held at Paper Mill, Saila Khurd-144529, Distt. Hoshiarpur (Punjab) on Friday, the 15th September 2017 at 11.30 am to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on the Preference and Equity Shares.
3. To appoint a Director in place of Shri Ashutosh Khaitan (DIN: 00095115), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the following resolution as **ORDINARY RESOLUTION:**

"RESOLVED that pursuant to the provisions of section 139 and all other applicable provisions of the Companies Act, 2013 (the "Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting on such remuneration as may be determined by the Board of Directors."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as **ORDINARY RESOLUTION:**

"RESOLVED that pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of members of the Company be and is hereby accorded for the related party transactions with Esteem Finventures Limited for supply of caustic soda, caustic flake, chlorine, hydro chloric acid, sodium hypo and Technology usage fee for right to use the technology knowhow for manufacturing specialty paper for an amount not exceeding Rs. 50 crores (Rupees Fifty Crore only) in a financial year.

RESOLVED FURTHER that the Board of Directors of the Company and/or a Committee thereof, be and is hereby, authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as **SPECIAL RESOLUTION:**

"RESOLVED that in accordance with the provisions of section 73 and section 76 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the rules prescribed thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) approval of the shareholders, be and is hereby, accorded to the Board of Directors of the Company to borrow money from public and/or shareholders by way of Fixed Deposits subject to compliance of all the conditions stated under section 73(2) and section 76 of the Act or any other applicable provisions of the Act, if any and subject to maximum limits provided under the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

RESOLVED FURTHER that the Deposits accepted by the Company may be cumulative or non-cumulative, Secured or unsecured, as per the scheme framed/approved by the Company and carrying rates of interest for periods varying from one year to three years, which shall not exceed the maximum rate of interest prescribed by the Reserve Bank of India and as specified in the Circular in the form of advertisement inviting deposits to be approved by the Board of Directors of the Company.

RESOLVED FURTHER that the Board of Directors, be and are hereby, authorised to do all such acts, deeds and things as may be necessary to give effect to the above said resolution and to settle any question, difficulty or doubt that may arise in this regard."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as **ORDINARY RESOLUTION**:
“**RESOLVED** that pursuant to Section 148(3) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and other applicable provisions if any, consent of the shareholders be and is hereby accorded for the payment of remuneration of Rs. 1,50,000/- (Rupees One lac fifty thousand only) to M/s R.J. Goel & Co., Cost Accountants, Delhi (Firm Registration No. 000026), who were appointed as Cost Auditors by the Board of Directors in their meeting held on 24th May, 2017 for carrying out Cost Audit of the Company for the financial year 2017-18, be and is hereby approved and ratified.”
8. To consider and if thought fit, to pass with or without modifications, the following resolution as **ORDINARY RESOLUTION**:
“**RESOLVED** that pursuant to Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Shireen Sethi (DIN 01576676), who was appointed as an Additional Director of the Company w.e.f. 12th August, 2017 pursuant to the provisions of Section 161(1) of the Act and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under section 160 of the Act from a member proposing her candidature for the office of Director of the Company, and who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, for a period of five years, with effect from 12th August, 2017 to 11th August, 2022 and the term shall not be subject to retirement by rotation”.
9. To consider and if thought fit, to pass with or without modifications, the following resolution as **ORDINARY RESOLUTION**:
“**RESOLVED** that pursuant to Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force) and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Vivek Bihani (DIN 00014296), who was appointed as an Additional Director of the Company w.e.f. 12th August, 2017 pursuant to the provisions of Section 161(1) of the Act and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under section 160 of the Act from a member proposing his candidature for the office of Director of the Company, and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, for a period of five years, with effect from 12th August, 2017 to 11th August, 2022 and the term shall not be subject to retirement by rotation”.

By Order of the Board
For Kquantum Papers Ltd

Vivek Trehan
Company Secretary

Regd. Office:
Paper Mill, Saila Khurd
Distt. Hoshiarpur, Punjab
Dated: 12 August 2017

NOTES:

1. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself. The proxy need not be a member of the company. A blank form of proxy is enclosed and if intended to be used, it should be deposited duly completed at the Registered Office of the company not less than forty eight hours before the scheduled time of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total

share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 9 September 2017 to 15 September 2017 (both days inclusive).
4. Shareholders of the Company are informed that pursuant to the provisions of the Companies Act, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. Accordingly the amount of dividend which remained unpaid/unclaimed for a period of 7 years, for the year 2008-09, has already been transferred to the 'Investor Education & Protection Fund' constituted by the Central Government. Shareholders who have not encashed their dividend warrant(s) for the years 2009-10, 2010-11, 2014-15 and 2015-16 are requested to make claim with the Company immediately as no claim shall lie against the Fund or the Company in respect of individual amount once credited to the said Fund. Unpaid/unclaimed amount for the year 2009-10 will be transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. in October 2017. Unpaid dividend, outstanding, for the year 2009-10, as on date, is Rs. 2,37,466/-.

Shareholders of the Company are also informed that pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 subsequently amended as Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 notified by the Ministry of Corporate Affairs effective from February 28, 2017, Company is in the process of transferring the shares, in respect of which dividend has not been claimed by the shareholders for seven consecutive years or more, to DEMAT Account of Investor Education and Protection Fund (IEPF) Authority. The Company has also uploaded details of such shareholders on its website www.kquantumpapers.com. Also a notice in this regard was published in English and a Punjabi, Newspapers as per the requirement of law.

5. Members holding shares in physical form are requested to intimate immediately to the Registrars & 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.

The equity share capital of the company is held by 14944 shareholders, out of which 4379 shareholders holding 97.25% of the capital are in dematerialised form and the balance 10565 shareholders holding 2.75% of the capital are in physical form. The shareholders having shares in physical form are requested to dematerialize the shares.

6. 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.
7. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to President (Finance), atleast one week before the meeting.
8. Members are requested to bring their copies of Annual Report at the meeting, as extra copies will not be supplied.
9. 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/Registrars and Share Transfer Agent, members are requested to quote their folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
10. 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 the meeting.
11. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
12. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
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. **Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**
16. The route map of the venue of the meeting is attached with this Annual report.
17. 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.
18. **Voting through electronic means:** 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.

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

Item No. 5

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 as also Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 lay down procedures for seeking approvals with regard to related party transactions. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 further stipulates that all material related party transactions shall require shareholders' approval.

The consent of the members is being sought for the related party transactions with Esteem Finventures Limited for supply of caustic soda, caustic flake, chlorine, hydro chloric acid, sodium hypo and Technology usage fee for right to use the technology knowhow for manufacturing specialty paper in a financial year.

All related parties shall abstain from voting on the resolution.

Accordingly the Board recommends the resolution for the approval of the Members as set out at Item no. 5.

Item No. 6

Section 73(2) and Section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014, makes it mandatory for the Company to obtain approval of the shareholders before accepting any deposits from the shareholders and /or public by way of Fixed Deposits.

As the conditions and maximum limits for accepting deposits from the Shareholders and /or public has been laid down in the Companies (Acceptance of Deposits) Rules, 2014, approval of the shareholders by way of special resolution, is being obtained for accepting deposits from the shareholders and /or public after complying with all the conditions stated in Section 73(2)/ Section 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014, being the Company as the eligible company.

Pursuant to Section 76 read with Companies (Acceptance of Deposits) Rules, 2014, it is therefore necessary for the shareholders to pass a special resolution as set out at Item No. 6.

None of the Directors of the Company and/or Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

The Board recommends special resolution for the approval of the Members as set out at Item no. 6.

Item No. 7

Pursuant to section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company are required to approve and ratify the payment of remuneration of Rs. 1,50,000/- (Rupees One lac fifty thousand only) to the Cost Auditors as approved by the Board of Directors in their meeting held on 24 May 2017 for the Financial Year 2017-18.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

The Board recommends the resolution for the approval of the Members as set out at Item no. 7.

Item No. 8 & 9

The Board of Directors vide its resolutions dated 12th August, 2017 appointed Ms. Shireen Sethi and Mr. Vivek Bihani, as Additional Directors of the Company in the capacity of Independent Directors pursuant to Section 161 of the Companies Act, 2013. In terms of section 160 of the Companies Act, 2013, the Company has received notices in writing from members

alongwith a deposit of Rs. 1,00,000 (Rupees One lac) each, proposing the candidature of Ms. Shireen Sethi and Mr. Vivek Bihani for appointment as Independent Directors as per the provisions of sections 149 and 152 of the Companies Act, 2013. Ms. Shireen Sethi and Mr. Vivek Bihani have given declarations to the Board of Directors of the Company that they meet the criteria of Independence as required under Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, each of these Directors fulfills the conditions specified in the Companies Act, 2013, rules made thereunder and as per Regulation 17 of SEBI (LODR), 2015. The matter regarding appointment of Ms. Shireen Sethi and Mr. Vivek Bihani, was placed before the Nomination and Remuneration Committee as also to the Board, which recommends their appointment as independent director for a period of five years, with effect 12th August, 2017 to 11th August, 2022 These Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013.

Copy of the draft letter for appointment alongwith the terms and conditions of Ms. Shireen Sethi and Mr. Vivek Bihani, shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day except Saturdays.

A brief profile of Ms. Shireen Sethi and Mr. Vivek Bihani, whose appointment is proposed at item no. 8 & 9 of the accompanying notice has been given in the annexure attached. This statement may also be regarded as disclosures under Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Save and except the above, none of the other Directors or their relatives and Key managerial personnel or their relatives are, in any way, concerned or interested in the resolutions set out at item no. 8 & 9 of the accompanying Notice.

The Board recommends passing of the Resolution set out in Item No. 8 & 9 of the accompanying Notice.

By Order of the Board
For Kquantum Papers Ltd

Vivek Trehan
Company Secretary

Regd. Office:
Paper Mill, Salla Khurd
Distt. Hoshiarpur, Punjab
Dated: 12 August 2017

Annexure
Details of Director seeking appointment/re-appointment at the 20th Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

Name of the Director	Shireen Sethi (DIN: 01576676)	Vivek Bihani (DIN: 00014296)	Ashutosh Khaitan (DIN: 00095115)
Brief Resume of the Director and nature of Expertise in specific functional area	<p>Shireen Sethi is a veteran media and technology entrepreneur and is currently the COO of Network1 Media Pvt Ltd, a diversified media company. She has over two decades of experience in the field of journalism, and has founded multiple successful businesses in the media, technology & education sectors. She has held senior management positions at leading media organisations of the country, and is a regular contributor on multiple FICCI panels and Boards.</p> <p>She brings significant experience in financial reporting, information technology, operational workflow, capital management & investor relations.</p>	<p>Vivek Bihani is an Engineer from BITS, Pilani, and an MBA from IIM Bangalore. He has total work experience of around 27 years, and is a renowned venture capitalist. As an entrepreneur, has helped drive the growth at Magic Software Private Limited (Magic), a leading Indian eLearning company, enabling it to achieve many times revenue growth.</p> <p>He co-founded Bedrock Venture Management Private Ltd, a company that manages a venture capital fund, invests in start-up and early stage companies. Received nation-wide recognition as an early stage investor. He is a member on the Board of various companies</p>	<p>Ashutosh Khaitan is a Practicing Advocate and the managing partner in Khaitan and Khaitan. He has extensive law experience in mergers & acquisitions, arbitration, joint-ventures & collaborations, documentations for overseas funding and general corporate law.</p>
Relationship with Directors and Key Managerial Personnel	None	None	Son of Umesh Kumar Khaitan.
Board Membership of other companies	1. N1 Media Consultancy Private Ltd.	1. ARA Health Care Private Limited 2. Liqid Elearning Services Private Limited 3. Bedrock Venture Management Private Limited 4. Ecco Electronics Private Limited 5. Bliss Inns Private Limited 6. Creative Living Solutions Private Limited 7. Storemore Storage Solutions Private Limited 8. Novelroots Internet Private Limited 9. Techathene Solutions Private Limited 10. Healthscion Technologies Private Limited	1. Ghaziabad Investment Ltd. 2. Combine Accurate Financial Services India Ltd. 3. Combine Overseas Ltd.
Membership of Committee of the Board	-	-	-
Number of shares held in the Company	Nil	Nil	21001

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 20th Annual Report on the business and operations, together with audited statements of Accounts of the Company, for the financial year ended 31 March 2017.

FINANCIAL HIGHLIGHTS

The summarized financial results of the Company for the financial year 2016-17 are given hereunder.

		(Rs. in lacs)
	2016-17	2015-16
Sales & other income	64,646.72	55,463.55
Operating Profit	11,915.36	6,558.45
Interest	1,889.91	1,914.88
Gross Profit	10,025.45	4,643.57
Depreciation	1,538.36	1,356.22
Profit before tax	8,487.09	3,287.35
Provision for		
- Current Tax	1,811.32	703.38
- Deferred Tax charge	883.54	629.24
- MAT credit entitlement	(299.12)	(496.95)
Net Profit after tax	6,091.35	2,451.68
Balance b/f from previous year	11,166.68	9,181.09
Profit available for appropriations	17,258.03	11,632.77
Appropriations:-		
- Proposed Dividend on		
(a) *Equity shares @ Rs. 2.00 Per share (Re. 1.00 Per share)	-	87.26
(b) *Preference Shares @ Re. 1.00 Per share (Re. 1.00 Per share)	-	300.00
(c) Tax on dividend	-	78.84
Balance carried to Balance Sheet	17,258.03	11,166.68

*Refer Note (Schedule 1.2)

DIVIDEND

Your Directors have recommended a dividend of Rs. 2.00 per share (previous year Re. 1.00 per share) on the Equity Shares of Rs. 10/- each and Re. 1.00 per share (previous year Re. 1.00 per share) on the cumulative Redeemable Preference Shares of Rs.10/- each, for the financial year ended 31 March 2017 amounting to Rs. 571.13 lacs including a dividend distribution tax of Rs. 96.61 lacs.

OPERATIONS

During the year your Company has achieved the highest ever production of paper, which was 1,15,997 metric tonnes, as against 1,07,632 metric tonnes in the previous year. The quantitative figure for the sale of paper was 1,15,724 metric tonnes this year, leaving a closing stock of 470 metric tonnes, as against the sale of 1,07,834 metric tonnes in the previous year.

The figures given in the Financial Highlights for the current year under review show the following trends over the previous year:

The company has recorded a fabulous performance in its working results. This excellent performance is due to the improved operational efficiencies, productivity, quality, higher volumes of premium quality paper products like copier and surface sized paper, and increased sales realizations.

The company recorded a gross sales turnover, including other income, at Rs. 64,646.72 lacs, up by 16.56%; operating profit at Rs. 11,915.36 lacs, up by 81.68%, Profit before Tax at Rs. 8,487.09 lacs, up by 158.17% compared to the previous year. Net profit after tax is up by 148.46% and stands at Rs. 6,091.35 lacs.

The initiatives taken by your company in the recent years in improving productivity and efficiency have led to achieving the above operational performance. The company has continued to take up projects in focused areas for improvement under "KITE" scheme - Improvement Projects (Kquantum, Innovate, Think & Execute) and this has led to improved operational efficiencies, productivity, reduction in operational costs, and sizeable increase in savings, thereby substantially improving the bottom-line.

The results of cost reduction initiatives and operational efficiencies will continue to be more visible in the current financial year 2017-18 as your company has continued these initiatives to optimize capacity utilization, cost reduction, new products, optimizing production of better margin products by further undertaking modification and up-gradation of the paper machines and other equipments for improving the product quality and operations.

These initiatives have made your company not only one of the most cost competitive paper mills, but is also placed amongst the large paper player in the writing and printing segment. Furthermore, continuous research & development have enabled the company to manufacture papers of distinctive prime quality, which is competing with the premium quality of other large paper mills.

Writing & printing paper segment has witnessed optimum capacity utilizations levels over the past few years due to steady demand growth. This led to large capacity additions in recent years and demand has risen to absorb these capacity accretions. Your company has been able to operate at higher optimum levels of production and sale. As per CRISIL report, over the next 5 years, the demand growth is expected to be benefitted by the steady economic recovery, improved industrial activity and rise in the advertisements. The demand will continue to be driven and supported by greater Government thrust and spending on education sector, corporate spending on stationary and healthy growth in services sector. Further, with recent move of demonetization by the Govt. and consequent rise in the number of banking transactions, demand for cheque books and pass books is also expected to rise in the near term.

Resultantly, the total capacity in the paper and paper board segment is set to increase by 5.5-6.5 per cent CAGR by 2021 to reach at 18.50 to 19 million tonnes which will drive up utilization rates.

The segment wise growth is detailed as follows:

- Writing and printing demand is expected to grow at 5.5-6.5 per cent CAGR (against 3.6 per cent between 2010-11 and 2015-16) on account of a likely pick-up from the corporate and education sector with improving literacy rates.
- Within the W&P paper variants, demand for copier paper is expected to remain strong and grow at 9-10 per cent CAGR through 2021, as corporate spending on stationery rises, rise in number of offices coupled with steady growth in service industry.
- Demand growth for coated paper is expected to remain healthy at 6-7 per cent CAGR led by an increase in circulation of magazines coupled with increasing use of higher quality paper in print media.
- Demand for creamwove and maplitho paper, which is linked to growth in the education sector, is expected to grow at a steady pace of about 1.5-2 per cent CAGR and 3-3.5 per cent respectively in the next 5 years as more new educational institutions are likely to come up in the country, as an outcome of the Indian Government's Right to Education (RTE) initiative. Creamwove continues to be the largest contributor to the W&P demand. Additionally, initiatives like Rashtriya Madhyamik Shiksha Abhiyan and Sarva Shiksha Abhiyan will continue to boost the paper demand.
- Demand for paperboard is expected to grow at a healthy 7-8 per cent CAGR over the next 5 years, driven by packaging of fast-moving consumer goods (FMCG) products, readymade garments, pharmaceuticals, e-commerce and household appliances.
- Specialty paper (majorly tissue paper and thermal paper) is expected to continue growing at a robust 9-10 per cent CAGR.

On the supply front, capacity additions are expected to post a steady 4.5 per cent CAGR over the next 5 years. CRISIL expects greater capacity additions in the coming years in the paper board segment following an anticipated higher growth potential in the manufacturing activities. CRISIL Research further expects profitability of W&P and paperboard players to improve in 2017-18 on account of lower raw material cost and improving demand scenario. Further CRISIL expects sales prices to increase marginally in 2017-18 on the back of healthy paper demand growth.

The detailed performance of Company's operations for the year ended 31 March 2017 has been stated in the Management Discussion & Analysis, which appears as a separate statement in the Annual Report.

FINANCE

(a) TERM LOANS

The company has been sanctioned a foreign currency loan of USD 4.9 Million (appx INR 3,200 lacs) by Export Development, Canada and Rs. 600 lacs by Banks during the year under review for the purchase and up-gradation of plant/machinery and general corporate purposes including shoring up of working capital and the disbursement is in progress. Besides, facility of Rs. 950 lacs for hedging of forex loan is also granted.

(b) WORKING CAPITAL

Banks have sanctioned the enhanced working capital limits amounting to Rs. 10,480.00 lacs (fund based Rs. 4,000.00 lacs, non-fund based Rs. 5,325.00 lacs and Rs. 1,155.00 lacs for hedging the forex exposure) during the year under review.

(c) FIXED DEPOSITS

As on 31 March 2017, your Company had Fixed Deposits of Rs. 4,133.78 lacs. There were no overdue deposits as on 31 March 2017.

The above deposits have been accepted for a period of 1 year to 3 years as per the Fixed deposit Scheme duly approved by the Board in its meeting held on 14 September 2016 pursuant to the compliance of the provisions of Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules 2014.

Details of Deposits:

- (a) Accepted (including renewals) during the year- Rs. 2,297.39 lacs
- (b) Remained unpaid or unclaimed as at the end of the year- Nil

There has been no default in repayment of deposits or payment of interest thereon during the year.

CREDIT RATING

CARE's (Credit Analysis & Research Limited) has upgraded credit rating for the Long term and Short term Bank facilities and Fixed Deposits of the company during the year in its review as under:

Facilities	Amount (Rs./Cr)	Rating
Long term Bank Facilities	215.08	CARE BBB+; stable (Triple B Plus; outlook: stable)
Short term Bank Facilities	53.25	CARE A2 (A Two)
Fixed Deposits	40.00	CARE BBB+ (FD); stable [Triple B Plus (Fixed deposit; outlook: stable)]

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business.

MATERIAL CHANGE

No material changes or commitments affecting the financial position of the Company have occurred during the year under consideration, or after closure of the financial year till the date of this report.

HOLDING/ SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES COMPANIES

Your Company does not have any subsidiary/joint ventures or associate company within the meaning of the Companies Act, 2013. However, pursuant to interse transfer amongst promoters i.e. between Esteem Finvetures Limited (EFL) and Combine Overseas Limited during the year, EFL has acquired 7,15,000 equity shares i.e. 8.19% of Company's share capital via SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Post this acquisition, total holding of EFL now stands at 57.35%, and hence EFL has become the holding company of Kquantum Papers Limited.

CELLULOSIC ETHANOL PILOT PLANT

The Company is in the process of setting up a Pilot Plant at its factory premises to demonstrate the technology to produce Cellulosic Ethanol from Rice/Paddy Straw. This Pilot Plant is being set up with grant-in-aid from Biotechnology Industry Research Assistance Council (BIRAC), a Government of India Enterprise under the Ministry of Science and Technology, Department of Biotechnology and in association with the Punjab Government through the Department of Science & Technology (PSCST) as well as significant contribution by your Company. The total cost of the project is expected at Rs. 1,867.16 lacs which is proposed to be funded by BIRAC Rs. 635.98 lacs and balance i.e. Rs. 1,231.18 lacs to be funded by Company. This will provide an effective and economically viable solution to not only convert Paddy straw to useful Renewable Energy, but also pave the path for establishing a technology to dispose of Paddy straw in an environment friendly manner and reduce the air pollution as this straw is presently being burnt. Ethanol usage has a vast potential in the Indian Market especially for the Ethanol Blending Program to mix upto 10% in Petrol. The Government is committed to achieve a target of 20 per cent blending of bio-ethanol, by 2017 as proposed in the National Policy on Biofuels (India). Oil Marketing Companies (OMCs) i.e. Indian Oil, HPCL, BPCL will be the main market for the bio-ethanol. To achieve even 10% ethanol blending, the total requirement estimated of ethanol is 2 billion litres per annum and the procurement recorded is 400 Million litres leading to a shortfall of 1600 Million litres (1.6 Billion litres) per annum.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to Section 135 of the Companies Act, 2013, and the relevant rules, the Board of Directors of your Company has constituted a CSR Committee. The CSR Policy has been framed by the Company which is placed on the Company's website.

In pursuance of the Companies Act, 2013 and in alignment with its vision, the Company through its CSR initiatives will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community.

Disclosures as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in the Annual Report on CSR activities at 'Annexure-A'.

VIGIL MECHANISM

Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called the 'Whistle Blower Policy' for Directors and employees to report concerns of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. In line with this requirement, the Company has framed a "Whistle Blower Policy". The same is placed on the Company's website.

RISK MANAGEMENT COMMITTEE

In line with the new regulatory requirements, the company has framed a 'Risk Management Policy' to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure. A Risk Management Committee has also been constituted to oversee the risk management process in the Company.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's risk management systems and programs comprises of various processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its risks, including any material changes to its risk profile. To achieve this, the Company has clearly defined the responsibility and authority of the Company's Management and the Risk Management Committee to oversee and manage the risk management Programs. The company has taken Industrial All Risk Policy to insure its fixed assets and inputs that cover known and unknown risk including fire. Details of the various risks, which can affect the Company's business and the management's perception, are more elaborately given in the 'Management Discussion & Analysis' attached to this Report.

INTERNAL FINANCIAL CONTROL SYSTEM

Effective and strong internal control systems are developed in the Company for all the major processes to ensure reliability of financial reporting, safeguarding of assets and economical and efficient use of resources as also the compliance of laws, regulations, policies and procedures.

The Company's internal control systems are reviewed by M/s A. Gandhi and Associates, internal auditors, an independent firm of Chartered Accountants. The Internal Auditor independently evaluates the adequacy of internal controls and reviews major transactions. The Internal Auditors reports directly to the Audit Committee to ensure complete independence.

RELATED PARTY TRANSACTIONS

All related party transactions are entered at arm's length basis and as per the applicable provisions of the Companies Act, Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No materially significant related party transactions have been entered by the Company with Promoters, Directors or Key Managerial Personnel, which had potential conflict with the interest of the Company at large. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis duly certified by the CEO and CFO. The Related Party Transactions Policy as approved by the Board is placed on the Company's website.

The details of the related party disclosures and transactions as prescribed in Form AOC-2 are given in the Note No. 4.4 of the notes on Financial Statements. All the related party transactions are done at arms length and pertain to the FY 2016-17.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators, Courts or Tribunals, which would impact the going concern status of the Company and its operations in future.

DIRECTORS/ CHANGE IN THE DIRECTORSHIPS

There is no change in the directorship/composition of directors during the year under review. However, Justice S.S. Sodhi (Retd.) has resigned from the directorship of the Company w.e.f. April 7, 2017. The Directors place on record their appreciation of the valuable advice and guidance given by him during his tenure.

Further, in accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company Sh. Ashutosh Khaitan shall retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to act as Independent Director under the provisions of the Companies Act, 2013 and the relevant rules.

INDUCTIONS & TRAINING OF BOARD MEMBERS

In terms of Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall familiarize the Independent Directors in the following areas:

- (a) Nature of the industry in which the entity operates;
- (b) Business model of the entity;
- (c) Roles, rights, responsibilities of independent directors;

The Independent Directors visit the Company's Plant periodically to enable themselves to be conversant with manufacturing operations & processes.

Presentations are made to the Board/Committees of the Board on regular intervals which, inter alia, cover business strategies & reviews, operations, Industry developments, management structure, quarterly, half yearly & year to date and Annual Financial results, budgets/business plans, review of Internal Audit and risk management framework.

Further as per Regulation 46(2) (i) of SEBI (Listing Obligations & Disclosure Requirements), 2015 the required details are as follows:

Details of familiarization programmes imparted to independent directors	2016-17	Cumulative till date
Number of programmes attended by independent directors	5	13
Number of hours spent by independent directors in such programmes	8	22

PERFORMANCE EVALUATION OF THE DIRECTORS AND MEETING OF INDEPENDENT DIRECTORS

Nomination, Remuneration and Evaluation policy has been made by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of the individual Directors as well as the Board. The framework of performance evaluation of the Independent Directors captures the following points:

- A) Key Attributes of the Independent Directors that justify his/her extension/continuation on the Board of the Company;
- B) Participation of the Directors in the Board proceedings and their effectiveness.

The Board adopted a formal mechanism for evaluating its performance as well as of its Committees and individual Directors including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligation, governance issues, participation and effectiveness.

During the year under review, a meeting of Independent Directors was held on 11 February 2017 wherein the performance of the Non Independent Directors and the Board as a whole vis-à-vis the performance of the Chairman of the Company was reviewed.

NOMINATION, REMUNERATION AND EVALUATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, approved a policy for selection, appointment, remuneration and evaluation of Directors, Senior Management and Key Managerial Personnel. Details of the Nomination and Remuneration Committee are given in the Corporate Governance Report.

PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has in place a 'Prevention of Sexual Harassment Policy' pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary, trainees) are covered under this policy. No complaint has been received during the year under review.

NUMBER OF MEETINGS OF THE BOARD

During the year, 6(six) Board meetings were convened and held. Details of number of meetings of Board of Directors and committees thereof and the attendance of the Directors in such meetings are provided under the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) 2015, your Directors state that:

- (i) in the preparation of the annual accounts for the year ended 31 March 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures;
- (ii) such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March 2017 and of the profit of the company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

COMPOSITION OF AUDIT COMMITTEE

The Board has constituted the Audit Committee, which comprises of four Independent Directors and two Executive Directors as on 31 March 2017. During the year, 5 (five) Audit Committee meetings were convened and held. The details of the Audit Committee meetings, attendance of the members and terms of reference are provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

AUDITORS & AUDITOR'S REPORT

M/s BSR & Co. LLP, Chartered Accountants, (ICAI Firm Registration No. 101248W/W-100022), Statutory Auditors of the company, have been appointed for a period of 5 years by the shareholders in the Annual General Meeting held on 18 September 2015 till the conclusion of 23rd Annual General Meeting to be held in the year 2020, subject to ratification at every Annual General Meeting, at such remuneration as may be fixed by the Board of Directors.

Section 139 of the Companies Act, 2013 (the "Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 requires the Company to ratify the appointment of the Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors.

The Board hereby recommends for ratification of appointment of M/s BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the company.

The Notes on Accounts referred to in the Annexure to the Auditor's Report are self-explanatory and do not call for any comments.

COST AUDITORS

M/s R.J. Goel & Co., Delhi were appointed as Cost Auditors for conducting the cost audit of the Company for the year ended 31 March 2017. The Cost Audit Report for the year ended 31 March 2016 was filed on 03.09.2016 (Due date 30.09.2016). The said firm has been appointed as cost auditors of the Company for the financial year 2017-18 as well.

SHARE CAPITAL

During the year under review, the Company has not issued any equity shares with differential rights, sweat equity shares or employee stock option.

Provision of money by Company for purchase of its own shares by employees or by trustees for the benefit of employees is not applicable on the Company.

There is no change in the share capital during the year under review.

Details pertaining to the shares in 'Unclaimed suspense account' in compliance with terms of SEBI (Listing Obligations & Disclosure Requirements), 2015 are given in the Report on Corporate Governance annexed with this report.

POSTAL BALLOT

The Company has not conducted any Postal Ballot during the year under review.

ADOPTION OF INDIAN ACCOUNTING STANDARD (IND AS)

The Ministry of Corporate Affairs vide notification dated 16th February 2015 made it mandatory in a phased manner for adoption and applicability of Indian Accounting Standards (Ind AS) for companies other than Banking, Insurance and Non-Banking Finance Companies. Rule 4 of the Companies (Indian Accounting Standards) Rules 2015 specifies the classes of companies which shall comply with the Ind AS in preparation of the financial statements. In accordance with clause (iii) of sub rule (1) of Rule 4 of the Companies (Indian Accounting Standards) Rules 2015, the compliance of Indian Accounting Standards is applicable and mandatory to the company for the accounting period beginning from 1 April 2017. Your company is taking effective steps towards the same.

GOODS & SERVICE TAX

The Goods and Services Tax is a comprehensive tax system levied on goods and services at a national level. It merges taxes like central excise duty, service tax & customs duties at the central level, and VAT (value-added tax), entertainment tax, luxury tax or lottery taxes at the state level on the same commodities or services. The main objective for implementing GST is to remove the cascading effect of taxes, which in simple term means "taxes on taxes".

The Goods & Services Tax (GST) is scheduled for implementation from 1 July 2017 paving the way for what is popularly referred to as the concept of "one nation, one tax" thus opening and simplifying inter-state business. The GST will create a common Indian market, improve tax compliance and governance and boost investment and growth.

The GST has two components keeping in mind the federal structure of India: the Central GST (CGST) and the State GST (SGST).

The shift to the GST regime is expected to lead to a uniform, seamless market across the country and to reduce the overall transactional cost of running the business thereby also reducing the compliance of multiple tax rules and obligations. It will be a uniform rate, will check evasion and boost growth.

Your company has initiated effective steps and is fully geared for its implementation on the scheduled date.

DEMONETIZATION

The two largest denomination notes, Rs 500 and Rs 1000 together comprising 86 per cent of all the cash in circulation, were "demonetized" with effect from November 8, 2016, ceasing to be legal tender except for a few specified purposes. The aim was to curb corruption, counterfeiting, use of high denomination notes for terrorist activities and accumulation of black money.

Demonetization has had short-term costs in the form of slow growth but holds the potential for long-term benefits. Long-term benefits include reduced corruption, greater digitalization, increased flows of financial savings, and greater formalization of the economy, tax compliance all of which could eventually lead to higher GDP growth, better tax compliance and greater tax revenues.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings & outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in Annexure-1 which forms part of this Report. No foreign technology has been availed by the Company.

EXTRACT OF THE ANNUAL RETURN

The extract of annual return in form no. MGT-9 is attached with this report as Annexure -2.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 M/s S.K.Sikka & Associates, Company Secretaries have been appointed as Secretarial Auditors to conduct Secretarial Audit of the Company for the financial year ending 31 March, 2017. They have submitted the Secretarial Audit Report which is annexed to this Board's Report as Annexure-3.

CORPORATE GOVERNANCE

A Report on Corporate Governance along with a Certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed and forms part of the Annual Report.

PERSONNEL

Relationship with the employees remained cordial throughout the year. The Directors express their appreciation for the contribution made by the employees at all levels to the operations and operational efficiencies of the Company during the year under review.

PARTICULARS OF EMPLOYEES

The information required under section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is given in the statement annexed herewith as Annexure-4.

The information required pursuant to the provisions of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring particulars of the employees in receipt of remuneration in excess of Rs. 102 lacs per annum if employed throughout the year and Rs. 8.50 lacs if employed for part of the year, is given in the statement annexed herewith as Annexure-4.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not extended any loan, guarantee or investment under Section 186 of the Companies Act, 2013.

ACKNOWLEDGMENT

Your Directors convey sincere thanks to the various agencies of the Central and State Governments, Banks and other concerned agencies for all the assistance and cooperation extended to the Company for their continued support. The Directors also deeply appreciate and acknowledge the trust and confidence the vendors, suppliers, dealers, customers, shareholders and investors reposed in the Company. Your Directors also place on record their appreciation for the dedicated services rendered by the workers, staff and officers of the Company.

For and on behalf of the Board

Place: Chandigarh
Dated: 24 May 2017

Jagesh K Khaitan
Chairman

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A 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.

(i) Vision

In pursuance of the Companies Act, 2013 and in alignment with its vision, the Company through its CSR initiatives will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community. The Company's Vision Statement is to actively contribute to the social and economic development of the communities of the area in which we operate. In doing so, build a better, sustainable way of life for the underprivileged, and raise their overall standard of living. In addition, we are committed to conserving and preserving the environment.

(ii) Strategy

Though mandated, Kquantum Papers Ltd takes its corporate social responsibility conscientiously and proactively. Our emphasis has been on environment conservation, reforestation, pollution control, optimum utilization of treated water with recycling with in campus and also by farmers for irrigation purpose.

We have been spearheading a focused CSR drive targeted at community upliftment and development separately for some years now. Kquantum will now carry these initiatives forward as part of the CSR program.

The CSR Committee, in consultation with the Board, will provide the strategic direction for the company's external CSR drive, and the thrust areas for the CSR work, alongwith ensuring effective monitoring as well.

Government Bodies, District Authorities, Self Help Groups, Village Panchayats and Local Community and The Villagers will be our Development Partners and will help in delivering the CSR Plans. We will network and collaborate with our Development Partners to share ideas, each other's experiences and ensure that our efforts yield desired results.

The company's CSR Program will be undertaken directly by the Company, as also through a CSR Implementation Partner. The CSR Implementation Partner will be selected after a detailed due diligence exercise, which will include evaluation on the basis of its competence, experience, specialization and transparency.

2. The Composition of the CSR Committee:

Mr. Pavan Khaitan, Chairman

Mr. D.S. Sandhawalia, Member

Mrs. Neena Singh, Member

3. Average net profit of the company for last three financial years - Rs. 3,396.11 lacs.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) - Rs. 67.92 lacs
5. Details of CSR spent during the financial year.
 - (a) Total amount spent in financial year 2016-17: - Rs. 59.44 lacs;
 - (b) Amount unspent, if any: - Rs. 8.48 lacs;

(c) Manner in which the amount spent during the financial year is detailed below.

(Rs. in Lacs)

Sr. No.	Project or activity	Sector	Locations	Amount of outlay on projects/ program for FY 2016-17	Amount spent on the projects or programs in FY 2016-17	Cumulative expenditure upto the reporting period i.e. 31 March 2017	Amount spent: Direct or through Implementing Agency during the year
1.	Education	Literacy	Sailakhurd	5.00	8.12	27.03	Direct
2.	Environment protection	Environment	Chandigarh	---	---	4.00	---
3.	Providing Health facility	Health	Sailakhurd	1.50	2.55	4.12	Direct
4.	Suvidha Centre	Rural Development	Garhshankar	---	---	4.14	Direct
5.	Sewerage System	Rural Development	Sailakhurd	48.92	30.00	93.00	Indo-Canadian Village Improvement Trust
6	Toilet/water cooler	Rural Development	Saila/Saila Kalan	15.00	18.77	23.05	Direct
	Total			70.42	59.44	155.34	

6. Details of implementing agency engaged during the year.

Indo-Canadian Village Improvement Trust is a partner of Indo-Canadian Friendship Society of British Columbia, Canada. I.C.F.S.B.C is a registered charitable society under the laws of British Columbia and Canada, and was founded in 1976. This NGO has been active in all type of social work in Greater Vancouver area since 1976 and for the past 12 years it has devoted its energies in international rural development in Punjab, India. I.C.V.I.T is executing eco friendly affordable sustainable village projects in rural India since 2007, mainly in the state of Punjab. These projects will impact future generations, by improving their living conditions, for years to come. It is a duly registered society under the laws of Government of India.

7. Reasons for not spending the mandated amount.

The implementation of the projects was in progress as on 31 March 2017 and the balance unspent amount of Rs. 8.48 lacs as mentioned in 5 (b) above, has been spent in the quarter ended 30 June 2017.

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

Sd/-
Pavan Khaitan
Chairman - CSR Committee

STATEMENT CONTAINING PARTICULARS PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014
I. CONSERVATION OF ENERGY

Optimization of Energy consumption has always been focused area of the Company. In the process, as a responsible organization, we not only could reduce power cost but also take initiatives of improvisation in power production and reduction in emissions.

In continuation to our earlier efforts, during financial year 2016-17, we have taken number of initiatives as detailed below:

- Through various efforts condensate water recovery has increased from 74% to 94%.
- Replacement of inefficient pumps and agitators with efficient ones.
- Replacement of old and higher energy consuming light with efficient LED lights.
- Installation of auto day / night on-off and Motion Sensors.
- Efforts have been made to reduce energy losses by reducing number of bends in pipelines.
- To increase the availability of natural light, replacing asbestos sheet with transparent roof top sheets.
- Wherever possible, to reduce the power consumption, VFDs have been installed.
- To prevent heat loss, in the phased manner, insulation work on steam pipe is undertaken.
- To reduce or avoid manual operation and to enhance automation, sensors have been installed and linked with DCS and PLC.
- Power generation of Turbine No. 2 optimized.
- To reduce wastage and higher consumption of water, wherever possible, pumps with auto level controls are installed.

Total energy consumption and energy consumption per unit of production of paper for the year 2016-17 is given in the table below :

POWER & FUEL CONSUMPTION		<u>2016-17</u>	<u>2015-16</u>
1. ELECTRICITY			
(a) Purchased			
Units (lacs KWH)		285.74	306.80
Total amount (Rs. lacs)		2,025.07	2,262.21
Rate/Unit (Rs./KWH)		7.09	7.37
(b) Own generation			
Through Diesel Generator			
Units (lacs KWH)		-	5.99
Cost/Unit (Rs./KWH)		-	19.14
Through Steam Turbine / Generator			
Units (lacs KWH)		1052.75	976.75
Cost/Unit (Rs. KWH)		3.22	3.46
2 COAL (for Boiler)			
Quantity (Tonnes)		39,761	68,439
Total cost (Rs. lacs)		2,406.45	3,675.78
Average rate (Rs.)		6,052	5,371
3. OTHERS			
Rice Husk (for Boiler)			
Quantity (Tonnes)		1,24,803	89,337
Total cost (Rs. lacs)		4,284.12	3,266.48
Rate/Unit (Rs. MT)		3,433	3,656

4. CONSUMPTION/TONNE OF PRODUCTION

Production (Tonnes)	1,15,997	1,07,632
Electricity/Tonnes (KWH)	1,154	1,198
Furnace Oil/tonne (KL)	0.002	0.003
Coal/Tonne (MT)	0.343	0.636
Others-Rice husk (MT)	1.076	0.830

II. TECHNOLOGY ABSORPTION

Research & Development and Environment

1. Process improvement, optimization and new product development are the major areas of research focus for the company. Studies conducted on development of new value added quality specialty paper such as Kosheen, Kosheen Aqua, Kompacto, Kuantum Cupstock, Color Maplitho, Kuantum Bond, Kuantum Envelope, Kuantum WW, Surface sized Kodexa, Maplitho WS and Color Copier 'Kaleela' and some of them successfully commercialized.
2. The R&D Division of Company has been recognized by Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Govt. of India and certified by ISO: 9001:2008.
3. During the year the company has been able to optimize cooking aid in Agro pulping and optimized bleaching chemicals.
4. The company continues its focus on waste minimization, value addition & product recovery from different waste streams like biogas generation from waste stream of wet washing of agro raw material. Primary sludge from ETP and other waste from mills are utilized in board manufacturing. Secondary sludge from ETP is being degraded with the help of bio-cleaner.
5. R&D and Quality Control Laboratory with new instruments of latest technology and testing of additional parameters at various stages to meet standards and new challenges has been upgraded.
6. With respect to various pollution and environment norms prescribed by various statutory authorities, our paper manufacturing facility continue to remain completely statutory compliance unit.

The expenditure on R&D has been as follows :

	(Rs. in lacs)	
	2016-17	2015-16
(i) Capital	32.10	5.10
(ii) Recurring	121.52	107.62
(iii) Total	153.62	112.72
(iv) Total R&D expenditure as a percentage of turnover	0.24	0.19

Technology absorption, adaptation and innovation

The Company has not imported any technology for its products.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars with regard to foreign exchange earnings & outgo appear in note nos. 4.15 & 4.16 to the Accounts.

For and on behalf of the Board

Place: Chandigarh
Dated: 24 May 2017

Jagesh K Khaitan
Chairman

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 March 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN :- **L21012PB1997PLC035243**
- ii) Registration Date: 28/05/1997
- iii) Name of the Company : **KUANTUM PAPERS LTD**
- iv) Category/Sub-Category of the Company : Public Company (Limited by Shares)
- v) Address of the Registered office and contact details:
 Paper Mill, Saila Khurd-144 529
 Distt. Hoshiarpur, Punjab Phone - 01884-230241, Fax- 01884-230244
 Email - kquantumcorp@kquantumpapers.com website : www.kquantumpapers.com
- vi) Whether listed company : YES
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any :
Mas Services Limited
 T-34, 2nd Floor, Okhla Industrial Area,
 Phase - II, New Delhi - 110 020
 Ph:- 011-26387281/82/83 Fax:- 011-26387384
 email:- info@masserv.com
 website : www.masserv.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl.No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Writing and Printing paper	1701	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SI No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares	Applicable section
1	Esteem Finventures Limited 510 (5th Floor), Deep Shikha 8 Rajindra Place, New Delhi-110008	U65910DL1994PLC224161	Holding	57.35%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	331281	-	331281	3.79	331281	-	331281	3.79	-
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	5803788	-	5803788	66.51	5803788	-	5803788	66.51	-
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):	6135069	-	6135069	70.30	6135069	-	6135069	70.30	-
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	6135069	-	6135069	70.30	6135069	-	6135069	70.30	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	250	-	250	0.00	250	-	250	0.00	-
b) Banks / FI	-	642	642	0.01	-	642	642	0.01	-
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify) Foreign Portfolio Investors	-	-	-	-	4962	-	4962	0.06	0.06
Sub-total (B)(1):	250	642	892	0.01	5212	642	5854	0.07	0.06
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1296130	1153	1297283	14.86	1472210	803	1473013	16.88	2.02
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	678608	239225	917833	10.54	630624	233170	863794	9.90	-0.64
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	335481	-	335481	3.84	215143	-	215143	2.47	-1.37
c) Others (specify)									
Foreign Nationals	6656	-	6656	0.08	6656	-	6656	0.08	-
Clearing Members	16473	-	16473	0.18	12447	-	12447	0.14	-0.04
NRIs	11185	5491	16676	0.19	9272	4965	14237	0.16	-0.03
Trust	-	-	-	-	150	-	150	0.00	-
Sub-total (B)(2):	2344533	245869	2590402	29.69	2346502	238938	2585440	29.63	-0.06
Total Public Shareholding (B)=(B)(1)+(B)(2)	2344783	246511	2591294	29.70	2351714	239580	2591294	29.70	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	8479852	246511	8726363	100.00	8486783	239580	8726363	100	-

ii) Share Holding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	J K Khaitan (HUF)	354	0.00	0.00	354	0.00	0.00	-
2	Jagesh K Khaitan	144758	1.65	0.00	144758	1.65	0.00	-
3	Pavan Khaitan	26866	0.31	0.00	26866	0.31	0.00	-
4	Aparna Khaitan	26076	0.30	0.00	26076	0.30	0.00	-
5	Usha Khaitan	12828	0.15	0.00	12828	0.15	0.00	-
6	Umesh Kumar Khaitan	36248	0.42	0.00	36248	0.42	0.00	-
7	Abha Khaitan	55150	0.63	0.00	55150	0.63	0.00	-
8	Ashutosh Khaitan	21001	0.24	0.00	21001	0.24	0.00	-
9	Shreeparna Khaitan	8000	0.09	0.00	8000	0.09	0.00	-
10	Esteem Finventures Ltd	4289538	49.16	11.46	5004538	57.35	11.46	+8.19
11	Combine Overseas Ltd.	1514250	17.35	1.78	799250	9.16	1.78	-8.19
		6135069	70.30		6135069	70.30		

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Esteem Finventures Ltd.	4289538	49.16	5004538	57.35
2	Combine Overseas Ltd.	1514250	17.35	799250	9.16

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

Sl. No.	Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year				
1	ABC Papers Pvt. Ltd.	392498	4.50	392518	4.50
2	AmbaTradecom Pvt. Ltd.	210458	2.41	372958	4.27
3	Kapmead Trading Private Limited	-	-	300000	3.44
4	A.S. Bajaj Sales and Private Limited	250000	2.86	-	-
5	Demakin Enterprises Private Ltd.	-	-	247055	2.83
6	Pankaj Singal	175000	2.01	-	-
7	Bansal Dye Chem Pvt. Ltd.	162500	1.86	-	-
8	Anmol Polymers Pvt. Ltd.	122055	1.40	-	-
9	Suresh Dindyal Khatri	46314	0.53	46600	0.53
10	Arvind Kumar J Sacheti	-	-	38831	0.44
11	Surendra Kumar Khemka	-	-	28198	0.32
12	Madhu Arora	27000	0.31	27000	0.31
13	Arvind Kumar Sancheti	-	-	22542	0.26
14	R N Rubesh	20330	0.23	-	-
15	Rathinasamy Narayanasamy	18594	0.21	16475	0.19

v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For each of the Director and key Managerial Personnel	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	%total shares of the company	No. of shares	%total shares of the company
1	Shri Jagesh K Khaitan				
	At the beginning of the year	144758	1.65	144758	1.65
	At the end of the year			144758	1.65
2	Shri Pavan Khaitan				
	At the beginning of the year	26866	0.31	26866	0.31
	At the end of the year			26866	0.31
3	Shri Umesh K Khaitan				
	At the beginning of the year	36248	0.42	36248	0.42
	At the end of the year			36248	0.42
4	Shri Ashutosh Khaitan				
	At the beginning of the year	21001	0.24	21001	0.24
	At the end of the year			21001	0.24
5	Justice S.S.Sodhi				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
6	Shri D.C. Mehandru				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
7	Shri Yashovardhan Saboo				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
8	Shri D.S. Sandhawalia				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
9	Mrs. Neena Singh				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
10	Shri Roshan Garg (KMP)				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
11	Shri Vivek Trehan (KMP)				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil

vi) The Company also has cumulative redeemable preference shares, the details of which is given hereunder :

S.No.	Category	10% redeemable Cumulative Preference Shares of Rs. 10 each
	Promoters & Promoter Group	
a)	Individuals	50,00,000
b)	Bodies Corporate	2,50,00,000
	Total	3,00,00,000

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs. Lacs

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured	Deposits	Total
i) Principal Amount	15180.66	3959.03	3251.26	22390.95
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	54.14	74.05	128.19
Total (i+ii+iii)	15180.66	4013.17	3325.31	22519.14
Change in Indebtedness during the financial year				
• Addition	5664.93	3486.43	1128.22	10279.58
• Reduction	3501.17	459.80	246.48	4207.45
Net Change	2163.76	3026.63	881.74	6072.13
Indebtedness at the end of the financial year				
i) Principal Amount	17344.42	6985.66	4207.05	28537.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	92.17	73.27	165.44
Total (i+ii+iii)	17344.42	7077.83	4280.32	28702.57

VI. Remuneration of directors and key managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Amt in Rs.)

Sl. No.	Particulars of the Remuneration	Name of MD/WTM/Manager		Total Amount
		Sh. Jagesh K Khaitan	Sh. Pavan Khaitan	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	86,20,807	92,88,000	1,79,08,807
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	2,07,998	2,03,105	4,11,103
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission			
	a) as % of profit	41,08,102	44,26,041	85,34,143
	b) Others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	1,29,36,907	1,39,17,146	2,68,54,053
	Ceilings as per Act	As per Act	As per Act	

B. Remuneration to other Directors
Amount in Rs.

Sl. No	Particulars of the Remuneration	Name of Directors							Total Amount
		Justice S.S. Sodhi (Retd)	Sh. D.C. Mehandru	Sh. Yashovardhan Saboo	Sh. D.S. Sandhawalia	Mrs. Neena Singh	Sh. Umesh K Khaitan	Sh. Ashutosh Khaitan	
1	Independent Directors								
	Fees for attending Board/Committee meetings	2,25,000	3,25,000	2,50,000	3,75,000	1,50,000	-	-	13,25,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	2,25,000	3,25,000	2,50,000	3,75,000	1,50,000	-	-	13,25,000
2	Other Non Executive Directors								
	Fees for attending Board/Committee meetings	-	-	-	-	-	1,00,000	100,000	2,00,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	1,00,000	1,00,000	2,00,000
	Total (B) = 1 + 2	-	-	-	-	-	-	-	15,25,000
	Total Managerial Remuneration	-	-	-	-	-	-	-	2,83,79,053
	Overall Ceilings as per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(Amt. In Rs.)

Sl. No.	Particulars of the Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43,60,176	17,09,400	60,69,576
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	21,600	-	21,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	a) as % of profit	-	-	-
	b) Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	43,81,776	17,09,400	60,91,176

VII. Penalties/Punishment/Compounding of Offences : Not Applicable

Type	Section of the Companies Act	Brief Description	Details of penalty/punishment/compounding fees imposed	Authority {RD/NCLT/Court}	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

SECRETARIAL AUDIT REPORT**FORM NO. MR-3****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

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

To,

The Members,
Kquantum Papers Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kquantum Papers Limited (here in after called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Kquantum Papers Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31 March, 2017, complied with the statutory provisions listed here under 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 here in after.

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 March, 2017 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (5) 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 Take overs) 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, 2009;
 - (d) 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;
- (6) Apprentices Act, 1961
- (7) Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- (8) Industrial Employment (Standing Orders) Act, 1956
- (9) Minimum Wages Act, 1948
- (10) Payment of Bonus Act, 1965
- (11) Payment of Wages Act, 1936
- (12) Motor Vehicle Act, 1988
- (13) The Water (Prevention & Control of Pollution) Act, 1974
- (14) The Water (Prevention & Control of Pollution) Cess Act, 1977
- (15) The Central Excise Act, 1944
- (16) Employees' State Insurance Act, 1948
- (17) Employees' Provident Fund & Misc. Provisions Act, 1952

- (18) Central Sales Tax Act, 1956 & Punjab VAT Act, 2005
- (19) Air (Prevention & Control of Pollution) Act, 1981
- (20) Payment of Gratuity Act, 1972
- (21) Indian Electricity Act, 1910 & Rules 1956
- (22) Indian Boiler Act, 1923
- (23) Hazardous Waste (Management & Handling) Rules 1989 under EP Act, 1986
- (24) Explosive Act, 1884 and Rules made thereunder
- (25) Industrial Development & Regulation Act, 1951
- (26) Contract Labour Regulation & Abolition Act, 1971

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) 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. mentioned above.

I further report that

As per the requirement of sub section 135 of the Companies Act 2013, the Company was required to spend at least two percent of its average net profits for the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility (CSR) Policy. Till 31 March 2017, the Company has spent Rs. 59.44 lacs out of Rs. 67.92 lacs due towards to the provision of Section 135 of the Companies Act, 2013 and Rules framed thereunder.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all the 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.

Decisions at the Board meetings, as represented by management, were taken unanimously.

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

I further report that during the audit period, there were no instances of:

- (i) Resolutions under Section 180 of the Companies Act, 2013.
- (ii) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (iii) Redemption / buy-back of securities.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

For **S.K. SIKKA & ASSOCIATES**
Company Secretaries

SUSHIL K SIKKA
Prop.
FCS 4241
CP 3582

Place : Chandigarh
Date : 24 May 2017

To,

The Members

Kquantum Papers Limited

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. Wherever 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 Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **S.K. SIKKA & ASSOCIATES**
Company Secretaries

SUSHIL K SIKKA
Prop.
FCS 4241
CP 3582

Place : Chandigarh
Date : 24 May 2017

ANNEXURE – 4
PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S.No.	Requirements of Rule 5(1)	Details											
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	<table><tr><td>Mr.Jagesh K Khaitan</td><td>78.27 : 1</td></tr><tr><td>Mr. Pavan Khaitan</td><td>84.20 : 1</td></tr></table>		Mr.Jagesh K Khaitan	78.27 : 1	Mr. Pavan Khaitan	84.20 : 1						
Mr.Jagesh K Khaitan	78.27 : 1												
Mr. Pavan Khaitan	84.20 : 1												
(ii)	The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year	<table><tr><td>Name</td><td>As per Payout</td></tr><tr><td>Mr. Jagesh K Khaitan (Chairman)</td><td>26%</td></tr><tr><td>Mr. Pavan Khaitan (Managing Director)</td><td>29%</td></tr><tr><td>Mr. Roshan Garg (CFO)</td><td>8%</td></tr><tr><td>Mr. Vivek Trehan (Company Secretary)</td><td>11%</td></tr></table>		Name	As per Payout	Mr. Jagesh K Khaitan (Chairman)	26%	Mr. Pavan Khaitan (Managing Director)	29%	Mr. Roshan Garg (CFO)	8%	Mr. Vivek Trehan (Company Secretary)	11%
Name	As per Payout												
Mr. Jagesh K Khaitan (Chairman)	26%												
Mr. Pavan Khaitan (Managing Director)	29%												
Mr. Roshan Garg (CFO)	8%												
Mr. Vivek Trehan (Company Secretary)	11%												
(iii)	The percentage increase in the median remuneration of employees in the financial year	14%											
(iv)	The number of permanent employees on the rolls of company	1098 employees as on 31.03.2017											
(v)	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 point out if there are any exceptional circumstances for increase in the managerial remuneration;	<p>The average increase in remuneration is 13.24% of all employees. The profit before tax of the company has been higher by 158.2%.</p> <p>There are no exceptional circumstances in increase in the managerial remuneration.</p>											
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid during the year is as per the Remuneration Policy of the company.											

PARTICULARS OF EMPLOYEES PURSUANT TO RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name (age in years)	Description	Gross Remuneration Paid (in Rs.)	Qualification	Date of Commencement of employment (experience in years)	Previous employment	Percentage of equity shares held	Whether any such employee is a relative of any director
Sh. Jagesh K Khaitan (72 Yrs.)	Chairman	1,29,19,940	Graduate with Marketing Management & Strategic Course from IIM, Ahmedabad	17 July 2010 (Total Exp. 48 Yrs.)	Vice Chairman & Managing Director Amrit Banaspati Co. Ltd.	1.66%	Father of Sh. Pavan Khaitan and brother of Sh. Umesh K Khaitan
Sh. Pavan Khaitan (49 Yrs.)	Managing Director	1,38,98,867	Chartered Accountant	1 April 2007 (Total Exp. 24 Yrs.)	Managing Director, Amrit Banaspati Co. Ltd.	0.31%	Son of Sh. Jagesh K Khaitan

MANAGEMENT DISCUSSION & ANALYSIS

1. An overview of the Economy and Business Environment

With buoyant financial markets and a long-awaited cyclical recovery in manufacturing sector and trade, world growth is projected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. Stronger business activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. With persistent structural issues—such as low productivity growth and high income inequality—pressures for inward-looking policies are increasing in advanced economies. These threaten global economic integration and the cooperative global economic order that has served the world economy, especially emerging market and developing economies. Against this backdrop, economic policies have an important role to play in staving off downside risks and securing the recovery, and a renewed multilateral effort is also needed to tackle common challenges in an integrated global economy.

With the effects of demonetisation turning out to be short-lived and modest relative to some doomsday expectations in India, the outlook for 2017-18 has been brightened due to accelerated pace of remonetisation and discretionary consumer spending that was held back by demonetisation has picked up from end FY 2017, which will further gather momentum in the years ahead. The recovery will also likely be aided by the reduction in banks' lending rates due to large inflows of current and savings accounts (CASA) deposits. Further, various proposals in the Union Budget 2017-18 are expected to be growth stimulating: stepping up of capital expenditure; boosting the rural economy and affordable housing; the planned roll-out of the Goods and Service Tax (GST); and steps to attract higher foreign direct investment (FDI) through initiatives like abolishing the Foreign Investment Promotion Board (FIPB). Also, global trade and output are expected to expand at a stronger pace in 2018 than in recent years, easing the external demand constraint on domestic growth prospects. However, the recent increase in the global commodity prices, if sustained, could have a negative impact on the net commodity importing domestic economy.

Sentiment in the corporate sector improved towards end of FY 2017. According to the Reserve Bank's industrial outlook survey, the improvement was led by optimism and improvements on future production, order books, exports, employment, financial situation, selling prices and profit margin.

The outlook for the country is for economic strengthening through higher infrastructure spending and continued reform to financial and monetary policy. With the continuation of the initiatives and policies by the Government at Centre, such as Make-in-India, Start-up India, Swachh Bharat Abhiyan, Clean Ganga campaign, Smart Cities project, Digital India, Skill India, Housing for All, Rural Electrification schemes and Pradhan Mantri Jan Dhan Yojana among others to boost economic growth, employment opportunities and investments in the country would further add to the economic growth.

Besides, the implementation of Goods and Service Tax (GST) is expected to lead in a new indirect tax regime and help solving the long existing challenges prevalent in the current taxation system, bring in more transparency in tax process, simplifying the movement of the goods and services across the country, shrinking delivery times and widening the product markets.

2. Industry structure and Development

Global paper demand is expected to grow at a muted pace of upto 1 % CAGR over the next 5 years, largely owing to slower economic growth in China (World's largest consumer) as well as proliferation of digitization, especially in developed nations. Amongst the three segments of W&P, paper board and news print; paper board will emerge as the growing segment, albeit at a slower pace than past 5 years. On the other hand, the global paper consumption of W&P paper and newsprint is expected to decline by 0.5-1% and 4-4.5% CAGR respectively during 2017-2021 period. The demand for W&P paper is likely to be impacted by rising e-book penetration, proliferation of smartphones and advent of online advertising and social media, whereas expected fall in newspaper circulation will drive down the demand for newsprint.

On the other hand, India is the fastest growing market for paper globally. Despite the continued focus on digitization, India's demand for paper is expected to continue to rise in the next few years, primarily due to a sustained increase in the number of school going children in the rural areas. Growing consumerism, modern retailing, rising literacy and continued Govt. spending on education through the 'Sarva Shiksha Abhiyan' as well as the increasing use of documentation will keep demand for writing and printing paper buoyant.

While India accounts for nearly 17 per cent of the world population, it consumes only 3 per cent of the global paper production. At about 13 kgs, the country's per capita paper consumption is low as against 27 kg in Indonesia, 76 kg in China and the global average of around 57 kgs.

The domestic paper demand is expected to be benefited by steady economic recovery and will grow at 5.5-6.5% CAGR across all segments through 2020-21.

- Writing and Printing demand is expected to grow at a CAGR of 5.5-6.5 per cent over the next 5 years (as against 3.6 % in the last 5 years) as the demand from education sector (with improving literacy rates and government schemes & investments) gradually picks up. An increase in consumption by one kg per capita, would lead to an increase in demand of one million tonnes of paper.
- Demand for paper board is expected to grow at a healthy rate of 7-8 % in the next 5 years owing to rising sales of consumer durables, FMCG products, readymade garments, pharmaceuticals, e-commerce. Growth in FY 17 has been marginally lower, primarily impacted by demonetisation.
- News print demand will witness a CAGR of 5-6 % through 2021 owing to gradual rise in circulation and rise in number of pages in the long term.

On the supply front, it is expected that the total capacities in paper and paperboard segment to increase by 5.5-6.5 per cent CAGR till 2021 and reach 18 million tonnes. The majority of capacity additions are expected to take place in the paperboard segment following an anticipated higher growth potential compared to other segments (such as W&P and newsprint).

Policy factors have a key role to play in the growth of the domestic paper industry. The government's committed focus on literacy and expansion of organized retail distribution network have a positive impact on the consumption and demand of paper in India. In the last five years, the paper industry has invested substantially on capacity enhancement and technology upgradation.

Writing & printing paper segment has witnessed optimum capacity utilizations levels over the past few years due to steady demand growth. The large capacity additions that took place in recent years, have now been absorbed by the increased pace of demand. As per CRISIL report, over the next 5 years, the demand growth will slightly outpace the capacity growth, driving up utilization rates accordingly.

There has been a gradual shift in demand from the traditional creamwove and maplitho to higher varieties such as copier and coated paper. Creamwove accounted for almost 43 per cent of the W&P demand, maplitho for 22 per cent, and branded copier and coated paper together account for around 35 per cent. Despite a gradual decline in share to 43 per cent from 46 per cent in the last 5 years, creamwove continues to be the largest contributor to the total W&P demand. On the other hand, demand for coated paper and branded copier has been increasing over the years to 35 per cent from 29 per cent. Creamwove is the lowest value segment, while maplitho, copier and coated paper are higher-value segments.

Office printing continues to be the next biggest end-use segment after education. Demand for office stationery and printing will further increase as the performance of the Indian economy improves. Then again, copier paper is likely to continue recording the strongest growth. With rise in urbanisation and office spaces, there is a greater demand for good quality copier paper from the office printing segment.

CRISIL Research expects demand for specialty paper to grow at 9.10 % CAGR between through 2021 as compared to 8.4 % CAGR in the last 5 years. Demand will reach 1.0 million tonnes, up from 0.6 million tonnes 5 years ago. The main varieties of specialty paper are tissue paper, decor paper, thermal paper, cigarette paper and business card paper. Their usage has been growing in line with growth in the economy, rise in organised retail penetration and increase in urbanisation.

The high prices of specialty paper products links their consumption to the standard of living and per capita income of consumers. For certain varieties of specialty paper, such as quality decor paper, increased infrastructure spending and growth in construction will be the growth drivers.

Of the total paper and paper board demand, writing & printing paper accounts for about 30 per cent, industrial paper accounts for about 46 per cent, newsprint accounts for about 19 per cent, and specialty paper accounts for the balance 5 per cent.

3. Opportunities and Threats

The Indian paper industry is expected to grow by 5.5-6.5% CAGR through 2020-21. The demand will be driven and supported by greater Government spending on education initiatives, corporate spending on stationary and healthy growth in services sector. In spite of advancement in technology, like the usage of iPads, Galaxy Tabs, Smart Phones, the increased preference for online storage and dissemination of data, the paper industry is poised for a consistent growth in the demand for paper in next few years. Despite the higher level of technology being used in the corporate sector, there has been no decline in the paper consumption. Infact paper demand continues to rise at a modest pace. The envisaged growth in the value-added printing & writing paper segment in India presents an invaluable opportunity and your company plans to leverage it by tapping its institutional strength in its distribution supply chain, cost competitiveness and its premium quality alongwith its branding.

The company has been one of the most cost competitive paper mills and a large player in the writing and printing segment. The continuous efforts of the company towards cost reduction and technology up-gradation has led to improved product quality, enhanced product range, and increased production capacity, higher operational efficiencies and economies of scale. Further these initiatives have also enabled the company to manufacture premium quality paper, such as, coated paper, maplitho paper and premium copier paper, which is placed in the higher value segment, competing with quality of other large paper mills.

Raw material costs account for around 40 % of the operating income of mills in the paper industry. Wood and wood based pulp are the main raw materials required for manufacturing W&P paper, especially in the higher end papers such as maplitho and coated paper. India's wood resources are limited; therefore, cost of wood is much higher in global comparison. Since there is conspicuous absence of Government's policies favouring industrial/production plantation, securing future wood supplies will be the Industry's biggest challenge. In line with this increase in production, demand for raw materials will also go up. The different raw materials used to produce paper are agri-residues, wood/bamboo pulp, imported pulp and wastepaper (domestic and imported).

India has a total land area of 3.3 million sq km with forests covering only 0.7 million sq km. About 78% of the total land area is non-forest area. With diminishing forest resources and limitations on enlarging man-made forests, there is scarcity of raw material for paper mills. Moreover, the limited raw material can be put to many alternative uses.

Over the last few years, imported pulp has accounted for around 10% of domestic production. With increase in capacity and growing demand for paper, demand for wood is expected to grow in the next few years. With domestic wood supply being inadequate for this growing need, the mills will have to import wood in larger quantities.

The alternative source of raw material is wastepaper/recycled paper - domestic and imported. Both together accounted for nearly 40 per cent of the total paper production. In India, however, the system of wastepaper collection is not very well developed in the domestic wastepaper segment. The recovery rate is low and consequently there is lower availability. This leads to domestic mills relying increasingly on imports to meet their demand.

The third alternative source of raw material for the paper industry is agri-residues such as bagasse, wheat and rice straw, wild grass and other such agricultural wastes. Bagasse is the most widely-used agri-residue in the paper industry. However, availability of bagasse has been declining due to its increased use in power generation by sugar industry. Despite agri-residues being seasonal in nature, this is the segment of raw material which your company has mastered processing of, and has therefore gained an edge in the industry.

Further, the changes in Government policies and the paperless initiatives taken by the Govt. of India, coupled with Green initiatives in Corporate Governance leading to paperless compliances by the companies, is indicative of a slight threat to the paper industry. Although India does not import any significant quantity of W&P or paperboard, the share of imports over the next few years to remain a key monitorable, particularly in W&P.

4. Risks and Management Perception

The paper industry is labour intensive, power intensive as well as capital intensive and is exposed to several risks i.e. changes in the government policies, environment policies, duties and taxes, technological obsolescence and external economic factors.

Your company adopts a comprehensive and integrated risk appraisal and mitigation process thereof as part of the process in risk management.

The company uses agro waste materials, mainly Kanagrass and Wheat straw, as the basic raw materials to manufacture paper. The availability of these raw materials is seasonal and is mainly dependent on good monsoon. The agro residue material does exist on the ground, but the adequate availability is a constraint as free accessibility is getting limited due to increased capacities of the other paper mills in and around the region. This may not be able to sustain the future material requirements taking into account the increasing needs of premium quality paper. The continuous increase in prices of raw material, imported pulp and other inputs continues to be a matter of great concern for the industry. However, locational advantage of your company's paper mill provides an added access to the major raw material sources and insulates it, to some extent on this front. We have exclusive sources of suppliers connected to your company for supply of Agro raw materials, by way of long term contract arrangements.

The paper industry consumes a large amount of energy and water. Energy costs account for about 16-18 % of costs. Energy costs vary depending on the fuel used for generating power. The cost of power has increased as a result of inadequate supply and increase in tariff for industrial consumers. The prospect of availability of good quality fuel is diminishing. However, the

company has got itself registered with Coal India Limited and has entered into a Fuel Supply Agreement and has been meeting part of its requirements in the co-generation plant through procurement of coal, thus mitigating the cost increase to some extent.

India's wood resources are limited; therefore cost of wood is much higher in global comparison. In the absence of Government's enabling policies favoring industrial/production plantation, securing future wood supplies is Industry's biggest challenge.

To secure part of wood requirements, your company had developed a social Agro-forestry process by creation of a Nursery at the Mill to grow premium quality clonal plants which has been doing very well. At the Nursery, clonal varieties of fast growing hard wood trees are grown and distributed to farmers for them to plant the hard wood trees in the farmer's land and get the hardwood post the harvest. We are also continuing our efforts for growing of plantations by touching base with the farming community and making them aware of the financial benefits attached to social farm forestry.

Cost of raw materials forms the largest cost component in the paper industry, accounting for about 40% of the total cost. Hence, even a slight increase in raw material price distorts the cost structure of the mill.

The company continued its efforts in arriving at a proper raw material mix, cost reductions and product mix optimization. The Chemical Recovery, Co-generation plant and other cost reduction measures coupled with variety of distinctive products manufactured with better operational efficiencies has significantly increased its cost competitiveness.

Your company has also framed a 'Risk Management Policy' to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure. A Risk Management Committee as per the regulatory requirements has also been constituted to oversee the risk management process in the Company.

5. Outlook

Paper plays a key role in the communication and as a packaging material. Demand for the paper is closely linked to the prevalent economy conditions. Paper industry continues to have reasonably bright prospect in India during next 5 years as the demand of paper and paper products grow in line with the GDP growth. Paper continues to enjoy a relatively healthy demand on account of (i) lifecycle of a paper product from manufacture to consumption and disposal is short, as paper is used more in the nature of a consumable and not as a durable (ii) Wide usage, right from an individual to a corporate entity and (iii) no real low cost substitutes for paper.

The Indian paper and paperboard industry has the potential and the capabilities to service the demand in domestic and international market; and also to create huge employment avenues in rural India through agro production and forestry. This will only strengthen if the competitiveness of the value chain is encouraged by the government.

While W&P paper does not face any major threat from substitutes, the increased preference for online storage and dissemination of data and information could marginally affect the demand growth. However, despite the higher level of technology being used in the corporate sector, there has been no perceptible decline in the paper demand.

Availability of adequate good quality agro raw materials at cost effective prices, higher capital outlay, high interest costs, long gestation period and stringent environment regulations are the major entry barriers for the Greenfield projects.

6. Company's Financial Performance & Analysis

During the year your Company has achieved the highest ever production of paper, which was 1,15,997 metric tonnes, as against 1,07,632 metric tonnes in the previous year. The quantitative figure for the sale of paper was 1,15,724 metric tonnes this year, leaving a closing stock of 470 metric tonnes, as against the sale of 1,07,834 metric tonnes in the previous year.

The company has recorded a fabulous performance in its working results. This excellent performance is due to the improved operational efficiencies, productivity, quality, higher volumes of premium quality paper products like copier and surface sized paper, and increased sales realizations.

The company recorded a gross sales turnover including other income at Rs. 64,646.72 lacs, up by 16.56%; operating profit at Rs. 11,915.36 lacs, up by 81.68%, Profit before Tax at Rs. 8,487.09 lacs, up by 158.17% compared to the previous year. Net profit after tax is up by 148.46% and stands at Rs. 6,091.35 lacs.

The initiatives taken by your company in the recent years in improving productivity and efficiency have led to achieving the above operational performance. The company has continued to take up projects in focused areas for improvement under "KITE" scheme - Improvement Projects (Kquantum, Innovate, Think & Execute) and this has led to improved operational efficiencies, productivity, reduction in operational costs, and sizeable increase in savings thereby substantially improving the bottom-line.

The results of cost reduction initiatives and operational efficiencies will continue to be more visible in the current financial year 2017-18 as your company has continued these initiatives to optimize capacity utilization, cost reduction, new products, optimizing production of better margin products by further undertaking modification and up-gradation of the paper machines and other equipments for improving the product quality and operations.

These initiatives have made your company one of the most cost competitive paper mills, but is also placed amongst the large player in the writing and printing segment.

7. Internal Control Systems

Your Company implements internal control systems to provide reasonable assurance that the assets are safeguarded and transactions are properly authorized, recorded and correctly reported. It is a common practice to lay down a well thought business plan for each year. From the annual business plan, detailed budgets for revenue and capital for each quarter are determined. The actual performance is reviewed in comparison with the budget and deviations, if any, are addressed adequately. The internal control mechanism is well established. The internal control system is supplemented by regular management reviews and periodical reviews by an independent firm of chartered accountants, which evaluate the functioning and quality of internal controls and checks; and provide assurance of its adequacy and effectiveness. The scope of the internal audit covers a wide variety of operational methods and ensures compliance with specified standards with regard to availability and suitability of policies, practices and procedures, extent of adherence, reliability of management information system and authorization procedures including steps for safeguarding of assets. The Reports of internal audit are placed before Audit Committee for review.

8. Human Resources

Your company enjoys the support of a committed and well satisfied human capital. Human resources are invaluable assets of the company and the Company's endeavor has always been to retain the best professional and technical talent. The company lays great emphasis on proper management of human resources and skill development and believes that the human resource is the most important ingredient for achieving excellence in performance and for the sustainable growth of the business of the company. These practices enable the company to keep the attrition rate well below the industry average. The management has a process driven approach that invests in training and skill development needs of the employees on a regular basis through succession planning, on the job training and training workshops.

9. Cautionary Statement

Statements in this "Management's Discussions and Analysis" are describing the Company's "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, raw material availability and prices, cyclical demand, changes in Government regulations, environmental laws, tax regimes, economic developments within India and abroad and other factors such as litigation, industrial relations and other unforeseen events.

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

The principles of Corporate Governance and the Code of Business Conduct & Ethics are the cornerstones of your Company. Your Company has consistently striven to implement best corporate governance practices reflecting its strong value system and ethical business conduct. The Company's philosophy on Corporate Governance envisages attainment of highest level of transparency, accountability and integrity and highest applicable legal and ethical standards in the functioning of the Company with a view to create value that can be sustained continuously for the benefit of its stakeholders and ensuring highest standards of product quality and services to the consumers. All employees are bound by a Code of Conduct that sets forth company's policies on important issues including our relationship with consumers, shareholders and Government.

2. Board of Directors

The Board of Directors consisted of 9 directors, as on 31.03.2017, comprising of a Chairman, a Managing Director and seven non-Executive Directors. Out of seven, five non-Executive Directors were independent directors as on 31.03.2017. The Board has a healthy blend of executive and non-executive directors which ensures the desired level of independence in functioning and decision making. All the independent directors are eminent professionals and bring in wealth of expertise and experience for advising the management of the Company.

(a) Composition of the Board

Name of Director	Relationship with other Directors	Category	No. of Board Meetings Attended during 2016-17		Whether attended the last AGM	No. of directorships in other public limited companies	No of Committee positions held in other Companies	
			Held	Attended			Chairman	Member
Sh. Jagesh K Khaitan, Chairman	Father of Sh. Pavan Khaitan & brother of Sh. Umesh K Khaitan	Promoter, Executive	6	6	Yes	2	1	2
Justice S.S. Sodhi, (Retd.)*	-	Independent, Non-Executive	6	4	Yes	-	-	-
Sh. D.C. Mehandru	-	-- do --	6	6	Yes	1	-	2
Sh. Umesh K Khaitan	Father of Sh. Ashutosh Khaitan & brother of Sh. Jagesh K Khaitan	Promoter, Non-Executive	6	3	No	7	-	-
Sh. Yashovardhan Saboo	-	Independent, Non-Executive	6	4	No	5	1	5
Sh. D.S. Sandhawalia	-	Independent, Non-Executive	6	6	Yes	-	-	-
Mrs. Neena Singh	-	Independent, Non-Executive	6	4	Yes	2	-	7
Sh. Ashutosh Khaitan	Son of Sh. Umesh K Khaitan	Promoter, Non-Executive	6	4	No	3	-	-
Sh. Pavan Khaitan, Managing Director	Son of Sh. Jagesh K Khaitan	Promoter, Executive	6	6	Yes	1	-	-

*Ceased w.e.f 07.04.2017

(b) The shareholding of non-executive Directors of the company as on 31.03.2017 is as under:

Name of the Director	No. of shares
Justice S.S.Sodhi, (Retd)	Nil
Shri D.C.Mehandru	Nil
Shri Umesh K Khaitan	36,248
Shri Yashovardhan Saboo	Nil
Shri D.S. Sandhawalia	Nil
Mrs. Neena Singh	Nil
Shri Ashutosh Khaitan	21,001

(c) Details of familiarization programmes imparted to independent directors are available at the website of the Company at <http://www.kuantumpapers.com/investor.html>.

(d) During the financial year 2016-17, Six (6) Board Meetings were held on 26 May 2016, 10 August 2016, 14 September 2016, 19 October 2016, 11 November 2016 and 11 February 2017. The maximum interval between any two meetings was not more than 120 days.

(e) Information supplied to the Board

Information regularly provided to the Board inter-alia includes:

- Annual operating plans, budgets & updates;
- Production, sales & financial performance data;
- Expansion/capital expenditure plans & updates;
- Business-wise operational review;
- Quarterly, half yearly & year to date and annual financial results;
- Minutes of the meetings of the Audit and other committees as well as circular resolutions passed;
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Staff matters, including senior appointments and significant developments relating to labour relations and human resource relations;
- Materially important legal proceedings by or against the Company including Show cause, demand, prosecution notices and penalty notices which are materially important;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.;
- Share transfer and dematerialization compliances;
- Fatal or serious accidents or dangerous occurrences and materially significant effluents or pollution problems;
- Materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- Non-compliances of any regulatory or statutory provision or listing requirement on non-payment of dividend or delay in share transfers;
- Insider trading related disclosure procedures and such other matters;
- Details of any joint-venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business;

- Details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- To approve various policies, codes and committees pursuant to the Companies Act, 2013, the relevant rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other Regulations and requirements of other regulatory bodies, if any.

(f) Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transactions or relationship between the Company and its directors during the year 2016-17 that may have potential conflict with the interests of the Company.

The Company has made Policy on Related Party Transactions and strict compliance of the same is made by the Company and its professionals.

(g) Details of remuneration paid to the directors during the financial year 2016-17

Name of Director	Salary*/Fee**	Perks+ contribution to PF/other Funds	Commission	Sitting Fee	Total
Sh. Jagesh K Khaitan	80,19,355*	8,09,450	40,91,135	-	1,29,19,940
Sh. Pavan Khaitan	86,40,000*	8,51,105	44,07,762	-	1,38,98,867
Justice S.S. Sodhi, (Retd)	-	-	-	2,25,000	2,25,000
Sh. D.C. Mehandru	-	-	-	3,25,000	3,25,000
Sh. Umesh K Khaitan	-	-	-	1,00,000	1,00,000
Sh. Yashovardhan Saboo	-	-	-	2,50,000	2,50,000
Sh. D.S. Sandhawalia	36,60,000**	-	-	3,75,000	40,35,000
Mrs. Neena Singh	-	-	-	1,50,000	1,50,000
Sh. Ashutosh Khaitan	-	-	-	1,00,000	1,00,000

**Represents professional fee excluding service tax

3. Committees of the Board

(a) Audit Committee

The constitution and terms of reference of the Audit Committee conforms to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. The following functions are performed by the Audit Committee:

- Oversight of the company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment /removal of external auditors, fixing audit fees and approving payments for any other service;
- Reviewing with management the annual financial statements and Auditor's Report thereon before submission to the Board with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
- Reviewing with the management quarterly, half yearly & year to date and annual and other financial statements before submission to the Board for approval;

- Reviewing with the management, external and internal auditor, the adequacy of internal control systems and recommending improvements to the management;
- Reviewing the adequacy of internal audit function;
- Discussing with internal auditors of any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigation by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board;
- the recommendation for appointment, remuneration and terms of appointment of auditors of the Company and approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Discussing with the external auditors before the audit commences on the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern and review and monitor the Auditor's independence and performance, and effectiveness of audit process
- Reviewing the Company's financial and risk management policies;
- To review the functioning of the Whistle Blower Mechanism;
- Initiating investigations into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
- Recommending the appointment of cost auditors, fixing cost audit fee and reviewing the cost audit report
- To recommend various policies, codes and committees pursuant to the Companies Act, 2013, the relevant rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other Regulations and requirements of other regulatory bodies, if any, wherever required.
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Monitoring the end use of funds raised through public offers and related matters.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as mentioned in the terms of reference of the Audit Committee

The Company continues to derive immense benefit from the deliberations of the Audit Committee. As on 31st March, 2017, the committee comprised of the following six directors of the Company – four non-executives & independent and two executive & non-independent. During the financial year 2016-17, Audit Committee met 5 times i.e. on 26 May 2016, 10 August 2016, 19 October 2016, 11 November 2016 and 11 February 2017 and the attendance of the Directors on the above meetings was as follows:

Director	Position	Category	No. of meetings held	No. of meetings attended
Shri D.C. Mehandru	Chairman	Independent, Non-Executive Director	5	5
Shri Jagesh K Khaitan	Member	Non-Independent Executive Director	5	5
Justice S.S. Sodhi (Retd)	Member	Independent, Non Executive Director	5	3
Shri Yashovardhan Saboo	Member	Independent, Non Executive Director	5	4
Shri D.S. Sandhawalia	Member	Independent, Non Executive Director	5	5
Shri Pavan Khaitan	Member	Non-Independent, Executive Director	5	5

President (Finance)/CFO regularly attends the meetings. Other senior executives, when required, are invited in the meetings. Statutory auditors, cost auditors and internal auditors are also invited to the meetings.

The Company Secretary acts as Secretary of the committee.

All the members of the Audit Committee, except Shri Yashovardhan Saboo, were present at the last AGM held on 14th September, 2016.

(b) Nomination and Remuneration Committee

The Nomination, Remuneration and Evaluation Policy has also been framed by the Company in compliance with Section 178 of the Companies Act, 2013 read with rules framed thereto and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The primary objective of the Policy is to provide a framework and set standards for their nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the Senior Management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

Nomination, Remuneration and Evaluation policy has been made by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of the individual Directors as well as the Board. The framework of performance evaluation of the Independent Directors captures the following points:

- Key Attributes of the Independent Directors that justify his/her extension/continuation on the Board of the Company;
- Participation of the Directors in the Board proceedings and their effectiveness.

The Board adopted a formal mechanism for evaluating its performance as well as of its Committees and individual Directors including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligation, governance issues, participation and effectiveness etc.

Terms of Reference of the Nomination and Remuneration Committee

- Identification of persons qualified to be the directors and in senior management in accordance with the criteria laid down.
- Recommend to the Board appointment and removal of the directors.
- Evaluation of every director's performance.
- Formulation of criteria for determining qualifications, positive attributes and independence of a director.
- Recommendation of Remuneration policy for the directors, KMP and other employees in the senior management as mentioned herein above.
- Other Terms of Reference/scope of Nomination and Remuneration Committee shall be as notified by the appropriate authority from time to time or as directed/advised by the Board of Directors of the Company from time to time.

As on 31st March 2017, the committee comprised of the following three directors of the Company. Remuneration Committee met once on 26.05.2016 and the attendance of the Directors on the above meeting was as follows:

Director	Position	Category	No. of meetings held	No. of meetings attended
Shri Yashovardhan Saboo	Chairman	Independent, Non-Executive Director	1	1
Shri D.C. Mehandru	Member	Independent, Non-Executive Director	1	1
Shri D.S. Sandhawalia	Member	Independent, Non-Executive Director	1	1

The Committee carries out evaluation of performance of Directors yearly or at such intervals as may be considered necessary pursuant to Nomination, Remuneration and Evaluation Policy of the Company.

(c) Stakeholders Relationship Committee

Pursuant to Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has constituted Shareholders'/Investors' Grievance Committee for speedy disposal of all grievances/complaints relating to shareholders/investors. The Committee specifically looks into redressal of investors' complaints and requests such as transfer of shares, non-receipt of annual report, non-receipt of declared dividend etc. In addition, the Committee advises on matters which can facilitate better investor services/relations.

As on 31st March 2017, the committee comprised of the following three directors of the Company. During the financial year 2016-17, the Committee met once on 11.02.2017 and the attendance of the Directors on the above meeting was as follows:

Director	Position	Category	No. of meetings held	No. of meetings attended
Justice S.S. Sodhi (Retd)	Chairman	Independent, Non-Executive Director	1	1
Shri Jagesh K Khaitan	Member	Non-Independent Executive Director	1	1
Shri Umesh K Khatian	Member	Non-Independent, Non Executive Director	1	1

Shri Vivek Trehan, Company Secretary is the Compliance Officer of the Company.

During the year, the Company received 3 complaints which were replied/resolved to the satisfaction of the investors. As on 31st March, 2017, no complaints and/or requests for dematerialization were pending. All valid requests for share transfers received during the year 2016-17 have been acted upon by the Company and no transfer was pending.

(d) Risk Management Committee

Pursuant to Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has framed a 'Risk Management Policy' to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure. A Risk Management Committee under the chairmanship of Mr. Pavan Khaitan, Managing Director, has also been constituted to oversee the risk management process in the Company. The other members of the Committee are Shri D.S. Sandhawalia and Shri Roshan Garg.

The Objectives of the Committee are as under:

Strategic:

- Organizational Growth.
- Sustenance and Growth of Strong relationships with dealers/customers.
- Expanding company's presence in existing markets and penetrating new geographic markets.
- Continuing to enhance industry expertise.
- Enhance capabilities through technology alliances and acquisitions.

Operations:

- Consistent Revenue growth.
- Consistent profitability.
- High quality production.
- Further develop Culture of Innovation.
- Review of Forex currency exposure and hedging thereof

Reporting:

- Maintain high standards of Corporate Governance and public disclosure.

Compliance:

- Ensure stricter adherence to policies, procedures and laws/rules/regulations/standards.

The quorum for the meeting shall be either two members or 1/3rd of the members of Committee whichever is greater. The Committee may meet for dispatch of its business at such frequency as it may think fit having regard to the volume of work.

(e) Corporate Social Responsibility Committee

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the rules made thereunder, the Board of Directors have constituted a Corporate Social Responsibility Committee comprising of the following Directors. During the financial year 2016-17, the Committee met twice on 26.05.2016 and 11.11.2016 and the attendance of the Directors on the above meeting was as follows:

Director	Position	Category	No. of meetings held	No. of meetings attended
Shri Pavan Khaitan	Chairman	Non-Independent, Executive Director	2	2
Shri D.S. Sandhawalia	Member	Independent, Non-Executive Director	2	2
Mrs. Neena Singh	Member	Independent, Non-Executive Director	2	1

The Company covers the activities under CSR as mentioned in Section 135 the Companies Act, 2013 read with Schedule VII of the Companies Act, 2013 as well as Companies (Corporate Social Responsibility Policy) Rules, 2014. The quorum for the meeting is either two directors or 1/3rd of the members of Committee whichever is greater. The Committee may meet for dispatch of its business at such frequency as it may think fit having regard to the volume of work.

4. General Body Meetings

The last three Annual General Meetings of the Company were as under:

Financial Year	Date	Time	Place
2013-14	08.08.2014	11.30 am	Regd. Office - Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab
2014-15	18.09.2015	11.30 am	Regd. Office - Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab
2015-16	14.09.2016	11.30 am	Regd. Office - Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab

Special Resolutions passed in the previous three AGMs

Financial Year	AGM Dated	Details of the Special Resolutions Passed
2013-14	08.08.2014	i) Revision in the remuneration of the Chairman pursuant to the provisions of Section 196,197,198 and Schedule V of the Companies Act, 2013 ii) Re-appointment of MD and fixation of his remuneration pursuant to the provisions of Section 196,197,198, 203 and Schedule V of the Companies Act, 2013 iii) Resolution u/s 180(1)(c) of the Companies Act, 2013 w.r.t. the Borrowing powers of the Company iv) To accept Deposits u/s 73 and 76 of the Companies Act, 2013
2014-15	18.09.2015	i) Re-appointment of Chairman and fixation of his remuneration pursuant to the provisions of Section 196,197,198, 203 and Schedule V of the Companies Act, 2013 ii) To accept Deposits u/s 73 and 76 of the Companies Act, 2013
2015-16	14.09.2016	i) To accept Deposits u/s 73 and 76 of the Companies Act, 2013

5. Postal Ballot

There was no Postal Ballot in the year, pursuant to Section 110 of the Companies Act, 2013 read with relevant Rules.

6. Disclosures

- There were no transactions of material nature with the directors or the management or their subsidiaries or relatives or any related party etc. during the year that had potential conflict with the interests of the Company at large.
- The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and in conformity, in all material respects, with the generally accepted accounting principles and standards in India. The

estimates/judgements made in preparation of these financial statements are consistent, reasonable and on prudent basis so as to reflect true and fair view of the state of affairs and results/operations of the Company.

- (iii) The Company has well-defined Risk Management Policies for its business, which are periodically reviewed to ensure that the executive management controls risk by means of a properly defined framework.
- (iv) The Company has not raised any funds from the capital market (public/rights/preferential issues etc.) during the financial year under review.
- (v) There was no instance of non-compliance of any matter relating to the capital markets by the Company. No penalties or strictures have been imposed on the company by the stock exchange, SEBI or any other Statutory Authorities on any matter relating to the capital market since the listing of the Company.
- (vi) The Company is complying with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vii) The Company has established a vigil mechanism for directors and employees to report genuine concerns and has a well-defined Whistle Blower Policy and it is affirmed that no personnel has been denied access to the audit committee.
- (viii) Web link for the policy on dealing with related party transactions- <http://www.kuantumpapers.com/investor.html>.
- (ix) In compliance with the terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the number of equity shares lying unclaimed in the 'Unclaimed Suspense Account' as on 31.03.2017 is 77141 The information as required in pursuance of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

Aggregate no. of the shareholders as on 1.04.2016	3400
Outstanding shares as on 1.04.2016	77652
No. of shareholders requested to transfer shares from Suspense A/c	11
No. of shareholders to whom shares were transferred from Suspense A/c	11
Aggregate no of the shareholders as on 31.03.2017	3389
Outstanding shares as on 31.03.2017	77141

- (x) During the year under review, the Company has credited Rs. 5,07,658/- (pertaining to the year 2008-09) to the Investor Education and Protection Fund (IEPF) pursuant to the relevant provisions of the Companies Act, 2013 read with Investor Education and Protection Fund(Awareness and Protection of Investor) Rules, 2001 and modifications thereof.
- (xi) The Company does not have a Subsidiary and hence policy for determining material subsidiaries is not applicable.
- (xii) The company has complied with all the requirements of corporate Governance Report pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xiii) The Company has not adopted discretionary requirements as specified in Part E of Schedule II in terms of Regulation 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xiv) The Company has complied with all the Corporate Governance requirements specified in regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

7. Means of Communications

The Quarterly, Half Yearly, year to date and Annual Financial Results are communicated to the stock exchange i.e. BSE, where the Company's shares are listed as soon as they are approved and taken on record by the Board of Directors of the Company. Further, these results are published in leading newspapers such as Economics Times (English) and Desh Sewak (Punjabi). The results are not sent individually to the shareholders. The financial results are being regularly displayed on the web-site of the Company at www.kuantumpapers.com

The investors can register their grievances at Company's e-mail id i.e. kquantumcorp@kquantumpapers.com

The Management Discussion and Analysis Forms part of the Directors' Report.

8. Code of Conduct

The Board of Directors of the Company have adopted Code of Business Conduct & Ethics. This Code is based on three fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary conduct and is applicable to all the Directors and senior management personnel. The Code of Business Conduct & Ethics, as approved by the Board of Directors, is displayed at the website of the Company at www.kquantumpapers.com

All the members of the Board and senior management personnel have affirmed compliance with the Code for the year ended 31st March, 2017 and a declaration to that effect signed by the Chief Executive Officer forms part of this report.

9. Code of Conduct for prevention of Insider Trading

The Company has adopted a Code of Conduct for prevention of Insider Trading in the shares and securities of the Company pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code, inter alia, prohibits purchase/sale/trading of shares of the Company by Directors, Employees and other connected persons while in possession of unpublished price sensitive information in relation to the Company. The said code is available on the Company's website at www.kquantumpapers.com

10. CEO and CFO Certification

The Certificate required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly signed by CEO and CFO was placed before the Board and the same is annexed to this report.

11. Practicing Company Secretary's Certificate on Corporate Governance

A certificate has been obtained from the Practicing Company Secretary regarding compliance with the provisions relating to Corporate Governance laid down in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the stock exchanges. The same is annexed to this report.

Declaration regarding compliance of Code of Conduct

I, Pavan Khaitan, Chief Executive Officer of Kquantum Papers Ltd, hereby declare that all the Board Members and senior management personnel of the Company have affirmed compliance of the Code of Conduct for the year ended 31st March, 2017.

Place : Chandigarh
Date : 24 May 2017

Pavan Khaitan
Chief Executive Officer

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

Date	15 September 2017
Time	11.30 AM
Venue	Kquantum Papers Ltd., Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab

- **Financial Year : April 01 to March 31**
- **Financial Calendar 2017-18 (Tentative)**

Board Meetings to take on record

Financial Results for Quarter ended 30.06.2017	Second week of August, 2017
Financial Results for Quarter ended 30.09.2017	Second week of November, 2017
Financial Results for Quarter ended 31.12.2017	Second week of February, 2018
Financial Results for Year / Quarter ended 31.03.2018	3rd/4th week of May, 2018
Book Closure Date	9-9-2017 to 15-9-2017 (both days inclusive)

- **Dividend Payable Date**

The Board has recommended a dividend @ Re. 1.00 per share on the Preference Shares of Rs. 10/- each and @ Re. 2.00 per share on the Equity Shares of Rs. 10/- each for declaration at the 20th Annual General Meeting. Dividend will be paid after the date of AGM but within the statutory time limit of 30 days from the date of declaration.

- **Listing**

Name & address of stock exchanges
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

The Company has already paid annual listing fee for the year 2017-18 to BSE Ltd.

- **Stock Code**
 - BSE Ltd. : 532937
 - Demat ISIN in NSDL and CDSL for equity Shares : INE 529I01013

- **Market Price Data**

The monthly high/low quotation of the equity shares traded at BSE Ltd. and BSE Sensex during the financial year 2016-17 are given below.

Month	Company's Share Price (Rs.)		BSE Sensex	
	High	Low	High	Low
April 2016	159.00	136.50	26,100.54	24,523.20
May 2016	160.00	136.10	26,837.20	25,057.93
June 2016	188.00	135.00	27,105.41	25,911.33
July 2016	218.60	148.00	28,240.20	27,034.14
August 2016	339.90	193.00	28,532.25	27,627.97
September 2016	354.85	260.00	29,077.28	27,716.78
October 2016	439.65	275.35	28,477.65	27,488.30
November 2016	556.40	350.10	28,029.80	25,717.93
December 2016	452.00	382.05	26,803.76	25,753.74
January 2017	468.50	398.00	27,980.39	26,447.06
February 2017	465.00	388.80	29,065.31	27,590.10
March 2017	546.20	395.00	29,824.62	28,716.21

● **Share Transfer Agent and Demat Registrar**

M/s MAS Services Ltd., New Delhi are the Registrar & Share Transfer Agent for handling both physical share registry and demat share registry work having their office at:

M/s MAS Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020

Ph:- 011-26387281/82/83, Fax:- 011-26387384

email:- info@masserv.com, website : www.masserv.com

● **Share Transfer System**

The transfer of physical shares is normally processed within a period of 15 days from the date of receipt if the documents are complete in all respects. The transfers, transmissions etc. of the Company's securities are looked after by the Registrar & Share Transfer Agent of the Company, M/s MAS Services Ltd. under the supervision and control of Company Secretary. The details of shares transferred/transmitted alongwith Shares transfer/transmission registers are placed before the 'Securities Transaction Committee' for approval. Compliance certificate pursuant to Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying the compliance of share transfer/transmission formalities is being obtained from a practicing Company Secretary on half yearly basis and is filed with the stock exchange. Requests for dematerialization of shares are processed and the confirmation is given by the Registrar & Share Transfer Agent to the respective depositories within the prescribed time limit. Compliance certificate pursuant to Regulation 7(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, jointly signed by the Company Secretary/Compliance Officer and the Registrar & Share Transfer Agent is also filed with the stock exchange on half yearly basis.

● **Distribution of Equity Shareholding**

(a) Shareholding Pattern as on 31 March 2017

Sl. No.	Description	No. of equity shares held	Shareholding %
1.	Promoters <ul style="list-style-type: none"> ● Individuals ● Bodies Corporate 	3,31,281 58,03,788	3.79 66.51
2.	Institutional Investors <ul style="list-style-type: none"> ● Mutual Funds/UTI ● Banks/Financial Institutions ● Foreign Portfolio Investors 	250 642 4962	0.00 0.01 0.06
3.	Others <ul style="list-style-type: none"> ● Private Bodies Corporate ● Indian Public ● NRIs/OBCs/Pak shareholders 	14,73,013 10,91,534 20,893	16.88 12.51 0.24
	Total	87,26,363	100.00%

(b) Distribution of shareholding as on 31 March 2017

Shareholding of Nominal Value of Rs.	No. of shareholders	%age of shareholders	No. of shares	%age of holding
1 to 5,000	14667	98.15	4,65,406	5.33
5,001 to 10,000	126	0.84	95,596	1.10
10,001 to 20,000	65	0.44	94,091	1.08
20,001 to 30,000	16	0.11	37,997	0.44
30,001 to 40,000	8	0.05	29,058	0.33
40,001 to 50,000	12	0.08	54,082	0.62
50,001 to 1,00,000	24	0.16	1,61,469	1.85
1,00,001 and above	26	0.17	77,88,664	89.25
Total	14944	100.00	87,26,363	100.00

- **De-materialization of Shares**

The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Ltd. (NSDL) to offer depository Services to the shareholders. As on March 31, 2017, approximately 97.25 % of the shares of the Company have been dematerialized.

- **Reconciliation of Share Capital Audit**

A practicing Company Secretary carried out a Reconciliation of Share Capital Audit, quarterly, to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The Reconciliation of Share Capital Audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Outstanding GDRs/ADRs/Warrants etc.

Not applicable

- **Plant Location**

Paper Mill, Saila Khurd 144529
Distt: Hoshiarpur, Punjab

- **Address for correspondence**

(a) **Registered Office:**

Paper Mill, Saila Khurd
Distt. Hoshiarpur, Punjab

(b) **Registrar & Share Transfer Agent**

M/s MAS Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020

Ph:- 011-26387281/82/83, Fax:- 011-26387384

email:- info@masserv.com, website : www.masserv.com

PRACTICING COMPANY SECRETARY'S CERTIFICATE

To the Members of Kuantum Papers Ltd

I have examined the compliance of the conditions of Corporate Governance by Kuantum Papers Limited for the year ended 31st March, 2017, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. My examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

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

For **S.K. SIKKA & ASSOCIATES**
Company Secretaries

SUSHIL K SIKKA
Prop.
FCS 4241
CP 3582

Place : Chandigarh
Date : 24 May 2017

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Board of Directors
Kquantum Papers Ltd
Salla Khurd, Distt. Hoshiarpur
Punjab

Re: Financial Statements for the year 2016-17 – Certification by CEO and CFO

We, Pavan Khaitan, Managing Director & CEO and Roshan Garg, President (Finance) & CFO, of Kquantum Papers Ltd., on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31 March 2017 and to the best of our knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations;
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
5. We further certify that:-
 - (a) There have been no significant changes in internal controls during the year;
 - (b) There have been no significant changes in accounting policies during the year;

There have been no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control systems.

Roshan Garg
President (Finance) & CFO

Pavan Khaitan
Managing Director & CEO

Place : Chandigarh
Dated: 24 May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KQUANTUM PAPERS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of Kquantum Papers Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ('the financial statements').

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 2017, and its profit and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

(i) 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 of the matters specified in paragraphs 3 and 4 of the Order.

(ii) 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 purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 litigation on its financial position in its financial statements. Also refer to note 4.1a, 4.1c and 4.1d to the financial statements.
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Also refer to note 4.17 to the financial statements.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The Company has provided requisite disclosures with regard to the holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Further, payments aggregating to Rs.18.29 lakhs were made to certain agro-based suppliers which, as informed to us, were made to enable them to buy fuel for transportation. Based on audit procedures performed by us and relying on the management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Also refer to note 4.20 to the financial statements.

For BSR & Co. LLP
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No: 108044

Place: Chandigarh
Date: 24 May 2017

'Annexure A' referred to in paragraph 5 (i) of the Independent Auditor's Report to the Members of Kquantum Papers Limited on the financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, plant and equipment and buildings were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- (ii) According to the information and explanation given to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business. The discrepancies noticed on such verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account. There was no stock lying with third parties at the year-end.
- (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 Act. Thus, paragraphs 3 (iii) of the Order is not applicable.
- (iv) The Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under Section 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under where applicable, the directives issued by the Reserve Bank of India as applicable with regard to deposits accepted from the public. As informed to us, there have been no proceedings before the Company Law Board or National Company Law Tribunal and Reserve Bank of India or any court or any other tribunal in this matter and no order has been passed by any of the aforesaid authorities in this regard.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of the product covered where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 148 (1) of the Act, in respect of products covered and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to ensuring whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Value added tax, Service tax, Duty of customs, Duty of excise, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Value added tax, Service tax, Duty of customs, Duty of excise, cess and other material statutory dues were in arrears as at 31 March 2017 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 custom, Duty of excise, Value added tax, Sales tax, cess and Service tax which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below :

Name of the statute	Nature of the Dues	Amount Disputed* Rs. lacs	Amount Deposited Rs. lacs	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	7.57	-	2005-06 (Assessment year)	Commissioner of Income tax (Appeals)
Income tax Act, 1961	Income tax	111.66#	-	2006-07 to 2012-13 (Assessment year)	Income tax Appellate Tribunal (ITAT)
Central Excise Act, 1944	Excise duty	447.36	-	2000-01 to 2007-08	Punjab and Haryana High Court
Central Excise Act, 1944	Excise duty	65.06	-	2008-09	Commissioner of Central Excise
Central Excise Act, 1944	Service tax	58.77	2.20	2008-09	Commissioner of Central Excise
The Water (Prevention and Control of Pollution) Cess Act, 1977	Water Cess	49.50	28.82	2011-12 to 2013-14	Chairman, Appellate Committee, Punjab Pollution Control Board

*Amount are as per demand order and include interest and penalty, whichever indicated in the said orders.

Excludes Rs.410.67 lakhs (AY 2008-2009) due to receipt of a favourable order from ITAT on 11 May 2017. Also refer to note 4.1 of the financial statements.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and the financial institution. The Company did not have any outstanding dues to any government or debenture holders during the year.
- (ix) According to the information and explanations given to us, the term loan taken by the Company have been applied for the purposes for which they were raised. However, loan amounting to Rs. 2,818.07 lakhs, which has been disbursed during the year, remained unutilized as at 31 March 2017 and is included in fixed deposits. Also refer to note 1.15 to the financial statements. As informed to us, the Company has not raised any moneys by way of initial public offer(including debt instruments) or further public offer.
- (x) According to the information and explanations given to us, no fraud on or by the Company, by its officers or employees has been noticed or reported during the course of our audit for the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provision of section 197 read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company and thus paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No: 108044

Place : Chandigarh
Date: 24 May 2017

'Annexure B' referred to in paragraph 5(ii)(f) of the Independent Auditor's report to the Members of Kquantum Papers Limited being 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 **Kquantum Papers Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 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 Act.

Auditor's 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 Act, 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 was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 2017, based on 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 **BSR & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

Place: Chandigarh
Date: 24 May 2017

Pravin Tulsyan
Partner
Membership No.: 108044

BALANCE SHEET AS AT 31 MARCH 2017

	Notes No.	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
EQUITY AND LIABILITIES			
Shareholder's funds			
(a) Share capital	1.1	3,872.64	3,872.64
(b) Reserves and surplus	1.2	61,310.42	55,219.07
		65,183.06	59,091.71
Non-current liabilities			
(a) Long-term borrowings	1.3	16,969.38	14,220.28
(b) Deferred tax liabilities	1.4	5,710.59	4,827.05
(c) Other long term liabilities	1.5	1,200.76	1,152.15
(d) Long-term provisions	1.6	102.41	76.67
		23,983.14	20,276.15
Current liabilities			
(a) Short-term borrowings	1.7	3,800.63	3,852.87
(b) Trade payables : total outstanding dues of micro enterprises and small enterprises total outstanding dues of creditors other than micro enterprises and small enterprises	1.8	- 2,441.53	- 2,444.14
(c) Other current liabilities	1.9	7,876.06	4,151.90
(d) Short-term provisions	1.6	225.46	492.77
		14,343.68	10,941.68
		1,03,509.88	90,309.54
ASSETS			
Non-current assets			
(a) Fixed assets	1.10		
(i) Tangible assets		76,843.87	68,611.95
(ii) Intangible assets		216.91	-
(iii) Assets under finance lease		50.78	85.93
(iv) Capital work-in-progress		3,636.12	5,006.48
		80,747.68	73,704.36
(b) Long-term loans and advances	1.11	5,405.50	5,526.83
(c) Other non-current assets	1.12	60.80	53.87
		86,213.98	79,285.06
Current assets			
(a) Inventories	1.13	6,087.51	5,303.76
(b) Trade receivables	1.14	3,434.89	3,610.48
(c) Cash and bank balances	1.15	3,725.26	679.53
(d) Short-term loans and advances	1.11	3,998.13	1,397.17
(e) Other current assets	1.16	50.11	33.54
		17,295.90	11,024.48
		1,03,509.88	90,309.54

Significant accounting policies

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Place : Chandigarh

Date : 24 May 2017

For and on behalf of Board of Directors of **Kquantum Papers Limited**

Jagesh K Khaitan

Chairman

DIN - 00026264

Roshan Garg

President-Finance & CFO

Place : Chandigarh

Date : 24 May 2017

Pavan Khaitan

Managing Director

DIN - 00026256

Vivek Trehan

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

	Notes No.	For the year ended 31 March 2017	For the year ended 31 March 2016
		Rs. Lacs	Rs. Lacs
Revenue from operations	4.13		
Sale of products (gross)		64,249.04	55,214.80
Less : Excise duty		3,517.04	2,777.79
Sale of products (net)		60,732.00	52,437.01
Other operating revenues	2.1	230.94	143.22
Total revenue form operations		60,962.94	52,580.23
Other income	2.2	166.74	105.53
Total revenue		61,129.68	52,685.76
Expenses			
Cost of materials consumed	2.3	20,777.30	18,959.34
Changes in inventories of finished goods, work-in-progress and stock in trade	2.4	(60.15)	93.63
Employee benefits expense	2.5	3,733.34	3,226.34
Finance costs	2.6	1,889.91	1,914.88
Depreciation and amortization expense	1.10	1,538.36	1,356.22
Other expenses	2.7	24,763.83	23,848.00
Total expenses		52,642.59	49,398.41
Profit before tax		8,487.09	3,287.35
Tax expense			
Current tax		1,811.32	703.38
Less : minimum alternate tax credit entitlement		(299.12)	(496.95)
Deferred tax charge		883.54	629.24
Profit for the year		6,091.35	2,451.68
Earnings per equity share			
Basic and diluted	4.7	69.80	23.96
Significant accounting policies	3		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.:108044

Place : Chandigarh

Date : 24 May 2017

For and on behalf of Board of Directors of **Kquantum Papers Limited**

Jagesh K Khaitan

Chairman

DIN - 00026264

Roshan Garg

President-Finance & CFO

Place : Chandigarh

Date : 24 May 2017

Pavan Khaitan

Managing Director

DIN - 00026256

Vivek Trehan

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Year ended 31 March 2017	Rs. Lacs Year ended 31 March 2016
A Cash flow from operating activities		
Net profit before taxation and extra ordinary items	8,487.09	3,287.35
Adjustments for:		
Depreciation and amortisation expense	1,538.36	1,356.22
Net loss on sale of fixed assets	11.80	3.41
Mark to market loss on derivative contracts	35.62	-
Interest and finance charges	1,889.91	1,914.88
Interest income	(96.85)	(60.80)
Foreign exchange gain (unrealized)	163.33	(4.98)
Advance written off	26.05	0.99
Liabilities no longer required written back	(109.79)	(92.94)
Operating cash flow before working capital changes	11,945.51	6,404.13
Changes in currents assets and current liabilities		
(Increase) in inventories	(783.75)	(505.36)
(increase) / decrease in trade receivables, current assets and loans and advances	(2,436.24)	322.67
Increase in trade payable, other liabilities and provisions	395.83	223.37
Cash generated from operations before taxes	9,121.35	6,444.81
Income tax paid / tax deducted at source	(1528.69)	(779.52)
Net cash generated from operating activities (A)	7,592.66	5,665.29
B Cash flow from investing activities		
Purchase of fixed assets and capital work in progress including capital advances	(8,727.75)	(6,854.11)
Sale of fixed assets	20.58	5.48
(decrease)/Increase in fixed deposits having maturity more than three months	(859.97)	1,716.34
Interest received	80.28	84.60
Net cash (used) in investing activities (B)	(9,486.86)	(5,047.69)
C Cash flows from financing activities		
Proceeds from Capital subsidy received	254.40	190.79
Proceeds from long term borrowings from banks	5,664.93	4,076.34
Proceeds from long term borrowings from promoters and others*	4,025.77	-
Proceeds from public deposits#	2,310.39	1,863.71
Repayment of long term borrowings from banks	(2,924.86)	(2,698.88)
Repayment of long term borrowings from promoters and others*	(849.84)	(62.75)
Repayment of public deposits*#	(1,427.87)	(788.82)
Increase/(decrease) in short term borrowings from others (net)	5.00	(180.00)
Principal repayment under finance lease	(33.46)	(37.83)
Interest paid	(1,928.61)	(2,026.34)
Change in working capital loan	(542.86)	(450.42)
Dividend paid and tax thereon	(463.42)	(464.70)
Net cash generated from/(used in) financing activities (C)	4,089.57	(578.90)
Net increase in cash and cash equivalents (A+B+C)	2,195.37	38.70
Cash and cash equivalents at the beginning of the year	160.59	121.90
Cash and cash equivalents at the end of the year**	2,355.96	160.59

Note: 1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 on Cash Flow Statement prescribed by the Companies (Accounts) Rules, 2014.

* Refer Note 4.4.C

** Refer Note 1.15.1

Includes public deposits matured and renewed during the year

The notes referred above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
 Chartered Accountants
 ICAI Firm Registration No.: 101248W/W-100022

Pravin Tulsyan
 Partner
 Membership No. 108044

Place : Chandigarh
 Date : 24 May 2017

For and on behalf of Board of Directors of **Kuantum Papers Limited**

Jagesh K Khaitan
 Chairman
 DIN - 00026264

Roshan Garg
 President-Finance & CFO

Place : Chandigarh
 Date : 24 May 2017

Pavan Khaitan
 Managing Director
 DIN - 00026256

Vivek Trehan
 Company Secretary

Notes forming part of financial statements for the year ended 31 March 2017
(Amount in Rs. Lacs, unless otherwise stated)

1.1 SHARE CAPITAL

Particulars	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
1.1.1 Authorized		
2,50,00,000 (previous year 2,50,00,000) equity shares of Rs. 10 each	2,500.00	2,500.00
3,00,00,000 (previous year 3,00,00,000) 10% redeemable preference shares of Rs. 10 each	3,000.00	3,000.00
	5,500.00	5,500.00
1.1.2 Issued, subscribed and paid up*		
87,26,363 (previous year 87,26,363) equity shares of Rs.10 each, fully paid up	872.64	872.64
3,00,00,000 (previous year 3,00,00,000) 10% redeemable cumulative preference shares of Rs. 10 each, fully paid up	3,000.00	3,000.00
	3,872.64	3872.64

*During the 5 years immediately proceedings 31 March 2017, neither any bonus shares or shares issued for consideration other than cash that have been issued nor any shares that have been brought back.

1.1.3 Reconciliation of share capital outstanding as at the beginning and at the end of the year

a) During the current year and in the previous year, there has been no movement in the number of equity and preference shares outstanding.

1.1.4 Rights, preferences and restrictions attached to each class of shares

a) Equity shares of Rs. 10 each, fully paid up

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders (except for interim dividend) in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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.

b) 10% cumulative redeemable preference shares of Rs. 10 each, fully paid up

The Company has only one class of preference shares having a par value of Rs. 10 per share. Preference shareholders do not hold any voting rights. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The preference shareholder acquire voting right on par with equity shareholders if dividend on preference shares remain unpaid for a period of not less then 2 years or for any three years during a period of six years ending with financial year preceding the meeting. In the event of liquidation of the Company, the holders of preference shares will be entitled to receive the amount of their preference capital contribution before distribution of the remaining assets to the equity shareholders. The preference shares are redeemable in 5 equal installments at the end of 16th, 17th, 18th, 19th and 20th year, from the date of allotment, i.e., 13 September 2013.

1.1.5 Shares held by holding company

a) Equity shares of Rs. 10 each, fully paid up

Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of shares held	Amount	No. of shares held	Amount
(I) Esteem Finventures Limited*	50,04,538	500.45	42,89,538	428.95

*Holding company with effect from 8 December 2016. Untill 7 December 2016, the Company was an associate of Esteem Finventures Limited.

Notes to Accounts

b) 10% cumulative redeemable preference shares of Rs. 10 each, fully paid up

Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of shares held	Amount	No. of shares held	Amount
Esteem Finventures Limited	2,50,00,000	250.00	2,50,00,000	250.00

1.1.6 Details of shareholders holding more than 5% shares as at the year end

a) Equity shares of Rs. 10 each, fully paid up

Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	% of holdings	No. of shares held	% of holdings	No. of shares held
(I) Esteem Finventures Limited	57.35	50,04,538	49.16	42,89,538
(ii) Combine Overseas Limited	9.16	7,99,250	17.35	15,14,250

b) 10% cumulative redeemable preference shares of Rs. 10 each, fully paid up

Name of shareholder	As at 31 March 2017		As at 31 March 2016	
	% of holdings	No. of shares held	% of holdings	No. of shares held
(I) Esteem Finventures Limited	83	2,50,00,000	83	2,50,00,000
(ii) Mr. Pavan Khautan	10	30,00,000	10	30,00,000

1.2 RESERVES AND SURPLUS

Particulars	As at 31 March 2017	As at 31 March 2016
	Rs. Lacs	Rs. Lacs
1.2.1 Capital redemption reserve	200.00	200.00
1.2.2 Capital subsidy	100.14	100.14
1.2.3 General reserve	2,457.92	2,457.92
1.2.4 Revaluation Reserve	41,294.33	41,294.33
1.2.5 Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	11,166.68	9,181.09
Add : Net profit for the year	6,091.35	2,451.68
	17,258.03	11,632.77
Less : Proposed dividend - equity shares*	-	(87.26)
Less : Proposed dividend - preference shares*	-	(300.00)
Less : Dividend distribution tax	-	(78.84)
Balance at the end of the year	17,258.03	11,166.68
	61,310.42	55,219.07

* During the previous year, the board of directors of the Company had proposed a dividend of Re. 1 per share to the equity and preference shareholders. The dividend was remitted post the approval of shareholders in the Annual General Meeting held on 14 September 2016. Further, the Board of directors, in the meeting held on 24 May 2017, have proposed a dividend of Rs 2 per share to the equity shareholders and Re.1 per share to the preference shareholders. Pursuant to the Companies (Accounting Standards) Rules 2016, w.e.f. 30 March 2016, the proposed dividend is now accounted in the year when the same is approved by shareholders in Annual General Meeting.

Notes to Accounts

1.3 LONG TERM BORROWINGS

Particulars	Footnote	Non Current Portion		Current Portion	
		As at	As at	As at	As at
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
1.3.1 Secured (refer foot notes)					
(a) Term loans					
from banks	[1]	11,324.56	9,338.16	3,193.91	2,485.00
(b) Finance lease obligations					
for purchase of computers and IT Equipments	[2]	-	13.30	12.14	32.30
(c) Vehicle loans					
from banks	[3]	187.21	168.78	127.10	100.77
		11,511.77	9,520.24	3,333.15	2,618.07
1.3.2 Unsecured (refer foot notes)					
(a) Public deposits	[4]				
- from related parties (also refer note 4.4.C)		1,038.75	1,091.90	410.90	215.50
- others		961.12	791.49	441.87	356.85
(b) Inter corporate deposits	[5]				
- others		-	155.00	-	-
(c) Loans from Export Development Canada	[6]	3,018.24	2,222.15	2,330.95	-
(d) Loans from directors and relatives	[7]				
Mr. Pavan Khaitan (Managing Director)					
HUF of Mr. Pavan Khaitan		103.00	113.00	-	-
Mrs. Aparna Khaitan (Relative of director)		236.50	226.50	-	-
Mr. Jagesh K Khaitan (Chairman)		90.00	90.00	-	-
Mrs. Usha Khaitan (Relative of director)		10.00	10.00	-	-
		5,457.61	4,700.04	3,183.72	572.35
Less: Amount shown under "other current liabilities" (Refer Note 1.9)		-	-	6,516.87	3,190.42
		16,969.38	14,220.28	-	-

Footnotes:

[1] Term Loan of:

a. Rs. 13,340.21 (previous year Rs. 10,834.20) are secured by a first parri passu charge on all the fixed assets (immovable and movable) of the Company, both present and future along with equitable mortgage of factory land and building at Sailakhurd except office premises situated at Industrial Area, Chandigarh which are exclusively mortgaged with HDFC bank and HDFC limited respectively and second charge on the current assets. The said loans are also secured by personal guarantees of directors. In addition, Term loan of 899.34 (previous year 1,799.34) is also secured by pledge of 10,00,000 equity shares of the Company by the holding company.

b. Rs. 1,178.26 (previous year Rs. 988.96) is secured by exclusive charge on the office premises at Industrial Area Chandigarh and is also secured by personal guarantees of directors.

c. During the current year, floating interest rate was in the range of 8.65% to 14.10% per annum (previous year 11.50% to 14.00% per annum).

Notes to Accounts

d. Maturity profile of the term loans is as under:

	As at 31 March 2017	As at 31 March 2016
2016-17	-	2,485.00
2017-18	3,193.91	2,825.00
2018-19	2,270.00	1,850.00
2019-20	2,170.00	1,750.00
2020-21	2,119.87	1,700.00
2021-22	1,620.00	1,213.16
2022-23	1,800.00	-
2023-24	1,344.69	-
	14,518.47	11,823.16

[2] Assets under finance lease arrangement are secured against assets taken on finance lease. The implied rate of interest on the finance lease is in range from 12.67% to 13.20% per annum (previous year 12.67% to 13.20% per annum). Maturity profile of the finance lease is as under.

	As at 31 March 2017	As at 31 March 2016
2016-17	12.14	32.30
2017-18	-	13.30
	12.14	45.60

[3] Vehicle loans are secured against hypothecation of the specified vehicles purchased from proceeds of the said loans. The fixed rate of interest is in range from 9.20% to 12.60% per annum (previous year 9.20% to 12.60% per annum). Maturity profile of the vehicles loans is as under (Rs. lacs) :

	As at 31 March 2017	As at 31 March 2016
2016-17	-	100.77
2017-18	127.10	86.49
2018-19	111.91	60.46
2019-20	50.06	19.31
2020-21	18.74	2.52
2021-22	6.50	-
	314.31	269.55

[4] The rate of interest on public deposits for a maturity period of more than one year is in range from 10.00% to 12.00% per annum (previous year 11.00% to 12.00). Maturity profile of the public deposits for maturity period of more than one year is as under.

	As at 31 March 2017	As at 31 March 2016
2016-17	-	572.35
2017-18	852.77	899.77
2018-19	1,052.96	983.62
2019-20	946.91	-
	2,852.64	2,455.74

Notes to Accounts

[5] The fixed rate of interest on intercorporate deposits is 10.00% per annum (previous year 10.00% to 12.00% per annum). The inter corporate deposits are considered as long terms and classified as current and non current as per assessment of the management.

	As at 31 March 2017	As at 31 March 2016
2017-18	-	155.00
	-	155.00

[6] The rate of interest on Loan from Export Development Canada is in the range of US libor plus 3.20% to 3.90% per annum (previous year US libor plus 3.20% per annum). Maturity profile of loans from export Development Canada is as under :

	As at 31 March 2017	As at 31 March 2016
2017-18	2,330.95	2,222.15
2018-19	158.85	-
2019-20	158.85	-
2020-21	635.42	-
2021-22	635.42	-
2022-23	794.27	-
2023-24	635.43	-
	5,349.19	2,222.15

[7] The fixed rate of interest on loans from directors and relatives in current and previous year is at rate of 8% per annum. As per the Company's arrangements with these parties, the amount has been considered as long term, repayable based on mutually agreed terms.

1.4 DEFERRED TAXES

Particulars	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
Deferred tax assets on account of :		
Provision for employee benefits	38.31	28.57
Provision for doubtful debts and advances	10.43	18.45
Expenses allowable on payment basis	77.23	72.91
Finance lease obligation	4.20	15.08
Liability for Mark to market loss on derivative contract	12.33	-
	142.50	135.01
Deferred tax liabilities on account of :		
Excess of depreciation on fixed assets as per Income Tax Act, 1961 as compare to books*	5,853.09	4,962.06
	5,853.09	4,962.06
Net deferred tax liabilities	5,710.59	4,827.05

*Includes Rs. Nil (previous year Rs. 119.43) representing impact on account of re-evaluation of earlier accounting position.

Notes to Accounts

1.5 OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
Others		
- Security deposits	1,176.98	1,127.39
- Interest accrued but not due on borrowings	23.78	24.76
	1,200.76	1,152.15

1.6 LONG TERM AND SHORT TERM PROVISIONS

Particulars	Long-term		Short-term	
	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
(a) Provision for employee benefits				
Compensated absences (also refer value 4.8)	102.41	76.67	8.28	9.75
(b) Others Provisions				
Provision for income tax [net of advance tax Rs. 1,594.13 (previous year Rs. 1,902.18)]	-	-	217.18	16.93
Proposed dividend on equity shares	-	-	-	87.26
Proposed dividend on preference shares	-	-	-	300.00
Corporate dividend tax	-	-	-	78.84
	102.41	76.67	225.46	492.77

1.7 SHORT TERM BORROWINGS

Particulars	Footnote	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
1.7.1 Secured			
(a) Working capital loans from banks	[1]	2,499.49	3,042.35
		2,499.49	3,042.35
1.7.2 Unsecured			
(a) Public deposits	[2]		
- others		1,281.14	795.52
(b) Inter corporate deposits	[3]	20.00	15.00
		1,301.14	810.52
		3,800.63	3,852.87

Footnotes:

[1] Working capital loans are secured by hypothecation of all current assets, second charge on the fixed assets of the Company and personal guarantees of directors. The floating rate of interest on the loans is 10.50% to 11.45% per annum (previous year 10.70% to 13.00% per annum).

[2] The fixed rate of interest on public deposits for maturity period of one year in current year is in the range of 9.50% to 11% per annum (previous year from 10.50% to 11% per annum).

[3] The fixed rate of interest on inter corporate deposits is 13 % per annum (previous year 10% to 13% per annum).

Notes to Accounts

1.8 TRADE PAYABLES

Particulars	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
(a) Acceptances*	597.25	786.05
(b) Other trade payables*	1,844.29	1,658.09
	2,441.53	2,444.14

* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the period/year end has been made in the financial statements based on information available with the company as under :

Particulars	For the Year ended 31 March 2017 Rs. Lacs	For the Year ended 31 March 2016 Rs. Lacs
(a) The principal amount remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) The interest due thereon remaining unpaid to any supplier at the end of each accounting year;	-	-
(c) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act");	-	-
(d) The amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this act;	-	-
(f) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
(g) 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;	-	-

1.9 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
(a) Current maturities of long-term debts (refer note 1.3)	6,504.73	3,158.12
(b) Current maturities of finance lease obligations (refer note 1.3)	12.14	32.30
(c) Interest accrued but not due on borrowings	141.66	69.45
(d) Interest accrued and due on borrowings	-	33.99
(e) Unclaimed dividends	8.78	11.47
(f) Liability for Mark to market loss on derivative contracts	189.46	-
(g) Other payables		
- Statutory dues	155.28	125.62
- Creditors for fixed assets	97.90	149.45
- Advances from customers	140.00	77.13
- Employees dues	497.56	427.49
- Others	128.55	66.88
	7,876.06	4,151.90

Notes to Accounts

1.10 FIXED ASSETS

Particulars	Gross block				Depreciation				Net block
	As at 31 March 2016	Additions	Disposals	As at 31 March 2017	Upto 31 March 2016	Depreciation/ amortization for the year	On disposals	Upto 31 March 2017	As at 31 March 2017
	(a)	(b)	(c)	(d)=(a+b-c)	(e)	(f)	(g)	(h)=(e+f-g)	(i)=(d-h)
Tangible assets									
Freehold land#	41,372.00	-	-	41,372.00	-	-	-	-	41,372.00
Building*	3,870.32	2,402.83	-	6,273.15	1,097.38	139.48	-	1,236.86	5,036.29
Plant and equipment	38,183.67	7,180.22	-	45,363.89	14,067.65	1,280.04	-	15,347.69	30,016.20
Furniture and fixtures	125.85	31.58	-	157.43	73.46	9.52	-	82.98	74.45
Vehicles	330.82	124.60	49.92	405.50	81.79	44.30	17.54	108.53	296.97
Computer	211.08	22.06	-	233.14	161.51	23.67	-	185.18	47.96
(A)	84,093.74	9,761.29	49.92	93,805.11	15,481.79	1,497.01	17.54	16,961.24	76,843.87
Intangible assets									
Brands / trademarks	613.86	-	-	613.86	613.86	-	-	613.86	-
Software**	-	223.11	-	223.11	-	6.20	-	6.20	216.91
(B)	613.86	223.11	-	836.97	613.86	6.20	-	620.06	216.91
Assets under finance lease									
Computers equipment	185.11	-	-	185.11	99.18	35.15	-	134.33	50.78
(C)	185.11	-	-	185.11	99.18	35.15	-	134.33	50.78
Capital work in progress									3,636.12
(D)									3,636.12
Grand total (A+B+C+D)	84,892.71	9,984.40	49.92	94,827.19	16,194.83	1,538.36	17.54	17,715.63	80,747.68

*Refer note 4.6

** Remaining useful life of intangible assets are as under:

Description	As at 31 March 2017	As at 31 March 2016
Software	3 Year	-

Notes to Accounts

Particulars	Gross block				Depreciation				Net block
	As at 31 March 2015	Additions	Disposals	As at 31 March 2016	Upto 31 March 2015	Depreciation/ amortization for the year	On disposals	Upto 31 March 2016	As at 31 March 2016
	(a)	(b)	(c)	(d)=(a+b-c)	(e)	(f)	(g)	(h)=(e+f-g)	(i)=(d-h)
Tangible assets									
Freehold land#	41,372.00	-	-	41,372.00	-	-	-	-	41,372.00
Building	3,809.34	60.98	-	3,870.32	973.59	123.79	-	1,097.38	2,772.94
Plant and equipment	35,731.26	2,452.41	-	38,183.67	12,919.32	1,148.33	-	14,067.65	24,116.02
Furniture and fixtures	102.07	23.78	-	125.85	66.07	7.39	-	73.46	52.39
Vehicles	250.11	99.33	18.62	330.82	55.00	36.52	9.73	81.79	249.03
Computer	186.44	24.64	-	211.08	140.82	20.69	-	161.51	49.57
(A)	81,451.22	2,661.14	18.62	84,093.74	14,154.80	1,336.72	9.73	15,481.79	68,611.95
Intangible assets									
Brands / trademarks	613.86	-	-	613.86	613.86	-	-	613.86	-
(B)	613.86	-	-	613.86	613.86	-	-	613.86	-
Assets under finance lease									
Computers equipment	105.62	79.49	-	185.11	79.68	19.50	-	99.18	85.93
(C)	105.62	79.49	-	185.11	79.68	19.50	-	99.18	85.93
Capital work in progress									5,006.48
(D)									5,006.48
Grand total (A+B+C+D)	82,170.70	2,740.63	18.62	84,892.71	14,848.34	1,356.22	9.73	16,194.83	73,704.36

The Company had revalued freehold land as on 31 March, 2015, at the fair values determined by an independent external valuer. The valuer determined the fair value by reference to market based evidence. Valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The historical cost of freehold land was Rs. 77.67 and the fair value was Rs. 41,372. Hence in the year ended 31 March 2015, the revaluation resulted in an increase in the book value of freehold land by Rs. 41,294.33 which was credited to revaluation reserve.

1.11 LOANS AND ADVANCES

(Unsecured considered good, unless otherwise stated)

Particulars	Long-term		Short-term	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs.
(a) Capital advances	2,124.85	2,445.13	-	-
(b) Security deposits	247.14	252.39	-	-
(c) Other loans and advances				
Prepaid expenses	25.96	35.82	64.13	67.41
Advances to employees	-	-	8.16	8.90
Advances to suppliers	-	-	2285.95	96.25
CENVAT credit receivable	-	-	897.80	480.03
VAT credit receivable	-	-	623.95	662.55
Service tax credit receivable	-	-	64.76	44.64
Gratuity trust fund	-	-	0.59	13.47
MAT credit entitlement #	2,992.73	2,693.61	-	-
Advance tax [Net of provisions aggregating Rs. 1370.58 (previous year Rs. 1660.12)]	14.82	99.88	-	-
Others	-	-	52.79	23.92
Advances to suppliers (considered doubtful)	-	-	9.77	9.77
Less : Provision for doubtful loans and advances	-	-	(9.77)	(9.77)
	5,405.50	5,526.83	3,998.13	1,397.17

The realizability of MAT credit entitlement is supported by the expected reversal of existing deferred tax liability and projected book/ taxable profit for the unexpired carry forward period of existing MAT credit.

Notes to Accounts

1.12 OTHER NON-CURRENT ASSETS

(Unsecured considered good, unless otherwise stated)

Particulars

Non current portion of balances with banks

Fixed deposits with banks with maturity period more than 12 months*

*refer note 1.15

	As at 31 March 2017	As at 31 March 2016
	Rs. Lacs	Rs. Lacs
	60.80	53.87
	60.80	53.87

1.13 INVENTORIES

(Valued at the lower of cost and net realizable value)

Particulars

	As at 31 March 2017	As at 31 March 2016
	Rs. Lacs	Rs. Lacs
Raw materials (including packing materials)	3,073.80	2,240.65
Work-in-progress	131.42	174.53
Finished goods @	203.47	100.21
Stores and spares	1,759.14	1,480.44
Loose tools	2.62	1.71
Chemicals and fuels	917.06	1,306.22
	6,087.51	5,303.76

@ comprises of stock of finished paper of Rs. 195.64 (previous year Rs. 83.76) and stock of soda ash of Rs. 7.83 (previous year Rs. 16.45)

1.14 TRADE RECEIVABLES

(Unsecured considered good, unless otherwise stated)

Particulars

	As at 31 March 2017	As at 31 March 2016
	Rs. Lacs	Rs. Lacs
1.14.1 Receivables outstanding for a period exceeding six months		
Considered good*	315.90	727.05
Considered doubtful	20.36	46.05
Less : Provision for doubtful trade receivables	(20.36)	(46.05)
	315.90	727.05
1.14.2 Other trade receivables	3,118.99	2,883.43
	3,434.89	3,610.48

*The amount of Rs. 292.60 (previous year Rs. 727.05) represents due from a customer against which legal proceedings for recovery of the amount were initiated. The Company has also obtained a status quo from Honorable High Court vide its order dated 18 September 2015, on the party's other group holdings through which they own a hotel, the unencumbered value of which has been assessed by the management as sufficient to recover the outstanding amount. The management is hopeful of recovering the entire amount. In view of the favourable injunction and related value of the property, the management believes that there is no provision required as at 31 March 2017.

Notes to Accounts

1.15 CASH AND BANK BALANCES

Particulars	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
1.15 Cash and cash equivalents		
Balances with banks :		
Current accounts	81.20	39.30
Fixed deposits with original maturities upto 3 months#@	2,259.30	100.50
	2,340.50	139.80
Cash in hand	15.46	20.79
	2,355.96	160.59
Other bank balance *#@	1,369.30	518.94
	3,725.26	679.53

*pledged as security for letters of credit/bank guarantees amounting to Rs. 362.51 (previous year Rs. 225.26).

includes Rs.2,818.07 (previous year Rs. nil) being the amount unutilized out of term loan for Rs 3,177.09 and will be utilized in year ending March 2018.

@ Details of bank balances/deposits

@ Detail of other bank balances/deposits

Bank balances available on demand/deposit with original maturity of three months or less included under Cash and cash equivalents

Bank deposits due to mature within twelve months of the reporting date included under 'Other bank balances'

Unclaimed dividend accounts included under 'Other bank balances'

Bank deposits due to mature after twelve months of the reporting date included under 'Other non-current assets' (refer note 1.12)

2,259.30	100.50
1,360.52	507.47
8.78	11.47
60.80	53.87
3,689.40	673.31

1.16 OTHER CURRENT ASSETS

(Unsecured considered good, unless otherwise stated)

Particulars	As at 31 March 2017 Rs. Lacs	As at 31 March 2016 Rs. Lacs
Interest accrued on bank deposits	50.11	15.49
Interest accrued on other deposits	-	18.05
	50.11	33.54

Notes to Accounts

2.1 OTHER OPERATING REVENUES

Particulars

Scrap and sludge sales
Liabilities no longer required written back
Duty draw back
Exchange gain on foreign exchange fluctuations (net)

**For the year ended
31 March 2017**

Rs. Lacs

16.64

109.79

6.83

97.68

230.94

**For the year ended
31 March 2016**

Rs. Lacs

19.91

92.94

30.37

-

143.22

2.2 OTHER INCOME

Particulars

Interest income
on bank deposits
others
Insurance claims received
Plantation sales
Rental income

**For the year ended
31 March 2017**

Rs. Lacs

57.96

38.89

6.09

37.92

25.88

166.74

**For the year ended
31 March 2016**

Rs. Lacs.

38.81

21.99

10.43

19.70

14.60

105.54

2.3 COST OF MATERIALS CONSUMED

Particulars

Raw materials consumed

Opening stock	2,130.65
Add : Purchases	19,846.62
	<u>21,977.27</u>
Less : Closing stock	<u>2,970.26</u>

Packing materials consumed

Opening stock	110.00
Add : Purchases	1,763.83
	<u>1,873.83</u>
Less : Closing stock	<u>103.54</u>

**For the year ended
31 March 2017**

Rs. Lacs

19,007.01

1,770.29

20,777.30

**For the year ended
31 March 2016**

Rs. Lacs

1,597.73

17,842.14

19,439.87

2,130.65

17,309.22

65.21

1,694.91

1,760.12

110.00

1,650.12

18,959.34

Also refer note 4.14

Notes to Accounts

2.4 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars		For the year ended 31 March 2017 <u>Rs. Lacs</u>	For the year ended 31 March 2016 <u>Rs. Lacs.</u>
Finished Goods			
Closing Stock			
Manufactured paper	195.64		83.76
Trading paper	-		-
Soda ash	7.83	203.47	16.45
			100.21
Less : opening stock			
Manufactured paper	83.76		175.88
Trading Paper	-		4.85
Soda ash	16.45	100.21	64.30
			245.03
(A)		103.26	(144.83)
Work in progress			
Closing stock			
Paper	46.69		124.82
Chemicals	84.73	131.42	49.71
			174.53
Less : opening stock			
Paper	124.82		57.19
Chemicals	49.71	174.53	66.15
			123.35
(B)		(43.11)	51.20
Increase/(Decrease) {A+B}		60.15	(93.63)

2.5 EMPLOYEE BENEFITS EXPENSE

Particulars		For the year ended 31 March 2017 <u>Rs. Lacs</u>	For the year ended 31 March 2016 <u>Rs. Lacs</u>
Salaries and wages			
salaries, bonus and wages*		3,191.46	2,819.70
compensated absences and other compensation		64.19	36.49
Contribution to			
provident fund and other funds		249.69	239.30
gratuity fund (refer note 4.8)		127.88	66.96
Staff welfare expenses		100.12	63.89
		3,733.34	3,226.34

*excluding amount which is included in pollution control expenses in note 2.7 below

Notes to Accounts

2.6 FINANCE COSTS

Particulars	For the year ended 31 March 2017 Rs. Lacs	For the year ended 31 March 2016 Rs. Lacs
Interest Expense		
on borrowings from banks@	1,207.63	1,349.23
on borrowings from others@	648.73	503.20
finance charges under finance lease	3.86	8.71
Other borrowing cost	29.69	53.74
	1,889.91	1,914.88

@Refer note 4.3

2.7 OTHER EXPENSES

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Consumption of stores and spares	1,833.03	1,722.66
Consumption of chemicals	10,559.31	10,172.88
Power and fuel \$	8,492.29	9,090.44
Rent	67.01	62.93
Repair and maintenance		
- Buildings	210.89	111.25
- Machinery	667.95	464.50
- Others	41.13	34.05
Insurance	43.58	38.12
Rates and taxes	53.90	38.20
Legal and professional fees (refer note 4.2)	645.52	604.52
Loss on sale of fixed assets (net)	11.80	3.41
Commission to directors	84.99	35.11
Pollution control expenses\$\$	475.91	484.84
Exchange loss on foreign exchange fluctuations (net)	-	46.77
Corporate social responsibility expenses (refer note 4.9)	59.44	63.95
Bank charges	95.72	76.48
Commission on sales	838.52	332.95
Donation #	44.18	6.16
Miscellaneous expenses \$	538.66	458.77
	24,763.83	23,848.00

\$ excluding amount which is included in pollution control expenses.

\$\$ Comprises of salary and wages Rs. 147.65 (previous year Rs. 134.63), power and fuel expenses Rs. 288.82 (previous year Rs. 312.90) and miscellaneous expenses Rs. 39.44 (previous year Rs. 37.31).

Refer note 4.18

Notes to Accounts

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Company overview

Kquantum Papers Limited ("the Company") is a public company incorporated under the provisions of the Companies Act, 1956 and is listed on Bombay Stock Exchange in India. The Company's business primarily consists of manufacture and sales of paper, mainly in the domestic markets. The manufacturing facilities and registered office of the Company are situated in Saila Khurd, District Hoshiarpur in the State of Punjab, with corporate office in Chandigarh.

3.2 The financial statements for the year ended 31 March 2017 have been prepared as per the requirements of Schedule III of the Companies Act, 2013.

3.3 Significant accounting policies

a. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the accounting standards, as prescribed by the Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provision of the Act and pronouncement of the ICAI, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statements are presented in Indian rupees rounded off to the nearest lakhs.

b. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses, the disclosure of contingent assets and liabilities on the date of financial statements. Examples of such estimates include provision for future obligations under employee benefits plan and useful life of fixed assets. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

c. Current and Non-current classification

All assets and liabilities are classified into current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

Notes to Accounts

d. Tangible and intangible fixed assets

Tangible fixed assets and depreciation

Tangible fixed assets (excluding freehold land which is stated at the revalued amount determined during the year ended 31 March 2015) are stated at the cost of acquisition or construction, less accumulated depreciation and impairment losses, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use and is net of Counter vailing duty (CVD)/Cenvat/Value added tax (VAT) where applicable. Any trade discount and rebates are deducted in arriving at the purchase price.

Advances paid towards acquisition of tangible fixed assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

If significant components of an item of tangible fixed assets have different useful lives, then they are accounted for as a separate items of tangible fixed assets.

Subsequent expenditure related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Depreciation on tangible assets is provided using the straight line method, except on second hand captive power plant on which it is on written down value method, as per the rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated 29 August 2014 of the Ministry of Corporate Affairs

Depreciation on additions is provided on a pro-rata basis from the month of acquisition/ installation. Depreciation on sale/ deduction from tangible fixed assets is provided for upto the month of sale/ adjustment, as the case may be. Gain or loss arising from disposal of tangible fixed assets is recognised from statement of profit and loss.

Intangible fixed assets and amortisation

Intangible fixed assets comprise brands/ trademarks and computer software purchased and are stated at acquisition cost less accumulated amortisation and impairment loss, if any. The cost of an item of intangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use and is net of Counter vailing duty (CVD)/VAT/Service tax where applicable. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid towards acquisition of intangible fixed assets outstanding at each Balance Sheet date, are shown under long-term loans and advances.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Intangible assets are amortised in the Statement of Profit and Loss over their estimated useful life being 10 years for brand/ trademarks and 3 years for computer software.

e. Capital subsidy

Government grants are deducted from the value of the concerned asset if the grant is specifically received for the purchase, construction or acquisition of the asset. However, if it is received as a contribution towards the total investment or by way of contribution to its capital outlay and no repayment is ordinarily required to be made, such grants are treated as capital reserves.

f. Impairment

The Fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to Accounts

g. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of raw materials, chemicals and fuels, stores and spare parts, packing materials and loose tools are determined on weighted average cost method.

Cost of work-in-process and manufactured goods includes direct materials, direct labour and appropriate overheads. Soda ash (by-product) is measured at its net realisable value.

h. Revenue recognition

Sale of goods

Revenue from sale of products is recognised when the property in the goods or all significant risk and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods as well as regarding its collection which coincides with dispatch of goods from factory premises. Revenue includes excise duty and is net of sales tax, value added tax and applicable discounts.

Interest income

Interest income is recognised on an accrual basis on time proportion method, taking into account the amount outstanding and the interest rate applicable.

Dividend income

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

Export Benefits

Exports benefits are recognized on an accrual basis at the anticipated realisable value, based on past experience.

i. Employee benefits

The Company's obligation towards various employee benefits has been recognised as follows:

Short term employee benefits

All employee benefits payable/ available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus, short term compensated absences, etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Post-employment benefits

Defined contribution plan

The employee's provident fund scheme and employees' state insurance scheme of the Company are defined contribution plans. The Company's contribution paid/payable under the schemes are recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service. The Company contributes to the Regional Provident Fund Commissioner to cover its liability towards employees' provident fund dues.

Defined benefit plan

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried at the year end using the Projected Unit Credit Method by an independent actuary, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

The Company contributes to a registered trust administered by it to cover its liabilities towards employees' gratuity. Liability with respect to the Gratuity plan determined as above and any differential between the fund amount as per the trust and the liabilities as per actuarial valuation is recognised as an asset or liability. Assets are recognised only to the extent that it is likely to be adjusted against future contribution.

Other long term employee benefits

Compensated absences

Benefits under the Company's compensated absences plan constitute other long term employee benefits. Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss for the period in which the employee has

Notes to Accounts

rendered services. Estimated liability on account of long-term benefits is actuarially determined based on the projected unit credit method using the yield on government bonds, as on the date of balance sheet, as the discounting rate. Actuarial gains and losses are recognized in the Statement of Profit and Loss.

j. Research and development expenditure

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

k. Taxes on income

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised. Further, no deferred tax assets/liabilities are recognised in respect of timing differences that reverse within the tax holiday period. Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date.

l. Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at year end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

The Company recognises derivative contracts being interest rate swaps and currency option swap (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Statement of Profit and Loss.

m. Leases

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight line basis.

Finance leases

Assets under finance leases are recognised at the fair value of leased asset at the inception of the lease. However, in cases where the fair value of the leased asset from the standpoint of the lessee exceeds the present value of minimum lease payments, the asset is recognised at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

n. Provisions and contingencies

The Company recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to its present value, and are determined based on the management's best estimate of the amount of obligation required at the year end. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Provision for onerous contracts, i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

Notes to Accounts

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non occurrence of future events not wholly within the control of the Company. Contingent liabilities are also disclosed for present obligations in respect of which it is not probable that there will be an outflow of resources or a reliable estimate of the amount of obligation cannot be made. When there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote, no disclosure or provision is made.

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive. At present the Company does not have any dilutive potential equity shares.

p. Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash balance with bank, and highly liquid investments with maturity period of three months or less from the date of investment.

q. Corporate Social Responsibility ("CSR") expenditure

CSR expenditure incurred by the Company is charged to the Statement of the Profit and Loss.

4. OTHER NOTES TO ACCOUNTS

4.1 Contingent liabilities, commitments and other litigations (To the extent not provided for)

Particulars	As at 31 March 2017	As at 31 March 2016
a) Claims against the Company not acknowledged as debts		
- Income tax matters	119.23*	529.90
- Excise duty matters	626.09	599.77
b) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3,510.01	2,786.49

*Excludes Rs. 410.67 lakhs (AY 2008-2009) due to receipt of a favourable order from Income Tax Appellate Tribunal (ITAT) on 11 May 2017. Accordingly, the Company is in the process of filing application before the ITAT for the purpose of removal of the above Assessment year i.e. 2008-09 from the proceeding of block Assessment year 2006-07 to 2012-13 which are currently pending before the ITAT, Delhi.

c) Other pending Litigations

Name of Statute	Nature of the dues	As at 31 March 2017	As at 31 March 2016	Financial year/year's to which it relates	Notes
Central Excise Act, 1944	Excise Duty	52.15	52.15	2012-13	{i}
The Water (Prevention and Control of Pollution) Cess Act, 1977	Water Cess	20.68	20.68	2012-13 to 2014-15	{ii}
{i} Refund case is pending with Commissioner (Excise), Rs. 52.15 is classified under Note 1.11(c), cenvat credit recoverable.					
{ii} Appeal is pending with Chairman, Appellate Committee, Punjab Pollution Control Board, Patiala. Provision created amounting to Rs. 49.50 and advances deposited Rs. 28.82, therefore balance of Rs. 20.68 is included in other current liabilities under Note 1.9(f).					

Notes to Accounts

- (d) The Company has initiated legal proceedings which have arisen in the ordinary course of business. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material effect on the Company's results of operations or financial condition. Further, the Company has filed legal cases against certain parties for recoverability of balances due from them. Appropriate provision wherever required, has been created in the financial statements.

4.2 Auditors' remuneration (excluding service tax) Particulars

	Year ended 31 March 2017	Year ended 31 March 2016
- As auditors	11.00	11.00
- Limited reviews	9.90	9.90
- Certification	2.60	0.10
- Reimbursement of out of pocket expenses	1.69	1.43
Total	25.19	22.43

- 4.3 Borrowing cost relating to qualifying assets which has been considered as cost of fixed assets is amounting to Rs. 338.20(previous year Rs. 306.66).

4.4 Related party transactions

A. Related parties where control exists :

Description of relationship	Name of the Party
Holding Company*	Esteem Finvestures Limited

*(with effect from 8 December 2016. Until 7 December 2016, the Company was an associate of Esteem Finventures Limited).

B. Other related parties with whom transactions occurred in current year and previous year alongwith nature of related party relationships:

Description of relationship	Name of the party
(a) Key management personnel and individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise	<ul style="list-style-type: none"> - Mr. Jagesh K Khaitan, Chairman - Mr. Pavan Khaitan, Managing Director
(b) Relatives of individuals mentioned in (a) above	<ul style="list-style-type: none"> - Mrs. Usha Khaitan - Mrs. Aparna Khaitan - Ms. Deeksha Khaitan - Ms. Malavika Khaitan - Mrs. Shashi Khaitan - Mrs. Abha Khaitan - Mr. Umesh Kumar Khaitan

Notes to Accounts

C. Transactions during the year

Nature of transactions	Rs. Lacs	
	For the year ended 31 March 2017	For the year ended 31 March 2016
a) Unsecured loans taken#	757.75	726.00
- Mr. Jagesh K Khaitan	220.00	145.00
- Mrs. Usha Khaitan	5.00	-
- Mr. Pavan Khaitan	135.00	225.00
- Mrs. Aparna Khaitan	294.00	-
- Mrs. Shashi Khaitan	-	100.00
- Ms. Abha Khaitan	-	250.00
- Ms. Deeksha Khaitan	52.00	3.00
- Ms. Malavika Khaitan	46.00	3.00
- Mr. Umesh Kumar Khaitan	5.75	-
b) Unsecured loans repaid#	625.50	313.00
- Esteem Finventures Limited	-	162.00
- Mr. Jagesh K Khaitan	135.00	45.00
- Mrs. Usha Khaitan	5.00	-
- Mr. Pavan Khaitan	137.00	-
- Mrs. Aparna Khaitan	272.00	-
- Mrs. Shashi Khaitan	-	100.0
- Ms. Deeksha Khaitan	42.00	3.00
- Ms. Malavika Khaitan	34.50	3.00
c) Payment against transfer of property	-	231.61
- Mr. Pavan Khaitan	-	231.61
d) Interest on unsecured loans#	200.65	138.95
- Esteem Finventures Limited	-	4.03
- Mr. Jagesh K Khaitan	47.04	37.13
- Mrs. Usha Khaitan	7.97	7.99
- Mr. Pavan Khaitan	47.55	24.01
- Mrs. Aparna Khaitan	44.34	43.56
- Ms. Deeksha Khaitan	6.10	5.40
- Ms. Malavika Khaitan	5.52	4.50
- Mrs. Shashi Khaitan	12.00	12.00
- Mrs. Abha Khaitan	30.00	0.33
- Mr. Umesh Kumar Khaitan	0.13	-

Notes to Accounts

		Rs. Lacs
Nature of transactions		
	For the year ended 31 March 2017	For the year ended 31 March 2016
e) Managerial Remuneration	268.19	209.78
- Mr. Jagesh K Khaitan	129.20	102.14
- Mr. Pavan Khaitan	138.99	107.64
f) Preference dividend	-	300.00
- Esteem Finventures Limited	-	250.00
- Mr. Jagesh K Khaitan	-	10.00
- Mr. Pavan Khaitan	-	30.00
- Mrs. Aparna Khaitan	-	10.00
g) Purchase of Software	222.00	-
- Esteem Finventures Limited	222.00	-
h) Management Consultancy Services (excluding Service Tax)	-	111.00
- Esteem Finventures Limited	-	111.00
i) Other charges (rent)	0.60	0.60
- Esteem Finventures Limited	0.60	0.60
j) Purchases		
- Esteem Finventures Limited	4,325.15	5,328.02
- Agro Material	4,325.15	5,328.02
# includes public deposits matured and renewed during the year.		
D. Balance outstanding		
Unsecured loans	1,889.15	1,756.90
- Mr. Jagesh K Khaitan	471.00	386.00
- Mrs. Usha Khaitan	69.90	69.90
- Mr. Pavan Khaitan	428.00	430.00
- Mrs. Aparna Khaitan	460.50	438.50
- Mrs. Shashi Khaitan	100.00	100.00
- Ms. Deeksha Khaitan	55.00	45.00
- Ms. Malavika Khaitan	49.00	37.50
- Mrs. Abha Khaitan	250.00	250.00
- Mr. Umesh Kumar Khaitan	5.75	-
Trade Payables	-	65.02
- Esteem Finventures Limited	-	65.02

The secured borrowing facilities of the Company are secured by way of personal guarantees of Chairman and Managing Director in favour of lenders.

4.5 Segment information

The Company is engaged in the business of manufacture and sale of paper, primarily in India and nearby markets in the Indian sub-continent having similar economic environment, which is a primary segment for the Company and constitutes a single business segment. Accordingly, disclosure requirements of Accounting Standard 17 "Segment Reporting", prescribed by the Companies (Accounts) Rules, 2014 in relation to segment reporting are not required to be given.

Notes to Accounts

4.6 Leases

As Lessee

Operating leases

The Company has taken office and residential premises under cancellable operating lease agreements. Lease payments charged during the year in Statement of Profit and Loss aggregate Rs. 67.01 (previous year Rs. 62.93).

Finance leases

The Company acquires certain computer and IT equipment under finance lease which had been capitalized as a part of computers under fixed assets. At the end of lease period, the Company has the option either to terminate the lease and return the asset or renew the lease.

The future minimum lease payments under finance lease are as follows:

	Total minimum lease payments outstanding as on 31 March 2017	Interest	Present value of minimum lease payments
Within one year	12.78 (36.30)	0.64 (4.00)	12.14 (32.30)
Later than one year and not later than five years	(13.94)	(0.64)	(13.30)
Total	12.78 (51.34)	0.64 (4.64)	12.14 (46.70)

(Figure in bracket represent previous year amount)

As lessor:

Operating leases

The Company has entered into a lease agreement for office premises during the year.

The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 March 2017	As at 31 March 2016
Within one year	38.34	22.37
Later than one year and less than five years	168.24	162.50
More than five years	546.67	590.77

4.7 The computation of basic and diluted earnings per share is set out below

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after tax as per Statement of Profit and Loss	6,091.35	2,451.68
Less: preference dividend including tax thereon	-	361.07
Net profit attributable to the equity shareholders (A)	6,091.35	2,090.61
Number of shares used for calculating basic and diluted earnings per equity share (B)	87.26	87.26
Basic and diluted earnings per share - (A)/(B) (Nominal value - Rs. 10 per share)	69.80	23.96

Notes to Accounts

4.8 Disclosures pursuant to Accounting Standard 15 on "Employee Benefits":

Defined contribution plans

The Company's provident fund scheme and employee's state insurance (ESI) fund scheme are defined contribution plans. The Company has recorded expenses of Rs. 176.20 (previous year Rs. 170.46) under provident fund scheme and Rs.57.77 (previous year Rs.53.40) under ESI scheme. These have been included in note 2.5 Employees benefits expenses, in the Statement of Profit and Loss.

Defined benefit plans

Gratuity (funded)

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme, whichever is more beneficial.

Changes in the present value of defined benefit obligation

Particulars	Rs. Lacs	
	As at 31 March 2017	As at 31 March 2016
a) Present value of obligation as at the beginning of the year	609.41	549.42
b) Interest cost	48.75	46.70
c) Current service cost	67.82	57.99
d) Benefits paid	(84.98)	(51.03)
e) Actuarial loss on obligation	52.60	6.33
f) Present value of obligation as at the end of the year	693.60	609.41

Changes in the fair value of plan assets

Particulars	Rs. Lacs	
	As at 31 March 2017	As at 31 March 2016
a) Fair value of plan assets at the beginning of the year	622.87	554.84
b) Expected return on plan assets	51.39	45.77
c) Actuarial gain/(loss)	(10.09)	(1.71)
d) Contributions	115.00	75.00
e) Benefits paid	(84.98)	(51.03)
f) Fair value of plan assets at the end of the year	694.19	622.87

Expenses recognised in the statement of Profit and Loss

Particulars	Rs. Lacs	
	For the year ended 31 March 2017	For the year ended 31 March 2016
a) Current service cost	67.82	57.99
b) Interest cost	48.75	46.70
c) Expected return on plan assets	(51.39)	(45.77)
d) Net actuarial (gain)/loss recognized in the year	62.70	8.04
e) Expenses recognized in profit and loss account	127.88	66.96

Notes to Accounts

Details of current year and previous four years are as given below:

Rs. Lacs

Particulars	Year ended 31 March				
	2017	2016	2015	2014	2013
Defined benefit obligation	693.60	609.40	549.42	455.54	380.93
Fair value of plan assets	694.18	622.87	554.84	466.80	384.08
Surplus/(Deficit)	0.59	13.47	5.43	11.26	3.15
Experience adjustment on plan liabilities (loss)/gain	(24.72)	17.42	(12.68)	(10.41)	(41.28)
Experience adjustment on plan assets (loss)/gain	(10.09)	(4.49)	(3.55)	(1.75)	(0.55)

The principal assumptions used in determining the gratuity benefit obligation are as given below:

Particulars	As at 31 March 2017	As at 31 March 2016
	%	%
Discount rate	7.50	8.00
Expected rate of return on assets per annum	8.00	8.25
Salary escalation rate per annum	8.00	8.00

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

The salary escalation rate is based on estimates of salary increases, which take into account inflation, promotion and other relevant factors.

Demographic assumptions

	As at 31 March 2017 IALM(2006-08) 58 Years		As at 31 March 2016 IALM(2006-08) 58 Years	
	Age	Withdrawal rate %	Age	Withdrawal rate %
Mortality				
Retirement age				
Withdrawal rates				
	Upto 30 yrs.	3	Upto 30 yrs.	3
	From 31 to 44 yrs.	2	From 31 to 44 yrs.	2
	Above 44 yrs.	1	Above 44 yrs.	1

Enterprise best estimate of contribution during next year is Rs. 92.74

The major categories of plan assets are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
Insurer managed funds*	652.52	569.21
Bonds and Government securities	41.57	53.56
Balance with banks	0.10	0.10
	694.19	622.87

*The Company is not informed by the insurer (Life Insurance Corporation of India) of the investment made by it or the break-down of plan assets by investment type.

Notes to Accounts

4.9 As per requirement of sub section (5) of section 135 of the Companies Act 2013, the Company was required to spend at least two percent of its average net profit for the three immediately preceding financial year, in pursuance of its Corporate Social Responsibility (CSR) Policy. Till 31 March 2017, the Company has spent Rs. 59.44 towards CSR activities.

Particulars	As at	Rs. lacs
	31 March 2017	As at 31 March 2016
Gross amount required to be spent by the company on CSR activities as per section 135 of the Companies Act, 2013	67.92	60.18
Details of amount spent during the year :		
Actual spent during the year :		
(i) Construction/acquisition of any asset		
(ii) On purposes other than (i) above		
- In cash	59.44	63.95
- Yet to be paid in Cash		
Total amount spent during the year	59.44	63.95

4.10 Value of imported and indigenous raw materials (including packing material) consumed during the year :

Particulars	(Rs. Lacs)		(Rs. Lacs)	
	For the year ended 31 March 2017 Value	%	For the year ended 31 March 2016 Value	%
Raw materials				
Imported	9,978.56	48.03	7,352.84	38.78
Indigenous	10,798.74	51.97	11,606.50	61.22
Total	20,777.30	100.00	18,959.34	100.00

4.11 Value of imported and indigenous stores and spares and chemicals consumed during the year :

Particulars	For the year ended 31 March 2017 Value	%	For the year ended 31 March 2016 Value	%
Stores, spares and chemicals				
Imported	210.83	1.70	124.43	1.04
Indigenous	12,181.51	98.30	11,771.11	98.96
Total	12,392.34	100.00	11,895.54	100.00

4.12 CIF value of imports :

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Raw materials	8,912.53	6,977.59
Capital goods	518.04	609.22
Spares/stores/Chemicals/packing materials	217.44	127.20

Notes to Accounts

4.13 Particulars in respect of sales turnover (gross) for each class of goods dealt with by the Company :

Particulars	For the year ended 31 March 2017	Rs. Lacs For the year ended 31 March 2016
Paper	62,520.02	53,524.01
Soda ash (by-product)	1,562.31	1,593.06
Traded goods (including high seas sale)	-	3.23
Waste board (by Product)	130.78	78.50
Recovered semi solid fiber	35.93	16.00
	64,249.04	55,214.80

4.14 Details of raw materials and packing material consumed during the year :

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Wood pulp	9,953.11	7,352.84
Wheat straw	4,260.02	5,510.02
Wood chips	1,376.51	1,769.16
Packing Material	1,770.29	1,650.11
Other raw materials	3,417.37	2,677.21
	20,777.30	18,959.34

4.15 Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Travelling and conveyance	3.49	10.89
Interest expense	179.40	87.07

4.16 Earnings in foreign currency

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
FOB value of exports	-	1,344.22

4.17 Foreign Currency exposure

The Company's exposure in respect of foreign currency denominated liabilities not hedged by derivative instruments is as follows :

Particulars	Currency	As at 31 March 2017		As at 31 March 2016	
		Foreign Currency	Rs. (In Lacs)	Foreign Currency	Rs. (In Lacs)
Payables :					
Trade Payable	USD	9.21	597.25	2.76	183.36
Unsecured loan	USD	33.50	2,172.09	33.50	2,222.15
Interest accrued but not due on unsecured loan	USD	1.00	66.62	0.14	9.36

Notes to Accounts

The company's exposure in respect of foreign currency denominated liabilities hedged by derivative instruments is as follow:

Particulars	Currency hedged	As at 31 March 2017		As at 31 March 2016	
		Foreign Currency	Rs. (In Lacs)	Foreign Currency	Rs. (In Lacs)
Payables :					
Unsecured loan	USD	49.00	3,177.09	-	-
Interest accrued but not due on unsecured loan	USD	0.36	23.53	-	-

4.18 During the year, the Company has made the donations of Rs. 3 lakhs (previous year Rs. nil) to Bharatiya Janata Party, Rs. 10 lakhs (previous year Rs. nil) to Indian National Congress and Rs. 21 lakhs (previous year Rs. nil) to Shiromani Akali Dal.

4.19 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of transactions with associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under that law. The management is of the opinion that the above transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

4.20 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	29.22	1.44	30.66
(+) Permitted receipts	-	43.47	43.47
(-) Permitted payments	18.29**	39.09	57.38
(-) Amount deposited in Bank	10.93	-	10.93
Closing cash in hand as on 30 December 2016	-	5.82	5.82

*For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 8 November 2016.

** represents payments made to certain agro-based suppliers to enable them to buy fuel for transportation.

4.21 Previous year figures have been regrouped / reclassified wherever considered necessary.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place : Chandigarh
Date : 24 May 2017

For and on behalf of Board of Directors of **Kuantum Papers Limited**

Jagesh K Khaitan
Chairman
DIN - 00026264

Roshan Garg
President-Finance & CFO

Place : Chandigarh
Date : 24 May 2017

Pavan Khaitan
Managing Director
DIN - 00026256

Vivek Trehan
Company Secretary

Form No. MGT-11
Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L21012PB1997PLC035243
 Name of the Company : KUANTUM PAPERS LTD.
 Registered office : Salia Khurd, 144 529, Distt. Hoshiarpur, Punjab

Name of the member (s)	:
Registered address	:
E-mail ID	:
Folia No. / Client ID	:
DP ID	:

I/We, being the member (s) of.....shares of the above named company, hereby appoint

1. Name :

Address :

E-mail id :

Signature.....or failing him

2. Name :

Address :

E-mail id :

Signature.....or failing him

3. Name :

Address :

E-mail id :

Signature.....

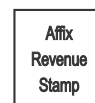
as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on the 15th day of September, 2017 at 11:30 a.m. at Salia Khurd, 144529, Distt. Hoshiarpur, Punjab and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

Ordinary Business	
Sr. No.	Item
1	To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon.
2	To declare dividend on the Preference and Equity Shares
3	Appointment of Director in place of Shri Ashutosh Khaitan, (DIN : 00095115) who retires by rotation and being eligible, offers himself for re-appointment
4	Ratification of appointment of Statutory Auditors of the Company
Special Business	
5	Approval from shareholders for related party transaction.
6	To accept Deposits u/s 73 and 76 of the Companies Act, 2013
7	Approval and ratification of payment of remuneration to the Cost Auditors
8	To appoint Ms. Shireen Sethi as independent Director
9	To appoint Mr. Vivek Bihani as independent Director

Signed this.....day of.....2017

Signature of Shareholder



Signature of Proxy holder (s)

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Kuantum Papers Ltd

The Paper Makers

CIN : L21012PB1997PLC035243

Regd. Office : Salia Khurd 144 529 Distt. Hoshiarpur Punjab

EMAIL - kuantumcorp@kuantumpapers.com

Website : www.kuantumpapers.com

ATTENDANCE SLIP

Regd. Folio No. / DP ID - Client ID : _____

Name & Address of First/Sole Shareholder : _____

No. of Shares held : _____

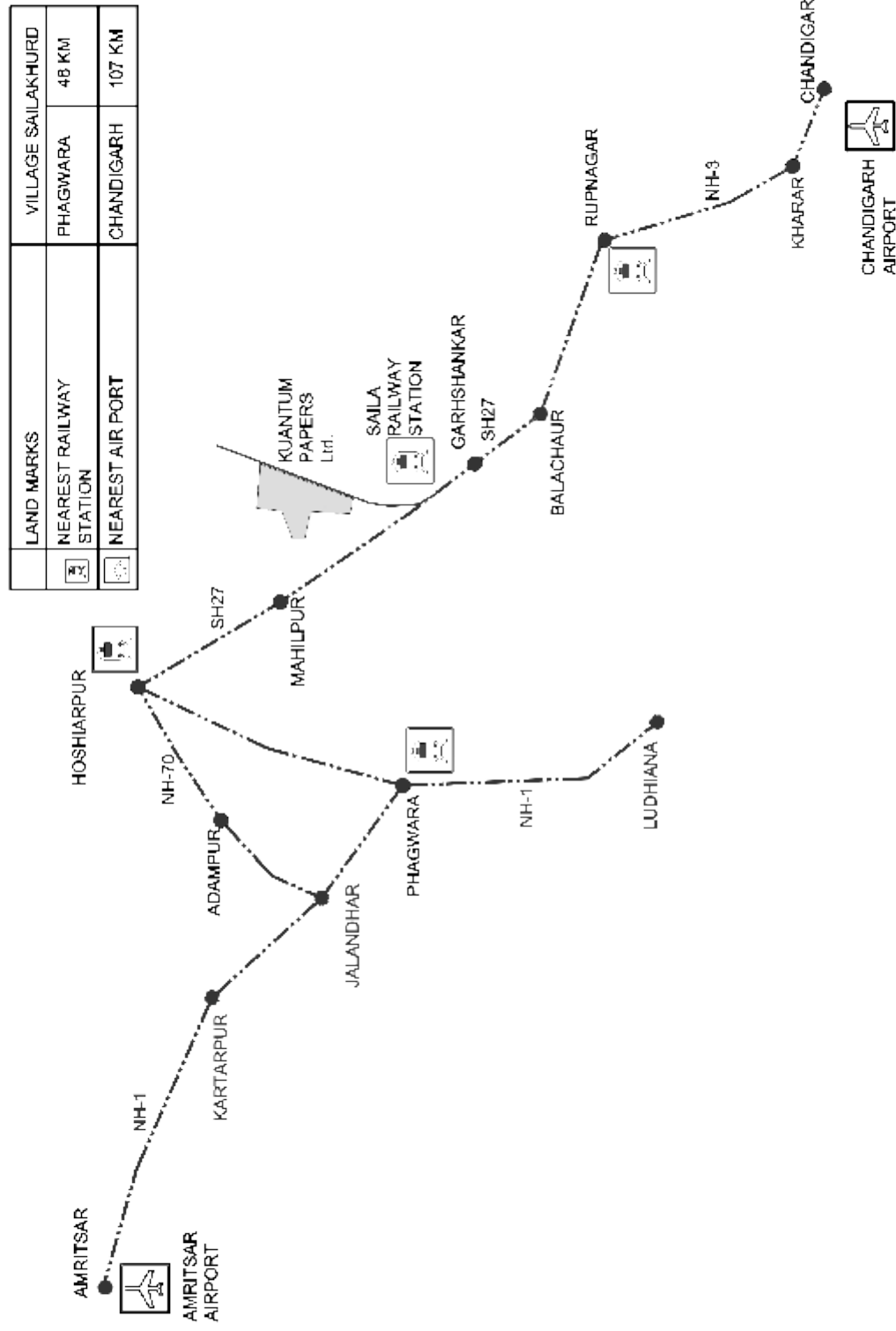
I hereby record my presence at the 20th Annual General Meeting of the Company to be held on Friday, the 15th day of September, 2017 at 11:30 a.m. at Salla Khurd, 144 529, Distt, Hoshiarpur, Punjab.

Signature of Member/Proxy

Notes :

- a) Only Member/Proxy can attend the meeting. No minor would be allowed at the meeting.
- b) Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.

ROUTE MAP





Kuantum Papers Ltd
The Paper Makers

Our MISSION

Achieving excellence and consistency in quality;

Preserving environment;

**Operating in a cost economic manner with focus
on productivity and growth;**

Ensuring total satisfaction of the customer;

**Enhancing values to shareholders, employees
and associates;**

thereby

Attaining supremacy in the industry.



Kvantum Papers Ltd
The Paper Makers

Regd Office : Paper Mill Saila Khurd 144 529 Distt Hoshiarpur Punjab