Kuantum
The Paper Makers

25th Annual Report 2021-2022

Kuantum Papers Ltd

Kuantum
The Paper Makers

BOARD OF DIRECTORS	Jagesh Kumar Khaitan	Chairman
	Pavan Khaitan	Vice Chairman & Managing Director
	D S Sandhawalia	
	Vivek Bihani	
	Shireen Sethi	
	Bhavdeep Sardana	
SENIOR EXECUTIVES	Sushil Kumar Khetan	CEO-Operations
	Roshan Garg	Sr. President-Finance & CFO
	Sanjay Khosla	Sr. Vice President-Marketing
	Suman Sarkar	Sr. Vice President-Finance
	Yogendra Kumar Varshney	Sr. Vice President-Plant Operations
	Suresh Kumar Sain	Vice President-Finance
	Raj Kumar Rana	Vice President-Commercial
	Parvinder Singh Taunque	Vice President-Engineering
COMPANY SECRETARY	Vivek Trehan	
STATUTORY AUDITORS	M/s O P Bagla & Co LLP Chartered Accountants New Delhi	
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 RBL Bank Ltd Yes Bank Ltd IndusInd Bank Ltd The Federal Bank Ltd	
REGISTERED OFFICE & WORKS	Paper Mill Saila Khurd 144 529 Distt Hoshiarpur Punjab (India)	
CORPORATE OFFICE	W1A FF Tower A Godrej Eternia Plot 70 Indl Area 1 Chandigarh 160 002	
CIN & CONTACT DETAILS	CIN- L21012PB1997PLC035243 Ph. : 01884-502737 Fax : 01884-502700 Email : kuantumcorp@kuantumpapers.com Website : www.kuantumpapers.com	

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DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 25th Annual Report on the business and operations together with audited statements of Accounts of your Company for the financial year ended 31 March 2022.

FINANCIAL HIGHLIGHTS

The summarized financial results of the Company for the financial year 2021-22 are given hereunder.

(Rs. in lakhs)

	2021-22	2020-21
Sales & other income	**83,424.85**	41,391.79
Operating Profit	**12,280.26**	3,932.16
Interest	**6,894.44**	2,774.65
Gross Profit	**5,385.82**	1,157.51
Depreciation	**4,615.40**	3,482.90
Profit (loss) before exceptional items and tax	**770.42**	(2,325.39)
Exceptional items	**-**	857.59
Profit (loss) after exceptional items	**770.42**	(3,182.98)
Provision for		
- Current Tax	**170.88**	-
- Deferred Tax	**(742.72)**	(1,910.28)
Net Profit (loss) after tax	**1,342.26**	(1,272.70)
Other comprehensive Income (Expense)	**(20.16)**	44.19
Total comprehensive Income /(Loss) for the year (Net of Income Tax)	**1,322.10**	(1,228.51)

DIVIDEND

The Board has not recommended dividend on the noncumulative Redeemable Preference Shares of Rs. 10/- each fully paid-up and the equity shares of Rs. 1/- each fully paid-up in view of the stipulation as per Resolution Plan approved by the Lenders.

OPERATIONS

The year under review had continued to witness disruptions in operations due to the unprecedented economic challenges faced by the Indian economy due to Covid-19 prevailing pandemic impacting the demand and material supply distribution chain and networks. During the year under review, despite the challenges faced, the Company achieved a production of 1,51,740 metric tonnes, as against 82,522 metric tonnes in the previous year. The quantitative figure for the sale of paper was 1,51,674 metric tonnes this year leaving 135 metric tonnes as closing stock, as against the sale of 84,183 metric tonnes in the previous year.

The figures given in the Financial statements for the current year under review are as under:

The company recorded a Net sales turnover (net of GST) and including other income stood at Rs. 83,424.85 lacs (Previous Year Rs. 41,391.79 lacs); Operating Profit at Rs. 12,280.26 lacs (Previous Year Rs. 3,932.16 lacs); Profit before Tax at Rs. 770.42 lacs (Previous year Loss Rs. 2,325.39 lacs); and the Net Profit after Tax and other comprehensive income (expense) at Rs. 1,322.10 lacs (Previous year Loss Rs. 1,228.51 lacs).

The detailed performance of Company's operations for the year ended 31 March 2022 has been stated in the Management Discussion & Analysis, which appears as a separate statement in the Annual Report.

INDUSTRY STATUS

Paper Industry is a significant player in the World Economy. Paper usage has been declining in North America and Europe since 2006 while steeply rising in China and other Asian Economies. The four key Paper and Board categories are: Newsprint, Printing and Writing Papers, Paper Boards for packaging applications, Tissue Papers & other Specialty Papers. Packaging grades account for over 55% of consumption, printing and writing grades over 32%, tissue papers 8-10% and others about 3%. Tissue and packaging grades are expected to witness higher growth rates, in future.

The Indian paper industry accounts for about 3.5% of the world's production of paper. The estimated turnover of the industry is INR 70,000 crore and its contribution to the exchequer is around INR 5,000 crore. The industry provides direct employment to 500,000 persons, and indirectly to around 1.5 million.

Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fibre, bagasse, wheat straw and grasses. In terms of share in total production, approximately 21% are based on wood, 71% on recycled fibre and 8% on agro-residues. The geographical spread of the industry, as well as market, is mainly responsible for the regional balance of production and consumption.

The paper Industry holds immense potential for growth in India as the per capita paper consumption in India at around 15 kg, which is way behind the global average of 57 kg. India is the fastest-growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with economic growth. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tonnes.

NATIONAL EDUCATION POLICY 2020

The Government announced the new National Education Policy (the NEP 2020) to focus on providing education that is equitable, accessible, high-quality and affordable. The policy was expected to be implemented from April 2022 academic years, but its implementation was delayed due to spread of covid-19 pandemic and consequently the educational establishments were running online classes. However, now with the significant population having been vaccinated including children, and schools reopened to offline/physical classes, it is expected that the Government will implement the new NEP from April 2023 academic year. The policy acts as a roadmap to revolutionize schooling and higher education in India that will support and foster a lifelong learning culture to maximize the rich talents and resources the country has to offer. The NEP 2020 is a giant leap in a list of initiatives taken by the government in achieving Goal 4 (SDG4) of the 2030. The policy recognises the ever-changing knowledge and employment landscape in our global ecosystem and focuses on curricular and pedagogy reform, aligning it with international standards and making India a vibrant knowledge economy and a nation of thought leaders. The impending changes in the education policy and curriculum are bound to create a huge demand for writing and printing paper to meet the needs of new Indian education system.

BAN ON SINGLE USE PLASTIC

The ban on the use of plastics in a wide variety of applications that has been put in place by the Govt of India with effect from July 01, 2022, will give a big boost to paper production in our country. This is likely to lead to a variety of paper qualities finding its way into the market, filling up the huge gap left behind by the plastic ban.

FINANCE

(a) TERM LOANS AND CAPEX PROJECTS

The members were informed in the last report that the capex projects at a capital outlay of Rs. 444.04 crores towards backward integration and modernization of its pulping facilities, chemical recovery plant and captive power generation plant to enhance its operating efficiencies and production capacity were commissioned and put to use in March 2021 which were proposed to be completed and commissioned in June 2020, but the commissioning was delayed due to Covid-19 prevailing pandemic. The backward integration has enabled the company in sustaining competitiveness in capacity and quality enhancement, cost reduction and improving margins and profitability of the Company. With the economy and business environment showing a positive growth trend, the benefits will be ever more visible in the coming years.

(b) WORKING CAPITAL

Banks have sanctioned/renewed the working capital limits amounting to Rs. 13,625 lacs (fund based Rs. 5,500 lacs, non-fund based Rs. 7,655 lacs and LER/CEL limits of Rs. 470 lacs) during the year under review.

(c) FIXED DEPOSITS

As on 31 March 2022, your Company had Fixed Deposits of Rs. 3,510.82 lacs. There were no overdue deposits as on 31 March 2022.

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 30 June 2021 pursuant to the compliance of the provisions of Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules 2014.

Details of Deposits:

(a) Accepted (including renewals) during the year- Rs. 2,333.23 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.

RESOLUTION PLAN UNDER RBI CIRCULAR DATED 6 AUGUST 2020 – "RESOLUTION FRAMEWORK FOR COVID-19 RELATED STRESS"

The members were informed in the last report that the Resolution Plan was approved and implemented by all the Lenders on 19 June 2021. The Resolution Plan inter alia provided for converting the interest on term loans for one year from 1st September 2020 into Funded Interest Term Loan (FITL) with extension of two years moratorium in the payment of principal of term loans. The company has been servicing the interest as and when due and the repayment of principal instalment will commence during the current year 2022-23.

EXTERNAL CREDIT RATING

During the year under review, CARE Ratings Limited (CARE) has reviewed the external credit rating for the Long term, Short term Bank facilities and Fixed Deposits of the company and has reaffirmed the rating with stable outlook (changed from negative outlook) and removing the monitoring from credit watch. The updated facility wise rating is as under:

Facilities	Amount (Rs./Cr)	Rating
Long term Bank Facilities	654.61	CARE BBB (Triple B) (Outlook: Stable)
Short term Bank Facilities	81.25	CARE A3+ (A Three Plus) (Outlook: Stable)
Fixed Deposits	45.00	CARE BBB; Stable [Triple B; Outlook: Stable]

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business.

MATERIAL CHANGE

The operations for FY 2021-22 too have been impacted due to the Covid-19 pandemic outbreak, which has impacted the cash flow generation of the company.

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. Kapedome Enterprises Limited is the holding company having 66.51% equity capital of the company.

CORPORATE SOCIAL RESPONSIBILITY

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

During the year under review, the company has spent an amount of Rs. 102.16 lacs as against the budget of Rs. 101.99 lacs. 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'.

The CSR policy alongwith annual plan and its constitution is placed on the company's website.

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 or the Company's code of conduct or ethics policy. In line with this requirement, the Company has framed a “Whistle Blower Policy”, which is placed on the Company's website. No complaint has been received during the year under review.

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 this process.

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 manages 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 these Programs. 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 an independent firm of Chartered Accountants. The firm independently evaluates the adequacy of internal controls through periodic reviews that cover all the functions and processes through reviewing major transactions. They report directly to the Audit Committee which ensures complete independence.

RELATED PARTY TRANSACTIONS

All related party transactions are entered at arm's length basis and are as per the applicable provisions of the Companies Act, Indian Accounting Standards and the Listing Regulations. The company has entered into transactions towards material procurement with its holding company amounting to Rs. 77.62 lacs (inclusive of GST) and with another company amounting to Rs. 166.73 lacs (inclusive of GST) [Refer Note 40 C to the Financial Statements] which are at arm's length. 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. 40 of the notes on Financial Statements. All the related party transactions are done at arm's length and pertain to the FY 2021-22.

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.

CHANGE IN THE DIRECTORSHIPS

There is no change in Directorships. Further, in accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company Shri Jagesh Kumar 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 and the applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 so as to qualify themselves to act as Independent Director under the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 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 familiarized 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.

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 and year to date 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	**FY 2021-22**	**Cumulative till date**
Number of programmes attended by independent directors	6	35
Number of hours spent by independent directors in such programmes	8	52

PERFORMANCE EVALUATION OF THE DIRECTORS AND MEETING OF INDEPENDENT DIRECTORS

Nomination, Remuneration and Evaluation policy has been framed by the Nomination and Remuneration Committee. This 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 Directors captures the following points:

(a) Performance of the directors and key attributes of the 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.

(c) Fulfillment of the independence criteria and their independence from the management as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or enactment thereof for the time being in force) in case of Independent Directors.

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 Board's 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 30 March 2022. 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 by the Independent Directors.

DISCLOSURES ON BOARD EVALUATION:

i. Observations of Board Evaluation carried out for the year:

In conformity with the evaluation policy and laid down parameters, the overall contribution of each Director was assessed as satisfactory and appreciable. The suggestions, participation, involvement and constant efforts of each director in the light of the business operations and overall growth and development of the Company was really significant.

ii. Previous year's observations and actions taken:

There were no observations of the Board with regard to the previous year. However, it has been the endeavor of the Board of Directors of the Company to attain the highest level of transparency, accountability and integrity as well as utmost 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.

iii. Proposed actions envisaged:

The Company proposes to hold more trainings, presentations and interactions enabling the Directors to uphold highest standards of integrity & probity and strict adherence of the Companies Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, and other rules and regulations besides Company's Code of Conduct as also to strive for constructive, effective and value-added deliberations at the meetings as also to consistently strive to implement best corporate governance practices reflecting its strong value system and ethical business conduct.

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, Key Managerial Personnel and Senior Management. Details of the Nomination and Remuneration Committee are given in the Corporate Governance Report. The Nomination, Remuneration and Evaluation Policy as approved by the Board is placed on the Company's website

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, 5 (Five) 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/extended period prescribed under the Companies Act, 2013.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee constituted by the Board comprised of three Independent Directors and one Executive Director till 31 March 2022.

During the year, 4 (four) 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/extended period prescribed under the Companies Act, 2013.

STATUTORY AUDITORS & AUDITOR'S REPORT

M/s O P Bagla & Co. LLP, Chartered Accountants, (Firm Registration No. 000018N/N500091), Statutory auditors of the company were appointed for a period of five years by the shareholders of the Company to hold office from the conclusion of the 23rd Annual General till the conclusion of 28th Annual General Meeting.

As required under Section 139 of the Companies Act, 2013, the Company has received a written consent from the Auditors to their continued appointment and also a certificate from them to the effect that their existing appointment is in accordance with the conditions prescribed under the Companies Act, 2013 and rules made thereunder.

The Auditors report for the financial year 2021-22 does not contain any qualification, reservation or adverse remark. The Notes on Accounts referred to in the Annexure to the Statutory 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 2022. The Company's Cost Audit Report for the year ended 31 March 2021 was filed on 25.08.2021 (Due date 30.09.2021). The said firm has been appointed as cost auditors of the Company for the financial year 2022-23 as well.

SECRETARIAL AUDITORS

M/s S.K. Sikka & Associates, Company Secretaries were appointed as Secretarial Auditors to conduct Secretarial Audit of the Company and have submitted the Secretarial Audit Report for the year ending 31 March 2022 which is annexed to this Board's Report as Annexure-2.

As per amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in addition to the above-mentioned Secretarial Audit Report, listed company is also required to obtain an Annual Secretarial Compliance Report from a practicing Company Secretary w.r.t. the compliances of all applicable SEBI Regulations, amendments, circulars or guidelines etc. by the Company. Accordingly, the same has been obtained and filed with the concerned Stock Exchanges.

Further pursuant to SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, read with Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) (Amendment) Regulations, 2018, the Company is required to obtain a certificate from Practicing Company Secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The said Certificate has been obtained from the M/s S.K. Sikka & Associates, Company Secretaries, which is annexed to this Board's Report as Annexure-3.

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 2023.

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 to the Company.

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

Details pertaining to the shares in 'Unclaimed suspense account' in Compliance with the terms of SEBI (LODR) Regulations, 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.

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.

EXTRACT OF THE ANNUAL RETURN

The extract of annual return in form no. MGT-7 would be available at the website of the Company at http://www.kuantumpapers.com

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.

PERSONNEL

Relationship with the employees remained cordial throughout the year in the Company. The Directors express their appreciation for the contribution made by the employees at all levels to the operations and in establishing 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 per month 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 extended corporate guarantee amounting to Rs. 1,679 lacs under Section 185 of the Companies Act, 2013 for a loan taken by the holding company M/s Kapedome Enterprises Limited, the disclosure of which is given at Note No. 40 D forming part of the financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 134(3) (c) read with Section 134(5) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, your Directors state that:

(i) in the preparation of the annual accounts for the year ended 31 March 2022, 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 2022 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.

BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a “Business Responsibility Report” as a part of Company's Annual Report for top 1000 listed entities based on market capitalization (as on March 31 of every financial year) by the stock exchanges. As on 31 March 2022, the company is not amongst the top 1000 listed entities based on market capitalization, however the 'Business Responsibility Report' for the year 2021-22 is attached and forms part of the Annual Report.

THE INSOLVENCY AND BANKRUPTCY CODE, 2016

There was neither any application made nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the period under review.

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 : 21 May 2022

Jagesh Kumar Khaitan
Chairman

ANNEXURE-A

ANNUAL REPORT ON CSR ACTIVITIES

1. **Brief outline on CSR Policy of the Company:**

   (i) Vision

   In pursuance of the Companies Act, 2013 and in alignment with its vision, the Company through its CSR initiatives continues 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, Kuantum Papers Ltd. takes its 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. Kuantum is now carrying these initiatives forward as part of the CSR program.

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

   The policy on Corporate Social Responsibility is available on the website of the Company viz. http://www.kuantumpapers.com/Policies

2. **The Composition of the CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Pavan Khaitan, Chairman	Promoter, Executive	2	2
2	Mr. Drishinder Singh Sandhawalia, Member	Non-Independent, Non-Executive	2	2
3	Ms. Shireen Sethi, Member	Independent, Non-Executive	2	2

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

   a) CSR Committee -https://www.kuantumpapers.com/BoardCommittees

   b) CSR Policy - http:// www.kuantumpapers.com/Policies

   c) CSR Projects -https://www.kuantumpapers.com/Compliance2022

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable**

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable**

6. **Average net profit of the company for last three financial years as per Section 135(5) - Rs. 5,099.32 lakhs.**

7.

(a)	**Two percent of average net profit of the company as per section 135(5):**	Rs. 101.99 lakhs
(b)	**Surplus arising out of the CSR projects or programmes or activities of the previous financial years**	NIL
(c)	**Amount required to be set off for the financial year, if any**	NIL
(d)	**Total CSR obligation for the financial year (7a+7b-7c)**	Rs. 101.99 lakhs

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

Total Amount Spent for the Financial Year. (in Rs. Lakhs)	Amount Unspent (in Rs. Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs.102.16 lakhs	Not Applicable				

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

(Rs. in Lakhs)

S No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Locations		Project duration	Amount allocated for the project	Amount spent on the project or programs in FY 2021-22	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Education	Literacy	Yes	Punjab	Saila Khurd/ Hoshiarpur	1 yr	11.50	11.51	NA	Yes	NA	NA
2	Levelling Roads/ Playgrounds/ Street Repairs/ Solar Lights/ Sewerage line	Rural Development	Yes	Punjab	Saila Khurd/Bharat pur Jattan/ Raniala/ Khushi Paddi	1 yr	25.50	25.63	NA	Yes	NA	NA
3	Toilets/water cooler/R.O. System/Water Tank/Kraft Bazar	Rural Development/ Health	Yes	Punjab	Saila khurd/Saila Kalan/Paddi Khuddi/ Bharatpur Jattan/ Hoshiarpur	1 yr	65.00	65.02	NA	Yes	NA	NA
	Total						102.00	102.16				

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

S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No.)	Locations		Amount allocated for the project (in Rs.)	Amount spent on the project or programs in FY 2021-22	Cumulative Expenditure up to the reporting period i.e. 31.03.2022	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District					Name	CSR Registration number
	Not Applicable										

(d) Amount spent in Administrative Overheads: NA

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 102.16 lakhs

(g) Excess amount for set off, if any - NIL

Sl. No.	Particular	Amount (in Rs. lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 101.99 lakhs
(ii)	Total amount spent for the Financial Year	Rs. 102.16 lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Rs. 0.17 lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii) - (iv)]	Rs. 0.17 lakhs

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

(Rs. in Lakhs)

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
1.	2018-19	NA	-	-	-	-	-
2.	2019-20	NA	-	-	-	-	-
3.	2020-21	134.39	2.00	-	-	NA	**132.39**
	Total	134.39	2.00	-	-	NA	**132.39**

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(Rs. in Lakhs)

SL No	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project completed/ ongoing
1.1		Solar Lights 300 No	2020-21	3 yrs	60.00	-	-	Ongoing
1.2		Flooring & Repair work at Govt. Schools/ Education	2020-21	3 yrs	14.00	2.00	2.00	Ongoing
1.3		Tubewell	2020-21	3 yrs	60.39	-	-	Ongoing
					134.39	**2.00**	**2.00**	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable

(asset-wise details)

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Sd/-
Pavan Khaitan
Chairman-CSR Committee
& Managing Director

ANNEXURE-1

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

Energy Conservation is of prime importance for our organization, be it Thermal or Electrical and is regularly monitored.

In continuation to our earlier efforts, during financial year 2021-22, we have taken number of initiatives as detailed below:

- TG sets frequency reduced by 0.2Hz and saved approximately overall energy by 300KWH, without disturbing plant operation.
- High Capacity pumps/motors replaced with suitable ratings to increase the energy efficiency levels.
- Energy efficient mechanical & electrical equipments are being installed as per latest energy saving ratings.
- Removing sludge from the waste water going to ETP thereby reducing load on ETP Plant.
- The Company has devised a system of regular energy audit. Energy conservation is an ongoing process and new areas are continuously identified.
- Grid Power Factor increased from 0.90 to Unity and getting the benefit of KVAH based tariff of PSPCL. We are 100% contributing with state GRID to reduce their GRID energy losses.
- High tech technology being use for plant automation in each sections through DCS, PLCs of multinational brands like Siemens, ABB, Yokogawa, Honeywell , Rockwell, Schneider etc.
- Using natural resources like direct sun light in day time, to switch off the lights in day time.

Total energy consumption and energy consumption per unit of production of paper for the year 2021-22 is given in the table below :

POWER & FUEL CONSUMPTION	2021-22	2020-21
1. ELECTRICITY		
(a) Purchased		
Units (lakhs KWH)	**58.66**	356.86
Total amount (Rs. lakhs)	**664.35**	2,446.87
Rate/Unit (Rs./KWH)	**11.34**	6.86
(b) Own generation		
Through Diesel Generator		
Units (lakhs KWH)	**-**	-
Cost/Unit (Rs./KWH)	**-**	-
Through Steam Turbine / Generator		
Units (lakhs KWH)	**1,858.23**	688.44
Cost/Unit (Rs./KWH)	**4.96**	4.32
2 COAL (for Boiler)		
Quantity (Tonnes)	**1,51,538**	53,704
Total cost (Rs. lakhs)	**10,276.28**	2,951.98
Average rate (Rs.)	**6,781**	5,497
3. OTHERS		
Rice Husk (for Boiler)		
Quantity (Tonnes)	**61,448**	76,535

	Total cost (Rs. lakhs)	**3,214.87**	2,875.69
	Rate/Unit (Rs. MT)	**5,232**	**3,757**
4	**CONSUMPTION/TONNE OF PRODUCTION**		
	Production (Tonnes)	**1,51,740**	82,531
	Electricity/Tonnes (KWH)	**1,263**	1,267
	Furnace Oil/Tonne (KL)	**0.003**	0.008
	Coal/Tonne (MT)	**0.999**	0.651
	Others Rice husk (MT)	**0.405**	0.927

II. TECHNOLOGY ABSORPTION

Research & Development and Environment

- Pulping and bleaching studies of Casuarina wood for alternative raw material development for making pulp and paper which provides 1.5% higher yield in comparison of Eucalyptus wood.
- Studies conducted on development of various new value-added paper products like high strength carry bag both (unbleached and bleached), Plain kraft high strength paper for e-commerce has developed in Lab.
- Sublimation paper and support paper for sublimation paper are developed in laboratory.
- Lab study conducted on Pharma Paper Shade Development with Argo pulp and Mix HW to achieve required optical properties.
- Lab study has been conducted of Chlorination in hard wood street with Cl_2, Cl_2:ClO_2 & ClO_2. Chlorination with ClO_2 & Cl_2:ClO_2 gives better result in comparison to Cl_2, Pulp brightness is observed slightly higher with Cl_2: ClO_2 combination @ 80:20 & 70:30.
- Cooking of wheat straw with white liquor of various sulphidity levels carried out in lab to improve the pulp strength properties and to reduce cooking liquor consumption and 20% optimum sulphidity is achieved.
- Lab studies conducted for DSR used at paper machine #4 to reduce the consumption starch and gain better strength properties and successfully implemented and cost saving achived.
- Lab studies conducted for use of bentonite clay to increase drainage at paper machine and observe its impact on charge and ph.
- Peroxide bleaching as replacement of chlorine dioxide at D2 stage study conducted for Hardwood Pulp line to improve pulp strength and for economic benefit. This study has successfully implemented.
- Lab studies conducted for ODL bleaching emergency mitigation planning - Such as Covid Pandemic. Peroxide is used as alternate of Oxygen. Final pulp brightness achieved up to - 83-84% ISO.
- Lab Study has been done for color removal of Secondary clarifier water with the help of coagulant and flocculent and achieved TSS<20ppm COD – 80 ppm, BOD -10-12 ppm.

Quality Certifications the Company owns

- ISO Certification 9001:2015 (Quality Management System)
- ISO Certification 14001: 2015 (Environmental Management System)
- OHSAS Certification 45001:2018 (Occupation Health & Safety Assessment Series)
- FSC® Certification Licence Code: FSC-C109585 (Forest Stewardship Council)
- DSIR Certification TU/V-RD/3724/2019 (In house R&D Unit)
- BIS Certification IS 14490 : 2018 (Plain Copier Paper- Specification)

The expenditure on R & D has been as follows:

	2021-22	2020-21
		(Rs. in lakhs)
(i) Capital	31.04	-
(ii) Recurring	212.65	181.81
(iii) Total	243.69	181.81
(iv) Total R&D expenditure as a percentage of turnover	0.26	0.39

Technology absorption, adaptation and innovation

The Company has not imported any technology for its products.

Cellulose Ethanol Pilot Plant

Your company had setup a pre-commercial Pilot (demonstration) plant titled “Cellulosic ethanol pilot plant for rice straw management”. This project was supported with grant-in-aid from BIRAC (Biotechnology Industry Research Assistance Council) a Public Sector Enterprise, set up by Department of Biotechnology (DBT), Government of India as an Interface Agency to strengthen and empower the emerging Biotech enterprise to undertake strategic research and innovation, addressing nationally relevant product development needs. BIRAC's aim is to play a transformative and catalytic role in building a US$ 100 billion Indian bio-economy.The company has now successfully completed the establishment of the technology in the said demonstration plant and has achieved the stated objectives of:

1. Design and engineering of a continuously operated pilot plant of 700 Liters/day capacity of 2G ethanol produced from Rice Straw as a complete Bio-refinery
2. Demonstrate efficient burning of separated lignin in a suitable boiler with supported fuel and recover Silica as a value added by-product from the slag
3. Demonstrate assimilation of cellulosic sugars (both pentose & hexose) utilizing an LMO derived from Saccharomyces cerevisiae, in an efficient manner
4. Produce 20 Kiloliters of Anhydrous Fuel grade ethanol conforming to IS15464:2004 at the rated capacity

The main objective of the project to establish an economically viable and commercially scalable process to produce 2G ethanol based on an Indian Patent (presently licensed to the company) has been achieved with mostly indigenous equipment, plant & machinery and skilful design engineering. The water consumption is minimal as most is recycled. Greenhouse gas reduction of more than 88% (compared to fossil fuels) is a key achievement of the technology demonstrated.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

As per Ind AS these particulars are not required to be given.

For and on behalf of the Board

Place : Chandigarh
Dated : 21 May 2022

Jagesh Kumar Khaitan
Chairman

ANNEXURE-2

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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,
Kuantum Papers Limited
Saila Khurd, Hoshiarpur (Punjab)

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kuantum Papers Limited (hereinafter 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 Kuantum 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, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, which were shared with me, for the financial year ended on 31 March, 2022 according to the provisions of the following Acts/Laws/Regulations and the amendments thereof, if any:

(1) The Companies Act, 2013 (the Act) and the rules made thereunder;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(3) The Depositories Act, 2018 and the Regulations and bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the audit period);**

(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 Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- **(Not applicable to the Company during the audit period);**

   (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- **(Not applicable to the Company during the audit period);**

   (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(6) The Company has complied with the following laws applicable specifically to the Company:

   (a) Indian Boiler Act, 1923

   (b) Hazardous Waste (Management & Handling) Rules 1989 under EP Act, 1986

   (c) Explosive Act, 1884 and Rules made thereunder

   (d) Factories Act, 1948 and allied State Laws

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

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

   (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Pursuant to the provision of Section 135(5) of the Companies Act, 2013, the Company has transferred unspent amount in respect of on-going projects in a special bank account as under:

Amount (Rs. in Lakhs)	**Amount transferred within 30 days from the end of the Financial Year**	**Amount transferred on**
134.39	-	18.08.2021

I further report that

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors including a Woman Independent Director. No changes in the composition of the Board of Directors took place during the period under review.

(ii) Adequate notice was given to all Directors to schedule 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 agenda items before the meeting and for meaningful participation at the meeting;

(iii) All the Decisions at the Board Meetings were taken unanimously.

I further report that 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 financial year under review, following events/actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., have occurred:

(i) The Company has taken approval of shareholders under section 180(1)(c) of the Companies Act, 2013 in Annual General Meeting held on 23.09.2021 for borrowing any sum or sums of money from time-to-time, from banks, financial institutions, bodies corporate, firms or such other persons whether in India or abroad and by issue of convertible/non-convertible securities (including fully/partly/optionally convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants not exceeding the sum of Rs. 1000 Crores at any point of time AND under section 180(1)(a) of the Companies Act, 2013 to sell, lease or otherwise dispose of and/or create such mortgages and/or charges in addition to the existing mortgages, charges, hypothecations and other encumbrances, if any, created/ to be created by the Company not exceeding the sum of Rs. 1000 Crores at any point of time.

(ii) The Company has taken approval of shareholders under section Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 in Annual General Meeting held on 23.09.2021 to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted) non-convertible debentures with or without warrants, fully convertible debentures and/or optionally convertible debentures or any other financial instruments convertible into or linked to equity shares of the Company.

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

(i) Public / Rights / Preferential Issue of Shares /Sweat Equity.

(ii) Redemption / Buy-Back of Securities.

(iii) Merger / Amalgamation / Reconstruction etc.

(iv) Foreign Technical Collaborations.

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

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

SUSHIL K SIKKA
Prop.
FCS 4241
CP 3582
UDIN: F004241D000359442
Peer Review Cert. No. 1057/2021

Place : Chandigarh
Date : 21 May 2022

Annexure A to Secretarial Auditors' Report

To,

The Members
Kuantum 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 : 21 May 2022

ANNEXURE – 3

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations).

To

The Members,
Kuantum Papers Limited
Saila Khurd, Distt. Hoshiarpur (Punjab)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kuantum Papers Limited ("Company") having CIN: L21012PB1997PLC035243 and having its registered office at Factory Premises, Saila Khurd, Hoshiarpur, Punjab, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal www.mca.gov.in), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorised representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the financial year ended 31st March, 2022, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority

Sr. No.	Name of Director	DIN
1.	Mr. Jagesh Kumar Khaitan	00026264
2.	Mr. Pavan Khaitan	00026256
3.	Mr. Vivek Bihani	00014296
4.	Ms. Shireen Sethi	01576676
5.	Mr. Drishinder Singh Sandhawalia	03174394
6.	Mr. Bhavdeep Sardana	03516261

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Annual Report of the financial year ended 31st March, 2022.

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

SUSHIL K SIKKA
Prop.
FCS 4241
CP 3582
UDIN: F004241D000359508

Place : Chandigarh
Date : 21 May 2022

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	Mr.Jagesh Kumar Khaitan: 60.18:1 Mr. Pavan Khaitan: 109.74:1
(ii)	The percentage of increase / Decrease in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year;	Name Mr. Jagesh Kumar Khaitan (Chairman): NIL Increment Mr. Pavan Khaitan (Managing Director): NIL Increment Mr. Roshan Garg (CFO): 4% Mr. Vivek Trehan (Company Secretary): 5%
(iii)	The percentage increase in the median remuneration of employees in the financial year;	10.53%
(iv)	The number of permanent employees on the rolls of company;	1,313 employees as on 31.03.2022.
(v)	The explanation on the relationship between average increase in remuneration and company performance;	The average increase in remuneration is 6.63% of all employees. Though the company has recorded marginal PBT but the operations have continued to be impacted due to covid-19 pandemic and as such despite the marginal profits, the management has extended increments to have employee friendly practices.
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance 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 Kumar Khaitan (77 Yrs.)	Chairman	1,39,89,284	Graduate with Marketing Management & Strategic Course from IIM, Ahmedabad	17 July 2010 (Total Exp. 53 Yrs.)	Vice Chairman & Managing Director Amrit Banaspati Co. Ltd.	1.66%	Father of Sh. Pavan Khaitan
Sh. Pavan Khaitan (54 Yrs.)	Managing Director	2,55,10,235	Chartered Accountant	1 April 2007 (Total Exp. 29 Yrs.)	Managing Director, Amrit Banaspati Co. Ltd.	1.69%	Son of Sh. Jagesh Kumar Khaitan

MANAGEMENT DISCUSSION & ANALYSIS

1. Overview

The objective of this report is to convey the Management's perspective on the external environment and paper industry, as well as strategy, operating and financial performance, developments in human resources and industrial relations, risks and opportunities and internal control systems and their adequacy in the Company during the year. This should be read in conjunction with the Company's financial statements, the schedules and notes thereto and other information included elsewhere in the Report. The Company's financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') complying with the requirements of the Companies Act, 2013, as amended and regulations issued by the Securities and Exchange Board of India ('SEBI') from time to time.

2. Indian Economy

Amidst the challenges brought by the COVID-19 pandemic leading to disruptions in supply chain and surging inflation rate, the Indian Government introduced various policies to cushion the impact on the domestic economy and in specific vulnerable sections of society and the business sector. Through its policies, the Government significantly increased capital expenditure on infrastructure projects to build back medium-term demand and aggressively implemented supply-side measures to prepare the economy for a sustained long-term expansion. With the vaccination programme having covered the majority of the population, recovering economic momentum and the likely long-term benefits of supply-side reforms in the pipeline, the Indian economy is in a good position to witness GDP growth of around 8.0%-8.5% in 2022-23.

3. An overview of the Economy and Business Environment

As the world enters the third year of the COVID- 19 crisis, economic developments have been both encouraging and troubling, clouded by many risks and considerable uncertainty.

The positive scenario is that output in many countries rebounded in 2021 after a sharp decline in 2020. Advanced economies and many middle-income countries have reached substantial vaccination rates. International trade has picked up, and high commodity prices are benefiting many developing countries. Domestic financial crises and foreign debt restructurings have been less frequent than might have been expected in a time of severe global shocks. Yet, for many developing countries, progress toward recovery has been hampered by daunting challenge. Macroeconomic imbalances have reached unprecedented proportions. Government spending, deficits, and debt in several advanced economies have reached record highs relative to GDP. However, when the global economy seemed to be at the cusp of witnessing green shoots of recovery after leaving the worst of the COVID-19 pandemic behind (despite uncertainties associated with subsequent waves of infection and rising global inflationary pressures), the Russia-Ukraine crisis escalated. Consequently, prices of crude oil and gas, food grains such as wheat and corn, and several other commodities have shot up. The conflict has also brought in severe financial sanctions and political pressure on Russia from the rest of the world, primarily the Western powers. These will likely have unpredictable and undesired implications on the global financial system and economy.

It's not just India, but almost all emerging economies are reeling under these external blows. However, India's underlying economic fundamentals are strong and despite the short-term turbulence, the impact on the long-term outlook will be marginal. The results of growth-enhancing policies and schemes (such as production-linked incentives and government's push toward self-reliance) and increased infrastructure spending will start kicking in, leading to a stronger multiplier effect on jobs and income, higher productivity, and more efficiency-all leading to accelerated economic growth.

Furthermore, the emphasis on manufacturing in India, various government incentives such as lower taxes, and rising services exports on the back of stronger digitization and technology transformation drive across the world will aid in growth. Also, several spillover effects of geopolitical conflicts could enhance India's status as a preferred alternate investment destination. On the health front, a large, vaccinated population will likely help contain the impact of subsequent infections waves.

On the back of these factors, Indian economy is expected to grow at 8.0–8.5%, followed by equally strong growth of more than 7.5% and 6.5% in the next two fiscal years, respectively.

4. Industry Structure and Development

Indian population is around 15% of world population but consumes only 3.5% of the total paper produced in the world. India's growing FMCG sector and high spending in education coupled with growth in organised retail and demand for better quality paper as well as more health consciousness of people, etc., are triggering factors of growth prospects of Indian Paper Industry. The estimated turnover of the industry is INR 70,000 crore and its contribution to the exchequer is around INR 5,000 crore. The industry provides direct employment to 500,000 persons, and indirectly to around 1.5 million.

Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fibre, bagasse, wheat straw, and grasses. In terms of share in total production, approximately 21% are based on wood, 71% on recycled fibre and 8% on agro-residues. The geographical spread of the industry, as well as market, is mainly responsible for the regional balance of production and consumption.

The paper Industry holds immense potential for growth in India as the per capita consumption is one of the lowest at around 15 kg, which is way behind the global average of 57 kg. India is the fastest-growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with economic growth. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tonnes.

Further, Indian businesses have adapted fairly to the turbulence caused by the pandemic. Demand recovery in most sectors is expected to sustain on the back of strong economic growth, both in the domestic and global markets. Containment measures, if any, are expected to be localised and less stringent compared with the first and second waves, which should keep domestic demand buoyant even if another wave materialises. On account of the above factors, Indian industry appears to be on a much stronger footing to counter any risk related to the resurgence of the pandemic.

The paper industry in India, registered a growth of about 5-6 per cent in the year 2019-2020, but thereafter, due to wide spread of COVID-19 Pandemic, the sector has had seen a de-growth. However, the industry is showing positive growth trend. By the year 2022 onward the Indian Paper Industry is expected to come back to its earlier projected growth track is expected to grow at 6-7% CAGR and the demand for paper in the country is bound to grow to 30 Million Tonnes by the year 2026-27 from the present consumption of 24 Million Tonnes.

5. Opportunities and Threats

The Indian paper industry is expected to grow at about 6-7% CAGR. The per capita paper consumption in India stands at 15 kg which is well below the global average of 57 kg and significantly below 200 kg in developing economies, which highlights an opportunity in terms of potential growth of paper demand in India. The demand will be driven and supported by higher Government spending on education initiatives, corporate spending on stationary and healthy growth in services sector. Inspite of advancement in technology, like the usage of Tabs, Smart Phones, digitization, the increased preference for online storage and dissemination of data, the paper industry is poised for a consistent growth in demand over the next few years. Despite the higher level of technology being used in the corporate sector, there has been no decline in the overall paper consumption. The envisaged growth in the value-added writing and printing 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 it's branding. Further with literacy rates to improve and universalization of education through legislative steps like Right to Education, government measures i.e. Sarva Shiksha Abhiyan, mid-day meal schemes, Girl Education Programme (GEP), growing enrolment as well as increasing number of schools, colleges and institutions and increased spending on education by all sections of the society will provide an impetus to this segment.

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, 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 maplitho paper, specialty papers and premium copier paper, which is placed in the higher value segment, competing with quality of other large paper mills.

Indian paper mills are categorized based on raw materials used by them in the manufacture of paper - wood/forest based mills, agro-based mills and wastepaper based mills. Wood accounts for 30-35% of production, while wastepaper and agri-residues account for 45-50% and 20-22%, respectively. 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.

Raw material and chemical costs account for around 50 per cent of the operating income of mills in the paper industry. Agro 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 favoring industrial/production plantation, securing future wood supplies will be the Industry's biggest challenge. In line with this increase in production, demand for wood material will also go up. Your company has insulated itself from the vagaries of pricing of global pulp by enhancing its wood pulping capacities, thereby reducing its dependency on imported wood pulp. Further to counter the issue of wood deficit, the paper mills including your company gave thrust to initiatives like agro forestry which have now started yielding results.

Another source of raw material for the paper industry is agri-residues such as wheat straw, bagasse, wild grass, and other such agricultural wastes. Your company has the locational advantage of being in the centre of one of the largest wheat growing areas in India and thus, does not forsee a challenge in the availability of this raw material despite increased demand. Bagasse is the other 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. Your company has also decreased its dependency on bagasse and developed alternate raw materials through extensive R&D. Despite agri-residues being seasonal in nature, your company has mastered processing several types of raw material for pulp making, and has therefore gained an edge in the industry.

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. Your company does not use wastepaper as a raw material for its production purposes and hence is not impacted by this raw material.

The changes in Government policies, environment standards and the paperless initiatives on various fronts, coupled with Green initiatives in Corporate Governance, 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 will remain a key factor for growth in writing and printing paper. Though it is difficult to estimate precise future impact of Covid-19 on Company's operations in view of the prevailing uncertainty about the duration of Covid-19 in the country, it is believed that the Company's operations would be in line with overall developments and revival of economy and business sentiments and remedial measures of RBI and the Government.

The Government has announced the new National Education Policy (the NEP 2020) to focus on providing education that is equitable, accessible, high-quality and affordable. The policy was expected to be implemented from April 2022 academic years but its implementation was delayed by the Government due to spread of covid-19 pandemic. However, now with the significant population is vaccinated including children and schools have reopened to offline/physical classes, we expect the Government to implement the new NEP from April 2023 academic year. The policy act as a roadmap to revolutionize schooling and higher education in India that will support and foster a lifelong learning culture to maximize the rich talents and resources the country has to offer. The NEP 2020 is a giant leap in a list of initiatives taken by the government in achieving Goal 4 (SDG4) of the 2030. The policy recognises the ever-changing knowledge and employment landscape in our global ecosystem and focuses on curricular and pedagogy reform, aligning it with international standards and making India a vibrant knowledge economy and a nation of thought leaders. The impending changes in the education policy and curriculum are bound to create a huge demand for writing and printing paper to meet the needs of new Indian education system.

Furthermore, the ban on the use of plastics in a wide variety of applications that has been put in place by the Govt of India with effect from July 01, 2022, will give a big boost to paper production in our country. This is likely to lead to a variety of paper qualities finding its way into the market, filling up the huge gap left behind by the plastic ban.

One major near-term concern for the paper industry has been rising wood pulp and elevated fuel costs, given that the industry also relies on imported coal, wherein the prices have risen substantially over the last one year. Though the industry is managing these challenges by passing on such rises to the final customer as well as absorbing, wherever possible, on an aggregate basis, the long-term demand potential for the India paper industry remains intact, given the rising penetration of different forms on paper in daily livelihood.

6. Risks and Management Perception

The paper industry is labour intensive as well as power and 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 as part of its risk management policy.

The company uses agro waste materials, primarily Wheat straw and Sarkanda grass, as well as wood materials like chips, veneer and bamboo as the basic raw materials to manufacture paper. The availability of these raw materials is seasonal. The raw material of all kinds is available in abundance on ground and thus its adequate availability may not be a constraint despite increased capacities of the other paper mills in and around the region. The continuous increase in prices of raw material, and other inputs continues to be a matter of 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 quite some extent on this front. We have suppliers connected to your company for the last more than three decades for supply of Agro raw materials, by way of long term arrangements.

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 on their land, and the company buys back the hardwood post the harvest, thereby positively uplifting the Greening India mission of the Government. Domestic land under cultivation is expanding by 10% every year; however, it is below the industry requirement. Also, this sustainable initiative has created major employment in the remote areas in close proximity to the mill thereby, helping rural development. 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.

The paper industry consumes a large amount of energy and water. Energy costs account for about 16-18 per cent 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. This has been offset by your company by establishing a state-of-the-art captive Co-Gen Plant to meet its entire power requirements.

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

Further with the expected implementation of the new NEP from April 2023 academic year, and the ban on single use plastics that has been put in place, we expect a huge demand for writing and printing paper to meet the needs of the Paper Industry in India.

7. Outlook

Paper plays a key role in communication and as a packaging material. Demand for paper is closely linked to the prevalent economy conditions. Paper industry continues to have a reasonably moderate prospect in India during next few 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 Writing & Printing paper does not face any major threat from substitutes, the increased preference for online storage and dissemination of data and information could marginally impact 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. The demand for the writing and printing paper is expected to rise sharply on account of the implementation of the National Educational Policy 2020, which will result in publication of new books under the revised curriculum; and furthermore, a variety of paper products finding its way into the market due to the ban placed on use of certain plastic items.

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

8. Company's Financial Performance & Analysis

The year under review had continued to witness disruptions in operations due to the unprecedented economic challenges faced by the Indian economy due to Covid-19 prevailing pandemic impacting the demand and material supply distribution chain and networks. But despite these challenges, the Company achieved a production of 1,51,740 metric tonnes, as against 82,522 metric tonnes in the previous year. The quantitative figure for the sale of paper was 1,51,674 metric tonnes this year leaving 135 metric tonnes as closing stock, as against the sale of 84,183 metric tonnes in the previous year.

The company recorded a Net sales turnover (net of GST) and including other income stood at Rs. 83,424.85 lacs (Previous Year Rs. 41,391.79 lacs); Operating Profit at Rs. 12,280.26 lacs (Previous Year Rs. 3,932.16 lacs); Profit before Tax at Rs. 770.42 lacs (Previous year Loss Rs. 2,325.39 lacs); and the Net Profit after Tax and other comprehensive income (expense) at Rs. 1,322.10 lacs (Previous year Loss Rs. 1,228.51 lacs). The company has been able to register this operational performance despite significant increase in the cost of raw material, coal, other fuels, and other input prices. Due to the governments directives, the coal was diverted mainly to the public sector power plants and hence the other industries were deprived of their logical share and resultantly the coal prices went up substantially high which have impacted the margins significantly.

The initiatives taken by the company in the recent years in improving productivity and operational efficiencies have led to achieving better operational performance. The company has continued to take up projects in focused areas for operational improvement and this has also led to improved operational efficiencies, productivity, reduction in operational costs, and sizeable increase in savings.

The company has completed the backward integration projects at an outlay of INR 444 Cr comprising of enhancing the capacities of pulp and paper, Chemical Recovery Plant and Captive Power Plant in March 2021 which have led to better operational efficiencies and reducing production costs. The results of cost reduction initiatives and operational efficiencies will continue to be more visible in the current financial year 2022-23 as your company has implemented these initiatives to optimize capacity utilization, cost reduction, new products, optimizing production of better margin products by undertaking modification and up-gradation project consisting of a pulp mill, a chemical recovery plant and a captive power plant, for improving the cost effectivity, product quality and operations.

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

9. Internal Control Systems

Your Company has established adequate internal control systems to provide reasonable assurance that the assets are safeguarded and transactions are properly authorized, recorded and correctly reported. Your company has already implemented SAP to further strengthen the control systems. 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. The audit committee reviews the adequacy of the internal control systems, audit findings and suggestions. The Company's Statutory Auditors regularly interact with the Audit Committee to share their findings and the status of further improvement actions under implementation.

10. Human Resources and Industrial Relations

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 workshops. Progress made by the company has been possible in no small measures by efforts of the entire team.

Industrial relations were harmonious. Safety welfare and training at all levels of our employees continues to be the areas of major focus for the Company as recognised by the awards bestowed on the company by independent agencies.

11. 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. The Company assumes no responsibility in respect of forward looking statements made herein which may undergo changes in future on the basis of subsequent developments, information or 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 six directors, as on 31.03.2022, comprising of a Chairman, a Managing Director and four non-Executive Directors. Out of four, three non-Executive Directors were independent directors as on 31.03.2022. 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 2021-22		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 Kumar Khaitan, Chairman	Father of Sh. Pavan Khaitan	Promoter, Executive	5	5	Yes	1	-	-
Sh. Drishinder Singh Sandhawalia	-	Non-Independent, Non-Executive	5	5	Yes	-	-	-
Sh. Vivek Bihani	-	Independent, Non-Executive	5	5	Yes	-	-	-
Ms. Shireen Sethi	-	Independent, Non-Executive	5	5	Yes	-	-	-
Sh. Bhavdeep Sardana	-	Independent, Non-Executive	5	5	Yes	2	-	-
Sh. Pavan Khaitan, Managing Director	Son of Sh. Jagesh Kumar Khaitan	Promoter, Executive	5	5	Yes	1	-	-

(b) Details of Directors holding Directorship in Listed Entities including Kuantum Papers Limited and the category of their Directorship:

Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Sh. Jagesh Kumar Khaitan, Chairman	Kuantum Papers Limited	Executive Director
Sh. Drishinder Singh Sandhawalia	Kuantum Papers Limited	Non - Independent Director
Sh. Vivek Bihani	Kuantum Papers Limited	Independent Director
Ms. Shireen Sethi	Kuantum Papers Limited	Independent Director
Sh. Bhavdeep Sardana	Kuantum Papers Limited	Independent Director
Sh. Pavan Khaitan, Managing Director	Kuantum Papers Limited	Executive Director

The shareholding of non-executive Directors of the company as on 31.03.2022 is as under:

Name of the Director	No. of shares
Sh. Drishinder Singh Sandhawalia	Nil
Sh. Vivek Bihani	Nil
Ms. Shireen Sethi	Nil
Sh. Bhavdeep Sardana	Nil

(c) Details of familiarization programmes imparted to independent directors are available at the website of the Company at www.kuantumpapers.com/IndependentDirectors

(d) During the financial year 2021-22, Five (5) Board Meetings were held on 30 June 2021, 12 August, 2021, 23 September 2021, 28 October 2021 and 11 February 2022. The maximum interval between any two meetings was not more than stipulated time by Law.

(e) Information supplied to the Board

Information regularly provided to the Board inter-alia include:

- Annual operating plans, budgets & updates;
- Production, sales & financial performance data;
- Expansion/capital expenditure plans & updates;
- Business-wise operational review;
- Quarterly financial results with segment-wise information;
- 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.
- Quarterly, Half Yearly and Annual Compliance Report on Corporate Governance and Quarterly Report on Investor Grievances pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(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 2021-22 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.

The Policy is available on the Company's website at web link: http://www.kuantumpapers.com/ Policies.

(g) **Details of remuneration paid to the directors during the financial year 2021-22**

Name of Director	Salary*/ Fee**	Perks+ contribution to PF/other Funds	Commission	Sitting Fee	Total
Sh. Jagesh Kumar Khaitan	1,26,72,000*	10,43,911	2,73,373	-	1,39,89,284
Sh. Pavan Khaitan	2,30,40,000*	19,73,192	4,97,043	-	2,55,10,235
Sh. Drishinder Singh Sandhawalia	42,00,000**			1,55,000	43,55,000
Sh. Vivek Bihani	-	-	-	2,35,000	2,35,000
Ms. Shireen Sethi	-	-	-	1,85,000	1,85,000
Sh. Bhavdeep Sardana	-	-	-	2,40,000	2,40,000

**Represents professional fee excluding taxes

(h) **Details of Loans and Advances to the Firms/Companies in which Director are interested**

During the year under review, the Company has not given any loans and advances to the firms/companies in which Directors are interested.

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 which forms part of 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 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, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 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.
- 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 31 March, 2022, the committee comprised of the following four directors of the Company – three non-executives & independent and one executive & non-independent. During the financial year 2021-22, Audit Committee met 4 times i.e. 30 June 2021, 12 August, 2021, 28 October 2021 and 11 February 2022 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 Vivek Bihani	Chairman	Independent, Non-Executive Director	4	4
Ms. Shireen Sethi	Member	Independent, Non-Executive Director	4	4
Shri Bhavdeep Sardana	Member	Independent, Non-Executive Director	4	4
Shri Pavan Khaitan	Member	Non-Independent, Executive Director	4	4

Sr. 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 were present at the last AGM held on 23 September, 2021.

(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 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.

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 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, KMPs 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 31 March 2022, the committee comprised of the following three directors of the Company. Remuneration Committee met once on 30 June 2021. The attendance of the Directors on the above meetings was as follows:

Director	Position	Category	No. of meetings held	No. of meetings attended
Shri Bhavdeep Sardana	Chairman	Independent, Non-Executive Director	1	1
Shri Vivek Bihani	Member	Independent, Non-Executive Director	1	1
Shri Drishinder Singh Sandhawalia	Member	Non-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 Stakeholder Relationship 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.

Besides above the Committee also takes note of quarterly reconciliation of Share Capital Audit pursuant to Regulation 76 of SEBI (Depositories and Participants) Regulation, 1996 as well as yearly Certificates pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by the practicing Company Secretary. Also, the committee takes note of the dividend as well as shares transferred to Investor Education and Protection Fund (IEPF) Authority pursuant to the provisions of Companies Act, 2013 and the Rules notified thereunder.

As on 31 March 2022, the committee comprised of the following three directors of the Company. During the financial year 2021-22, the Committee met once on 11 February 2022 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 Drishinder Singh Sandhawalia	Chairman	Non- Independent, Non-Executive Director	1	1
Shri Jagesh Kumar Khaitan	Member	Non-Independent Executive Director	1	1
Ms. Shireen Sethi	Member	Independent, Non-Executive Director	1	1

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

During the year, the Company has not received any complaint. As on 31 March, 2022, no complaints and/or requests for dematerialization were 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 Shri Pavan Khaitan, Managing Director, has been constituted to oversee the risk management process in the Company.

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.
- Monitoring and reviewing of the risk management plan specifically covering cyber security

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.

As on 31 March 2022, the committee comprised of the following three directors of the Company. During the financial year 2021-22, the Committee met twice on 30 June 2021 and 11 February 2022 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 Drishinder Singh Sandhawalia	Member	Non-Independent Non-Executive Director	2	2
Shri Bhavdeep Sardana*	Member	Independent, Non-Executive Director	2	1

*Appointed on 30.06.2021

Commodity Price Risks

The Company being a manufacturer of writing and printing paper is exposed to commodity price risk as it purchases imported and indigenous raw material.

The 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 the company's paper mill provides an added access to the major raw material sources and insulates it, to some extent on this front. The Company has exclusive sources of suppliers connected to it for the last more than three decades for supply of Agro raw materials, by way of long term contract arrangements. However, any changes in prices of commodities impact procurement cost of raw material.

(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 2021-22, the Committee met twice on 30 June 2021 and 11 February 2022 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 Drishinder Singh Sandhawalia	Member	Non-Independent, Non-Executive Director	2	2
Ms. Shireen Sethi	Member	Independent, Non-Executive Director	2	2

The Company covers the activities under Corporate Social Responsibility 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
2018-19	13.08.2019	11.30 A.M.	Regd. Office - Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab
2019-20	07.08.2020	11.30 A.M.	Through Video conferencing (VC) / other audio visual means (OAVM)*
2020-21	23.09.2021	11.30 A.M.	Through Video conferencing (VC) / other audio visual means (OAVM)*

*Pursuant to the Circulars issued by the Ministry of Corporate Affairs, dated 8th April, 2020, 13th April, 2020, 5th May, 2020, 13th January, 2021, 8th December, 2021, 14th December, 2022 and 5th May, 2022.

Special Resolutions passed in the previous three AGMs

Financial Year	AGM Dated	Details of the Special Resolutions Passed
2018-19	13.09.2019	· To re-appoint Shri Pavan Khaitan as Managing Director of the Company. · To approve special resolution under section 185 of the Companies Act, 2013
2019-20	07.08.2020	· To re-appoint Shri Jagesh Kumar Khaitan as Chairman of the Company
2020-21	23.09.2021	· To approve special resolution under Section 180 (1)(c) of the Companies Act, 2013 · To approve special resolution under Section 180 (1)(a) of the Companies Act, 2013 · To approve special resolution under Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, to issue, Convertible/Non-convertible securities.

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**

(i) 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.

(ii) 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-https://www.kuantumpapers.com/Policies

(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 31.03.2022 is 39260. The information as required in pursuance of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

Aggregate no. of shareholders as on 1.04.2021	93
Outstanding shares as on 1.04.2021	39260
No. of shareholders transferred to IEPF	Nil
Shares transferred to IEPF	Nil
No. of shareholders requested to transfer shares from Suspense A/c	Nil
No. of shares transferred from Suspense A/c	Nil
Shareholders in Suspense A/c as on 31.03.2022	93
Shares in Suspense A/c as on 31.03.2022	39260

(x) During the year under review, the Company has not credited any amount 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 as in the year 2013-14 no dividend was declared.

(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, clause (b) to (i) of sub-regulation (2) of regulation 46 or any other relevant regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7. Means of Communications

The Quarterly, Half Yearly and Annual Financial Results are communicated to the stock exchanges i.e. BSE and NSE, 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, the Quarterly and Half Yearly 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.

kuantumcorp@kuantumpapers.com

The Management Discussion and Analysis Report 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.kuantumpapers.com

All the members of the Board and senior management personnel have affirmed compliance with the Code for the year ended 31st March, 2022 and a declaration to that effect signed by the Chief Executive Officer is attached and 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 read with the amendments inserted vide notification dated 31.12.2018 and thereafter. This Code, interalia, 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.kuantumpapers.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 of the Company 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.

12. Total fees for all services paid by the Company to the Statutory Auditors

Total fees of Rs. 20.08 lacs (including out of pocket expenses) for financial year 2021-22, for all services, was paid by the Company, to the Statutory Auditors.

13. Skills/Expertise/Competencies of the Board of Directors

The Board of Directors of the Company brings a vast range of skills and experience from various field, functions and sectors, which enhance the governance framework of the Company and the Board's decision making process. The Board has identified strategic planning, knowledge with regard to Company's business/activities, understanding of industry, sales & marketing, risk management, accounting & financial expertise as the key skills/expertise/ competencies for the effective functioning of the Company and the same are currently available with the Board.

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 chart or a matrix setting out the skills/expertise/competence of the Directors is given below:

Area of Expertise	Financial	Leadership	Board Service & Governance	Technical Knowledge	Sales & Marketing
Availability of expertise with the Board					
Sh. Jagesh Kumar Khaitan	✓	✓	✓	✓	✓
Sh. Pavan Khaitan	✓	✓	✓	✓	✓
Sh. Drishinder Singh Sandhawalia	✓	✓	✓	✓	✓
Sh. Vivek Bihani	✓	✓	✓	✓	✓
Ms. Shireen Sethi	✓	✓	✓	✓	✓
Sh. Bhavdeep Sardana	✓	✓	✓	✓	✓

Declaration regarding compliance of Code of Conduct

I, Pavan Khaitan, Chief Executive Officer of Kuantum 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 31 March 2022.

Place : Chandigarh
Date : 21 May 2022

Pavan Khaitan
Chief Executive Officer

GENERAL SHAREHOLDERS INFORMATION

- **Annual General Meeting**

Date	29 July, 2022
Time	11.30 AM
Venue	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

- **Financial Year : April 01 to March 31**

- **Financial Calendar 2022-23 (Tentative)**

Board Meetings to take on record

Financial Results for Quarter ended 30.06.2022	Second week of August, 2022
Financial Results for Quarter ended 30.09.2022	Second week of November, 2022
Financial Results for Quarter ended 31.12.2022	Second week of February, 2023
Financial Results for Year / Quarter ended 31.03.2023	2nd / 3rd week of May, 2023
Book Closure Date	23 July, 2022 to 29 July, 2022 (both days inclusive)

- **Dividend Payable Date**

The Board has not recommended dividend on the noncumulative Redeemable Preference Shares of Rs. 10/- each fully paid-up and the equity shares of Rs. 1/- each fully paid-up in view of the stipulation as per Resolution Plan approved by the Lenders.

- **Dividend Distribution Policy**

The Board of Directors of the Company has approved the Dividend Distribution Policy at its meeting held on 12th August, 2021. The same is disclosed on the website of the Company and web-link of the same is https://www.kuantumpapers.com/Policies

- **Listing**

Name & address of stock exchanges
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai– 400 051

The Company has already paid annual listing fee for the year 2022-23 to BSE Limited and National Stock Exchange of India Limited.

- **Stock Code/Symbol**

- BSE Limited	:	532937
- Demat ISIN in NSDL and CDSL for equity Shares	:	INE 529I01021
- National Stock Exchange of India Limited	:	KUANTUM

- **Market Price Data**

  The monthly high/low quotation of the equity shares traded at BSE Limited and BSE Sensex during the financial year 2021-22 are given below.

Month	Company's Share Price (Rs.)		BSE Sensex	
	High	Low	High	Low
April 2021	72.00	53.00	50,375.77	47,204.50
May 2021	78.00	57.05	52,013.22	48,028.07
June 2021	78.90	61.85	53,126.73	51,450.58
July 2021	98.40	68.35	53,290.81	51,802.73
August 2021	102.90	76.20	57,625.26	52,804.08
September 2021	84.35	72.00	60,412.32	57,263.90
October 2021	94.00	74.00	62,245.43	58,551.14
November 2021	93.00	78.00	61,036.56	56,382.93
December 2021	96.00	76.80	59,203.37	55,132.68
January 2022	97.00	79.50	61,475.15	56,409.63
February 2022	107.45	65.95	59,618.51	54,383.20
March 2022	97.70	65.70	58,890.92	52,260.82

The monthly high/low quotation of the equity shares traded at National Stock Exchange of India Limited and NSE Nifty during the financial 2021-22 are given below.

Month	Company's Share Price (Rs.)		NSE Nifty	
	High	Low	High	Low
April 2021	70.00	59.15	15,044.35	14,151.40
May 2021	79.90	61.00	15,606.35	14,416.25
June 2021	77.60	65.60	15,915.65	15,450.90
July 2021	98.90	70.25	15,962.25	15,513.45
August 2021	103.95	75.35	17,153.50	15,834.65
September 2021	84.90	72.00	17,947.65	17,055.05
October 2021	94.50	74.10	18,604.45	17,452.90
November 2021	93.70	78.00	18,210.15	16,782.40
December 2021	96.50	76.20	17,639.50	16,410.20
January 2022	94.45	77.50	18,350.95	16,836.80
February 2022	108.00	63.80	17,794.60	16,203.25
March 2022	94.90	65.25	17,559.80	15,671.45

- **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**

  Transfer of Securities held in physical Mode

  The SEBI on 28th March, 2018, decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository effective from 1st April, 2019. Subsequently, SEBI has received representations from shareholders for extension of the date of compliance. In view of the same, the following are hereby clarified:

  a) The above decision does not prohibit the investor from holding the shares in physical form; investor has the option of holding shares in physical form even after 1st April, 2019.

  b) Any investor who is desirous of transferring shares (which are held in physical form) after 1st April, 2019 can do so only after the shares are dematerialized.

  The above SEBI decision is not applicable for demat of shares, transmission (i.e. transfer of title of shares by way of inheritance/succession) and transposition (i.e. re-arrangement /interchanging of the order of name of shareholders) cases.

  The connectivity with NSDL & CDSL is maintained through M/s MAS Services Ltd. The Shareholders have the option to open account with any of the depository participants registered with CDSL and NSDL.

  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 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 yearly basis.

- **Nomination facility for shareholding**

  As per the provision of the Act, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form by writing to the Company Secretary of the Company or RTA, or download the form from the RTA's website. Members holding shares in dematerialized form should contact their Depository Participant (DP) in this regard.

- **Distribution of Equity Shareholding**

(a) Shareholding Pattern as on 31 March 2022

Sl. No.	Description	No. of equity shares held	Shareholding %
1.	Promoters		
	• Individuals	33,12,810	3.80
	• Bodies Corporate	5,80,37,880	66.51
2.	Institutional Investors		
	• Mutual Funds/UTI	2,500	0.00
	• Banks/Financial Institutions	3,030	0.00
	• Insurance Companies	-	-
	• FIIs/FPI	10,993	0.01
3.	Others		
	• Private Bodies Corporate	1,36,47,433	15.64
	• Indian Public	1,20,83,278	13.85
	• NRIs/OCBs	1,65,706	0.19
	Total	**8,72,63,630**	**100.00**

(b) Distribution of shareholding as on 31 March 2022

Shareholding of Nominal Value of Rs.	No. of shareholders	%age of shareholders	No. of shares	%age of holding
1 to 5,000	11,596	97.30	36,81,519	4.22
5,001 to 10,000	178	1.49	11,71,877	1.34
10,001 to 20,000	70	0.59	9,94,807	1.14
20,001 to 30,000	23	0.19	5,83,937	0.67
30,001 to 40,000	8	0.07	2,97,058	0.34
40,001 to 50,000	6	0.05	2,66,548	0.31
50,001 to 1,00,000	15	0.13	10,45,046	1.20
1,00,001 and above	22	0.18	7,92,22,838	90.78
Total	**11,918**	**100.00**	**8,72,63,630**	**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, 2022, approximately 98.87% 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. Pursuant to Regulation 76 of the SEBI (Depositories and Participants) Regulation 1996, the Reconciliation of Share Capital Audit obtained from a Practicing Company Secretary is filed with the stock exchange on quarterly basis.

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 144529
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, 2022, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

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
UDIN: F004241D000359629

Place : Chandigarh
Date : 21 May 2022

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

The Board of Directors
Kuantum Papers Ltd
Saila Khurd, Distt. Hoshiarpur
Punjab

Re: **Financial Statements for the year 2021-22 – Certification by CEO and CFO**

We, Pavan Khaitan, Managing Director & CEO and Roshan Garg, Sr. President-Finance & CFO, of Kuantum Papers Ltd., on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31 March 2022 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;
   (c) 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
Sr. President-Finance & CFO

Pavan Khaitan
Managing Director & CEO

Place : Chandigarh
Dated : 21 May 2022

BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India (SEBI) as per the (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a “Business Responsibility Report” (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization (As on March 31 of every financial year) by the stock exchanges.

Growing expectations from internal as well as external stakeholders along with stringent norms is driving organizations to disclose their performance on economic, environmental and social aspects to understand their impact on the Company's day to day activities.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L21012PB1997PLC035243
2	Name of the Company	Kuantum Papers Limited
3	Registered address	Paper Mill, Saila Khurd, Punjab, 144529
4	Website	www.kuantumpapers.com
5	E-mail id	kuantumcorp@kuantumpapers.com
6	Financial Year reported	1stApril, 2021 to 31st March, 2022
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pulp, Paper & Paper Board - 4802
8	List three key products/services that the company manufactures/provides (as in balance sheet)	Writing, printing and specialty paper
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	 None 1 Location
10	Markets served by the Company – Local/State/National/International	We serve the Local/State/National/ International markets

SECTION B: FINANCIAL DETAILS OF THE COMPANY

<table>
<tr><td>1</td><td>Paid up Capital (Equity)</td><td>Rs. 872.64 lakhs</td></tr>
<tr><td>2</td><td>Total Turnover</td><td>Rs. 83,424.85 lakhs</td></tr>
<tr><td>3</td><td>Total income after taxes</td><td>Rs. 1,322.10 lakhs</td></tr>
<tr><td>4</td><td>Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax(%)</td><td>The Company spent Rs. 102.16 lakhs during the year 2021-22 (2% of average net profit for the last three years was Rs. 101.99 Lakhs)</td></tr>
<tr><td>5</td><td>List of activities in which expenditure in 4 above has been incurred:-</td><td>We have been working in the following areas for the benefit of communities
<table>
<tr><th>S. No.</th><th>Activities</th></tr>
<tr><td>1</td><td>Education</td></tr>
<tr><td>2</td><td>Health and Hygiene</td></tr>
<tr><td>3</td><td>Rural development</td></tr>
<tr><td>4</td><td>Infrastructure development</td></tr>
</table></td></tr>
</table>

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?

   The Company does not have any Subsidiary.

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

   As the Company does not have any Subsidiary, this is not applicable.

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

   No other entity that our Company does business with, participates in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

   (a) Details of the Director/Director responsible for implementation of the BR policy/policies

Name	DIN Number	Designation
Pavan Khaitan	00026256	Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00026256
2	Name	Pavan Khaitan
3	Designation	Managing Director
4	Telephone number	0172-5172737
5	e-mail id	kuantumcorp@kuantumpapers.com

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

(a) Details of compliance (Reply inY/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y The policies have been developed as per The Companies Act, 2013 and SEBI Listing Regulations. These are also on the lines of the 'National Voluntary Guidelines on Social, Environment, and Economic responsibilities of businesses' (NVG - SEE) established by the Ministry of Corporate Affairs, Government of India in 2011.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y Y	Y Y	Y Y	Y Y	Y Y	Y Y	Y Y	Y Y	Y Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6	Indicate the link for the policy to be viewed online?	Link for policies on our website provided below*								
7	Has the policy been formally communicated to all relevant internal and external stake-holders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Principle no.	Policy
Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (Ethics, transparency, accountability)	· Code of Business Conduct & Ethics · Code of Conduct for Prevention of Insider Trading & Fair Disclosure · Whistle Blower Policy
Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (Safe and sustainable goods and services)	· Sustainability Policy · Environment, Health & Safety Policy · Quality Policy
Principle 3 - Businesses should promote the wellbeing of all employees (Wellbeing of employees)	· Sustainability Policy · Human Rights Policy · Prevention of Sexual Harassment Policy
Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised (Responsiveness to all Stakeholders)	· CSR Policy · Sustainability Policy
Principle 5 - Businesses should respect and promote human rights (Promoting Human Rights)	· Prevention of Sexual Harassment Policy · Whistleblowers Policy · Human Rights Policy
Principle 6 - Business should respect, protect, and make efforts to restore the environment (Protecting the Environment)	· Environment, Health & Safety Policy · Risk Management Policy
Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (Responsible Policy Advocacy)	· Code of Business Conduct & Ethics · Whistle Blower Policy

Principle no.	Policy
Principle 8 - Businesses should support inclusive growth and equitable development (Supportive Inclusive development)	· CSR Policy
Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner (Providing Value to customers)	· Quality Policy

*Policies of the Company, mentioned above, can be accessed online at:
http://www.kuantumpapers.com/Policies
http://www.kuantumpapers.com/Corporate Governance

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why : (not applicable)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 Months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

The BR performance of the Company is now assessed annually at the end of financial year.

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

Business Responsibility Report would now be published annually. This report can be accessed at company's website: www.kuantumpapers.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

   We are committed to highest standards of corporate governance practices within our organization. It forms an integral part of our values, ethics and business practices which are aimed at creating and enhancing long-term value of stakeholders. We ensure that all our business is conducted with the highest level of transparency and accountability.

   Our policy relating to the above aspects covers only the Company. Our Code of Conduct shapes the culture and reputation of the Company and serves as the groundwork of how we act and make decisions. It covers the Suppliers and contractors as well.

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

   Nil

Principle 2: Sustainable products and services

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

   The Company is engaged in manufacturing of writing, printing and specialty papers. The entire process of our paper making is environmentally sustainable. Sustainability is embedded into various stages of our product life-cycle, including procurement, manufacturing, transportation, distribution and, finally, the usage of product by the customer The Company is focused on delivering stakeholder value while ensuring a strong and positive ecological balance. Rooted in the concept of sustainable development, the Company aims to deliver products that satisfy customer needs, are resource-efficient as well as economically feasible.

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

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

   The Company believes that optimizing production efficiency delivers value to customers and minimizes environmental impact, therefore driving the Company towards the goal of long term sustainability.

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

   Owing to the nature of the product, it is not feasible to identify the reduction during usage by consumers.

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

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

   Yes, the company has procedures in place to ensure sustainable sourcing. The paper is manufactured mainly from Agro based residue which is sourced from the farmers in the surrounding villages / areas. This agro residue was traditionally burnt by the farmers in their fields and thus, the company has ensured that there is a sustainable alternate use for the same. The company is also FSC® (Forest Stewardship Council) Certified which means that we comply with the highest international standards for wood harvested from forests that are responsibly managed, socially beneficial, environmentally conscious, and economically viable.

   The company procures 100% of its agro residue and wood material in a sustainable manner. Additionally, bio mass for generating power is also sourced sustainably. These two inputs together constitute approximately 40% of the total inputs.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Yes, the company has taken various steps to procure goods and services from local & small producers, including communities surrounding their place of work.

   The company utilizes agricultural residue based raw materials like wheat straw, wild grass (kana grass) and rice husk in its production, which are generally sourced from local villagers, communities and associations located within a 100 kms radius of the manufacturing plant of the company. These communities have been associated with the company for the past 3 decades. Preference is also given to get both skilled and unskilled workers and their services from the surrounding villages/areas to ensure that they have a sustainable source of livelihood.

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

   The Company believes that waste created in operations is a potential resource for various other activities. Hence, it has strategically shifted its focus towards harnessing this potential resource and has adopted the principle of 3 R's i.e. Reduce, Reuse and Recycle in its operations. Waste has been put to the best use within the operations by optimizing existing processes. Non-hazardous solid wastes such as bamboo and hard wood dust, screen rejects, and effluent sludge are all re-used in the production processes at the plant. Fly-ash and lime sludge that is generated in the process is reused to make bricks. This has furthered the commitment towards reducing environmental impact of business activities via waste minimization and re-use.

Principle 3: Businesses should promote the well being of all employees

1. Please indicate the Total number of employees - 1313
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis - 997
3. Please indicate the Number of permanent women employees -14

4. Please indicate the Number of permanent employees with disabilities -5
5. Do you have an employee association that is recognized by management? Yes, workers representative.
6. What percentage of your permanent employees is members of this recognized employee association ? - 100%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up - gradation training in the last year?

    (a) Permanent Employees – 100%
    (b) Permanent Women Employees – 100%
    (c) Casual/Temporary/Contractual Employees- up to the extent possible
    (d) Employees with Disabilities-100%

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

1. Has the company mapped its internal and external stakeholders?

    Yes, the company has identified key stakeholder groups and mapped its internal and external stakeholders.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

    Yes, the Company has identified the disadvantaged, vulnerable & marginalized stakeholders from the nearby local communities and surrounding villages in the form of contractual employees and marginal farmers.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

    We have undertaken several programmes relating to Education, Environment protection, Providing Health facility, Suvidha Centre, Sewerage System, Sewerage Line, Toilet/water cooler/R.O.System/Water Tank, Distribution of Sewing Machine and Leveling road/playground in nearby villages Saila Khurd, Garhshankar, Raniala and Bharatpur Jattan, Sailakhurd/Saila Kalan/Paddi Khuddi /BharatpurJattan, Raniala and BharatpurJattan, Bharatpur Jattan, V. Kharoudi and also incurring the allocated expenses through company's CSR endeavor.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/JointVentures/Suppliers/Contractors/NGOs/Others?

   Our policy on human rights is applicable to our manufacturing facility, corporate office and marketing branch offices. Besides the above, other stakeholder's viz. suppliers, vendors and surrounding residents approach the senior management personnel and discuss about grievance, if any, relating to human rights.

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

   There have been no stakeholder complaints concerning violation of human rights during the FY 2021-22.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

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

   The Company is committed towards environmental protection and has a well-defined corporate environmental policy in place. The policy covers the Company and its employees. The Company encourages its suppliers and contractors to employ environment friendly measures in their day to day operations.

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

   Yes, the Company has taken up initiatives to address global environmental issues such as climate change, global warming by adopting waste minimisation, effluent reduction, energy conservation and water conservation in its operations.

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

   The Company has an elaborate risk management system to inform Board Members about risk assessment and minimization procedures. The Risk Management Committee meets periodically and evaluates the efficacy of the framework relating to risk identification and its mitigation laid down by the Committee.

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

   Presently there is no such project.

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

   (a) The company takes energy conservation very seriously and this is validated by the fact that we have been awarded the 2nd prize of energy conservation award from state designated agency PEDA in the recent past.

Energy Conservation is of prime importance to our organization, be it Thermal or Electrical and is regularly monitored. Last year a no of energy conservation projects has been implemented which include:

(i) Installation of LED lights in place of old in-efficient lights

(ii) Installation of auto day/night light sensors and motion

(iii) use of natural light in plant sheds wherever possible.

(iv) usage of LP steam in place of MP Steam to enhance power generation,

(v) Providing thermal insulation to all steam lines in the plant

(vi) installation of energy efficient pumps in place of old high power consuming pumps,

(vii) Old high power consuming motors are replaced with new energy efficient motors having class IE2 and Ie3

(viii) New transformers are procured with low load losses i.e. energy efficient transformers

(ix) installation of VFDs (AC drives) on Boiler FD fans, PA fan, Boiler Feed Pump, Agitators, Cooling Towers Fans, Recovery Boiler CW Pump, Vacuum Pumps etc

(x) automation of various processes through DCS and PLC to avoid manual operations

(xi) all the Vacuum Pumps and Motors on Paper Machine no. 4 are being replaced with new energy efficient Vacuum Pumps and Motors.

(xii) the Co-generation plant operations have been optimized to have maximum efficiency

(xiii) Being a designated consumer under PAT scheme by BEE (Ministry of Power), Company has entrusted the job of consultancy and detailed energy audit to M/S Development Environergy Services Ltd, New Delhi and successfully achieved the 3653 nos. of Eserts after completion of PAT Cycle-II.

(b) The Company has devised a system of regular energy audit. Energy conservation is an ongoing process and new areas are continuously identified and investments are made, wherever necessary.

(c) The adoption of energy conservation measures has helped the Company in reduction of production costs.

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

The Company is committed to minimizing its waste as well as emissions. It has initiated various to waste minimization and reuse. Also, the Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in pollution control equipment. All these measures ensure that the emissions/waste generated by the Company are within the permissible limits given by CPCB/SPCB.

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

There are no such notices which are pending as on end of Financial Year.

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

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   Company is a member of PHD Chamber of Commerce & Industry, Confederation of Indian Industry (CII), Indian Pulp & Paper Technical Association (IPPTA), and Indian Agro and Recycled Paper Mills Association (IARPMA).

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

   Yes, we have sponsored and advocated Water Conservation and adoption of such techniques by the paper industry through the forum of Confederation of Indian Industry (CII).

Principle 8: Business should support inclusive growth and equitable development

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

   The Company has been one of the foremost proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, rural development and livelihood interventions etc. The Company has a Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act 2013 and rules made there under. The contents of the CSR Policy are disclosed on the website of the Company.

   In pursuance of the Companies Act, 2013 and in alignment with its vision, the Company through its CSR initiatives continues 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.

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

   Few programmes are directly under taken by the company through its in house CSR team. The Company also works with a NGO -Indo-Canadian Village Improvement Trust (ICVIT) who 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.

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

   The Company adopts tools like Participatory Rural Appraisal to involve people in prioritizing their needs and defining type of development initiatives suited to local needs. Villagers gives cores to development initiatives, either individually scoring or in small groups and aggregating for the community as a whole.

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

   The yearly and Cumulative details of the expenditure are given in the annexure A attached to the Board of Directors report.

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

   The CSR team at the manufacturing site along with its partner Indo-Canadian Village Improvement Trust (ICVIT) regularly interact with the local communities to assess the impact of community development projects undertaken by these units to ensure that the objectives and benefits of these projects are being met and they are successfully adopted by the community.

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

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

   Nil

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

   We display all relevant product information on the packaging material to ensure safe and appropriate use besides complying with the statutory requirements.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   No case has been filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising / or anti-competitive behavior during the last five years and pending as on end of the financial year.

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

   The Company is focused on delivering value to its customers and, therefore, customer satisfaction surveys are carried out on a regular basis. This provides valuable feedback for the Company for providing the best possible service to customers and to continuously improve in its engagement with customers.

INDEPENDENT AUDITOR'S REPORT

To the Members of Kuantum Papers Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Standalone Ind AS financial statements of Kuantum Papers Limited(“the Company”), which comprise the balance sheet as at March 31, 2022, the statement of Profit and Loss, including the statement of other Comprehensive Income, Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information(hereinafter referred to as the “standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements, give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (“Ind AS”) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Key Audit Matters

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

Description of Key Audit Matter

Key Audit Matters	How our Audit Addressed the matter
Evaluation of Tax Position- With effect from financial year 2019-2020, the Income Tax Act provides an option of paying income taxes at a lower rate subject to complying with certain prescribed conditions ('new tax regime'). The Company had opted to shift to the new tax regime from a specified financial year in the future. Accordingly, in the previous year, the deferred tax liabilities which were expected to reverse subsequent to the Company shifting to the new tax regime in the specified future year were remeasured and the consequential amount was recognized in the Statement of Profit and Loss of the current year. The determination of the point in time at which the aforesaid Company would shift to the new tax regime involves significant judgement and estimation regarding forecasting future taxable profits and realization of MAT credit entitlement (an item of deferred tax assets). Since the impact of remeasurement of deferred tax liabilities as stated above is sensitive to these judgements and estimates, it affects the amount of deferred tax liabilities that are reversed in the Statement of Profit and Loss of the current year. Given the significant level of judgement involved and the quantitative significance, we have determined this to be a key audit matter	Our procedures included and were not limited to the following: • Examined the implications of the new provisions on the tax position of the company keeping in view the various interpretations to assess the impact of adopting the new tax regime and determination of the specified future financial year for shifting to the new tax regime. • Evaluated the design and implementation effectiveness of key internal controls regarding budgeting procedures upon which the forecasts are based and those on estimation of amount of deferred tax assets to be carried forward, including MAT credit entitlement. We also tested the operating effectiveness of such controls. • Tested appropriateness of forecasts of future taxable profits including revenue growth rates, EBITDA growth rates and other tax positions, based on our knowledge of the business and the observable market data of the industry. • Also compared actual results of current year with forecasts made in previous year. Ascertained reasons for any material variance. • Reassessed the recoverability of MAT credit entitlement (an item of deferred tax assets) against the forecast future taxable profits. • Assessed the adequacy of related disclosures in the financial statements.

Procurement and physical verification of agriculture based raw materials- The Company incurs significant costs on procurement of agriculture based raw material in bulk from various aggregators. The raw materials are susceptible to risk of incorrect weighing or measurement. Sound procurement processes involving critical attributes of raw material are required to mitigate this risk. Further, the Company follows volume-based method for physical verification of raw material which involves a wide range of attributes such as the height of stockpiles, area of spread, etc. making the measurement of raw material inventory complex and sensitive to the attributes.	Our procedures included and were not limited to the following: • We evaluated the design and implementation of key internal controls relating to acceptance of goods. We also tested the operating effectiveness of such controls through a combination of procedures involving observation, re-performance and inspection of evidence of samples selected. • We performed substantive testing by selecting samples (using statistical sampling) of purchase transactions recorded during the year by examining the underlying documents such as supplier invoices, goods receipt notes, e-way bill etc.

In view of the above, we have identified the confirmation of physical inventories of raw material as a key audit matter.	• Assessed the appropriateness of the underlying data and estimates used for calculation of the yield ratio and compared the same with the previous years. • Tested the manual journal entries to identify unusual items. • Observed physical verification of raw materials selected using statistical sampling. We also assessed the appropriateness of the Company's standard operating procedures for conducting, recording and reconciling physical verification of raw materials. On a sample basis, we verified reconciliation of raw material as per physical verification with the corresponding book records.

Other Information

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

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

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

Responsibilities of Management and Those Charged with Governance 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 IND AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules,2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 I”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements. Refer Note 33 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- Refer Note 35 B(iv)(c) to the financial statements;

iii. There were no amounts, which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The company has neither declared dividend nor paid any dividend during the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure II" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

For **O P Bagla & Co LLP**
Chartered Accountants
Firm Registration No.: 000018N/N500091

Atul Bagla
Partner
Membership No: 91885
UDIN No. 22091885AJIXDI1287

Place : Chandigarh
Date : May 21, 2022

ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of Kuantum Papers Limited ("the Company") as of 31st March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 with reference to these standalone financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these financial statements

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 authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on “Audit of Internal Financial Controls Over Financial Reporting” issued by the Institute of Chartered Accountants of India.

For **O P Bagla & Co LLP**
Chartered Accountants
Firm Registration No.: 000018N/N500091

Atul Bagla
Partner
Membership No: 91885
UDIN No. 22091885AJIXDI1287

Place : Chandigarh
Date : May 21, 2022

ANNEXURE- II TO THE INDEPENDENT AUDITOR'S REPORT

Annexure II referred to in paragraph 2 under the heading "Report on other legal and regulatory requirements" of our report of even date

i. In respect of the company's Property, Plant and equipment and Intangible assets.

a. (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment

(B) The company has maintained proper records showing full particulars and intangible assets.

b. The Property, Plant and Equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and 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 included in property, plant and equipment are held in the name of the Company.

d. The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

e. Based on audit procedures performed and the representation obtained from the management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. a. As explained to us physical verification has been conducted by the management at reasonable intervals. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. We are explained that no material discrepancies have been noticed on physical verification.

b. The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks and financial institutions based on the security of current assets during the year. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and such returns/statements are in agreement with the books of account of the Company for the respective periods, which were subject to audit/review.

iii. The Company, during the year, has not made investment, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties Therefore, the provisions of clause 3(iii)(a) to 3(iii)(f) of the Order are not applicable.

iv. Based on audit procedures performed and the representation obtained from the management, the company has not granted any loans or provided any guarantees, or given any security or made any investments requiring compliance with provisions of section 185 and 186 of the Companies Act. Accordingly, provisions of clause 3(iv) are not applicable to the Company.

v. In our opinion, and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India ('the RBI'), the provisions of sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted or amounts which have been considered as deemed deposits. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or RBI or any Court or any other Tribunal, 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 Rule 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) As per information and explanations given to us and on the basis of our examination of records, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other statutory dues with the appropriate authorities. As informed to us there are no outstanding statutory dues in arrears as at the last day of the financial year concerned 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, GST, Duty of custom, Duty of excise, Value added tax, Sales tax 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 dues**	**Amount * (Rs. In lakhs)**	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act,1961	Income Tax	7.57	2005-2006 (Assessment year)	CIT(A)
Income Tax Act,1961	Income Tax	856.36	2016-2017 (Assessment year)	CIT(A)
Income Tax Act,1961	Income Tax	96.26	2012-2013 (Assessment year)	CIT(A)
Income Tax Act,1961	Income Tax	154.88	2013-2014 (Assessment year)	CIT(A)
Income Tax Act,1961	Income Tax	267.28	2017-2018 (Assessment year)	CIT(A)
Income Tax Act,1961	Income Tax	6.60	2018-2019 (Assessment year)	CIT(A)
Central Excise Act,1944	Excise Duty	447.36	2000-2001 to 2007-2008	Punjab and Haryana High Court
Central Excise Act,1944	Excise Duty	65.06	2008 -2009	CESTAT, Chandigarh

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

viii. According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

ix. a. According to the information and explanations given to us, pursuant to receiving the approvals for rescheduling its loans from the lenders, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

b. According to the information and explanations given to us including confirmations received from banks/ financial institution and other lenders and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

c. 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.

d. In our opinion and according to the information and explanations given to us, and on anoverall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilized for long term purposes.

e. The Company does not have any subsidiaries, joint ventures or associate companies and therefore the clause 3(ix)(e) and 3(ix)(f) is not applicable.

x. a. The company has not raised any money by way of public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the order is not applicable to the company.

b. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the order is not applicable to the company.

xi. a. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.

b. No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

c. According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

xii. The Company is not a Nidhi company and therefore clause 3(xii) of the Order related to such companies is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Accounting Standard (AS) 18, Related Party Disclosures specified in Companies (Accounting Standards) Rules, 2021 as prescribed under section 133 of the Act / Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

xiv. a. In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

b. We have considered the internal audit reports of the company issued till date, in determining the nature, timing and extent of our audit procedures.

xv. According to information and explanations given to us by the management, the company has not entered into any non-cash transactions with any of its directors or persons connected with the directors during the year. Therefore, clause 3(xv) of the Order is not applicable.

xvi. a. In our opinion, in view of its business activities, the Company is not required to be registered under Section 45IA of Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

b. In our opinion and as per the information and explanations provided to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx. The Company has transferred the remaining unspent amount under sub-section (5) of section 135 of the Act, in respect of ongoing project, to a special account in compliance with the provision of sub-section (6) of section 135 of the Act as per details below:

Financial year	Amount unspent on CSR activities for "On going Projects"	Amount transferred to Special Account within 30 days from the end of the Financial Year	Amount Transferred after the due date	Date of transfer
2020-21	Rs. 134.39 Lacs	NIL	Rs. 134.39 Lacs	18.08.2021

xxi. The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **O P Bagla & Co LLP**
Chartered Accountants
Firm Registration No.: 000018N/N500091

Atul Bagla
Partner
Membership No: 91885
UDIN No. 22091885AJIXDI1287

Place : Chandigarh
Date : May 21, 2022

Kuantum
The Paper Makers

BALANCE SHEET AS AT 31 MARCH 2022

(All amount are in ₹ Lakhs except for share data)

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1,40,060.77**	1,42,627.44
Capital work-in-progress	3	**2,886.42**	2,054.69
Investment property	4	**763.88**	777.19
Other intangible assets	5	**3.55**	167.56
Intangible assets under development	5	-	-
Financial assets			
- Loans		**-**	-
- Other financial assets	6	**864.93**	807.62
Current tax assets (net)	7	**28.88**	28.88
Other non-current assets	8	**1,476.49**	73.85
Total non-current assets		**1,46,084.92**	**1,46,537.23**
Current assets			
Inventories	9	**8,685.57**	5,240.42
Financial assets			
- Trade receivable	10	**6,061.09**	3,308.19
- Cash and cash equivalents	11	**356.07**	45.21
- Other bank balances	12	**1,304.61**	1,566.61
- Loans		**-**	-
- Others financial assets	6	**272.43**	491.22
Other current assets	13	**4,846.87**	4,244.26
Total current assets		**21,526.64**	14,895.90
Total assets		**167,611.57**	**1,61,433.13**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	**872.64**	872.64
Other equity	15	**82,174.95**	80,852.85
Total equity		**83,047.59**	**81,725.49**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	16	**64,476.70**	61,366.52
- Other financial liabilities	17	**1,809.39**	1,691.59
Provisions	18	**118.95**	119.17
Deferred tax liabilities (net)	19	**126.83**	837.16
Deferred income	20	**553.96**	497.51
Total non-current liabilities		**67,085.82**	**64,511.95**
Current liabilities			
Financial liabilities			
- Borrowings	16	**11,754.92**	7,529.49
- Trade payables			
i) Total outstanding dues of micro enterprises and small enterprises	21	**24.26**	10.22
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	21	**3,544.89**	4,467.87
- Other financial liabilities	17	**1,428.92**	2,750.97
Other current liabilities	22	**598.85**	353.91
Provisions	18	**23.74**	34.60
Deferred income	20	**51.01**	46.00
Current tax liabilities (net)	23	**51.55**	2.63
Total current liabilities		**17,478.15**	**15,195.69**
Total liabilities		**84,563.98**	**79,707.64**
Total equity and liabilities		**1,67,611.57**	**1,61,433.13**

Significant accounting policies	2
Notes to the financial statements	3-46

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **O P Bagla & Co. LLP**
Chartered Accountants
Firm Registration No. 000018N/N500091

Atul Bagla
Partner
Membership No.: 91885
Place : Chandigarh
Date : May 21, 2022

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

Roshan Garg
Sr. President-Finance & CFO
Place : Chandigarh
Date : May 21, 2022

Vivek Trehan
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

(All amount are in ₹ Lakhs except for share data)

Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from operations	24	**83,039.52**	40,388.34
Other income	25	**385.32**	1,003.45
Total income		**83,424.85**	41,391.79
Expenses			
Cost of materials consumed	26	**30,041.00**	13,596.25
Purchase of stock-in-trade		**583.90**	194.09
Changes in inventories of finished goods and work in progress	27	**90.50**	797.55
Employee benefits expense	28	**5,965.55**	5,598.21
Finance costs	29	**6,894.44**	2,774.65
Depreciation and amortisation expense	30	**4,615.40**	3,482.90
Other expenses	31	**34,463.64**	17,273.54
Total expenses		**82,654.43**	43,717.18
Profit/(loss) before exceptional items and tax		**770.42**	(2,325.39)
Exceptional Items	32	**-**	857.59
Profit /(loss) before income tax		**770.42**	(3,182.98)
Income tax expense	33		
Current tax		**127.66**	-
Adjustment of tax relating to earlier years		**43.22**	-
Deferred tax		**(742.72)**	(1,910.28)
Total		**(571.85)**	(1,910.28)
Total Income Tax Expense		**(571.85)**	(1,910.28)
Profit /(loss) for the year		**1,342.26**	(1,272.70)
Other comprehensive income/(expense)			
Items that will not be re-classified to profit or loss			
- Remeasurement of defined benefit liability/(assets)		**(31.00)**	67.93
Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit liability/(assets)		**10.83**	(23.74)
Other comprehensive income/(expense) for the year (net of income tax)		**(20.16)**	44.19
Total comprehensive income/(expense) for the year		**1,322.10**	(1,228.51)
Earnings per equity share [nominal value of ₹ 1 (previous year ₹ 1)]	34		
a) Basic (Rs.)		**1.54**	(1.46)
b) Diluted (Rs.)		**1.54**	(1.46)
Significant accounting polices	2		
Notes to the financial statements	3-46		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **O P Bagla & Co. LLP**
Chartered Accountants
Firm Registration No. 000018N/N500091

Atul Bagla
Partner
Membership No.: 91885

Place : Chandigarh
Date : May 21, 2022

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

Roshan Garg
Sr. President-Finance & CFO

Vivek Trehan
Company Secretary

Place : Chandigarh
Date : May 21, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

(All amount are in ₹ Lakhs except for share data)

A. Equity share capital	**Note** 14	
Balance as at 1 April 2020		872.64
Changes in equity share capital during the year		-
Balance as at 31 March 2021		872.64
Balance as at 1 April 2021		872.64
Changes in equity share capital during the year		-
Balance as at 31 March 2022		872.64

B. Other equity **15**

Particulars	Reserves and surplus				
	Capital redemption reserve (Refer note 15)	Debenture Redemption reserve (Refer note 15)	General reserve (Refer note 15)	Retained earnings (Refer note 15) #	Total
Balance as at 1 April 2020	**200.00**	**-**	**2,457.92**	**79,641.60**	**82,299.52**
Total comprehensive income for the year ended 31 March 2021					
Profit / (loss) for the year	-	-	-	(1,272.70)	(1,272.70)
Other comprehensive income/(expense) (net of tax)	-	-	-	44.19	44.19
Total comprehensive income for the year	**-**	**-**	**-**	**(1,228.51)**	**(1,228.51)**
Dividend (including corporate dividend tax)	-	-	-	(218.16)	(218.16)
Balance as at 31 March 2021	**200.00**	**-**	**2,457.92**	**78,194.93**	**80,852.85**
Total comprehensive income for the year ended 31 March 2022					
Profit /(loss) for the year	-	-	-	1,342.26	1,342.26
Other comprehensive income/(expense) (net of tax)	-	-	-	(20.16)	(20.16)
Total comprehensive income for the year	**-**	**-**	**-**	**1,322.10**	**1,322.10**
Dividend	-	-	-	-	-
Balance as at 31 March 2022	**200.00**	**-**	**2,457.92**	**79,517.03**	**82,174.95**

Includes land revaluation reserve of Rs. 41,294.33 and capital subsidy of Rs. 100.14 transferred to retained earnings in accordance with Ind AS 101

Significant accounting polices 2

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For O P Bagla & Co LLP
Chartered Accountants
Firm Registration No.: 000018N/N500091

Atul Bagla
Partner
Membership No. 91885
Place : Chandigarh
Date : May 21, 2022

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

Roshan Garg
Sr. President-Finance & CFO
Place : Chandigarh
Date : May 21, 2022

Vivek Trehan
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

(All amount are in ₹ Lakhs except for share data)

		Year ended 31 March 2022	Year ended 31 March 2021
A	**Cash flow from operating activities**		
	Profit before income tax	770.42	(3,182.98)
	Adjustments for:		
	Depreciation and amortisation expense	4,615.40	3,482.90
	Loss / (Profit) on sale of property, plant and equipment	18.34	856.11
	Finance cost	6,894.44	2,774.65
	Interest income	(101.83)	(88.39)
	Foreign exchange gain/loss (unrealized)	55.28	(323.80)
	Liabilities no longer required written back	(11.18)	(367.36)
	Rental income	(56.14)	(56.06)
	Others	(27.48)	(44.61)
	Cash flow from operating activities before changes in following assets and liabilities	12,157.24	**3,050.46**
	(Increase) in other non-current assets	(42.11)	5.87
	(Increase)/Decrease in inventories	(3,445.15)	3,998.02
	Decrease/ (increase) in trade receivables	(2,755.80)	(1,874.70)
	(Increase) in other financial assets	185.91	275.02
	(Increase)/Decrease in other current assets	(602.61)	294.89
	Increase/(Decrease) in provisions	(42.07)	72.78
	(Decrease)/Increase in trade payables	(908.93)	1,700.41
	Increase in other financial liabilities	135.39	229.41
	Increase/(Decrease) in other current liabilities	230.66	331.59
	Cash generated by operating activities	4,912.52	**8,083.75**
	Income tax paid / tax deducted at source (net of refund)	(78.73)	(121.02)
	Net cash generated from operating activities (A)	4,833.79	**7,962.73**
B	**Cash flow from investing activities**		
	Acquisition of property, plant and equipment	(4,282.76)	(18,434.27)
	Proceeds from sale of property, plant and equipment	308.37	28.31
	Receipt of government grants	114.38	-
	Rental income and others	56.14	56.06
	Decrease/(Increase) in deposit accounts (having original maturity of more than three months)	251.25	452.91
	Interest received	88.16	84.00
	Net cash (used) in investing activities (B)	(3,464.46)	**(17,812.99)**
C	**Cash flows from financing activities**		
	Proceeds from long term borrowings	36,780.49	16,576.15
	Repayment of long term borrowings	(31,687.06)	(4,498.23)
	Proceeds of short term borrowings (net)	2,189.81	(197.20)
	Interest paid	(8,341.70)	(1,815.32)
	Dividend paid (including dividend distribution tax)	-	(216.30)
	Net cash generated from/ (used in) financing activities (C)	1,058.47	**9,849.10**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	310.86	(1.16)
	Cash and cash equivalents at the beginning of the year (see below)	45.21	46.37
	Cash and cash equivalents at the end of the year (see below)	356.07	**45.21**
	Notes:		
1.	Cash and cash equivalents include :		
	Balance with banks in current accounts	354.28	43.77
	Cash in hand	1.80	1.44
		356.07	**45.21**

2. The cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash Flows ".
3. Refer note 16 for reconciliation of movements of liabilities to cash flows arising from financing activities.
4. During the year, the Company paid in cash Rs. 102.16 lakhs (31 March 2021: Rs. 54.64 lakhs) towards corporate social responsibility (CSR) expenditure (included in Corporate social responsibility expenditure - Refer note 31 (b)).

Significant accounting polices 2

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For O P Bagla & Co LLP
Chartered Accountants
Firm Registration No.: 000018N/N500091

Atul Bagla
Partner
Membership No. 91885
Place : Chandigarh
Date : May 21, 2022

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

Roshan Garg
Sr. President-Finance & CFO
Place : Chandigarh
Date : May 21, 2022

Vivek Trehan
Company Secretary

Notes to the financial statements for the year ended 31 March 2022

1. Reporting entity

Kuantum Papers Limited (the 'Company') is a public company incorporated under the provisions of the Companies Act, 1956 having its registered office at Papers Mill, Saila Khurd, District Hoshiarpur, Punjab - 144529, India. The equity shares of the company are listed on BSE Limited and National Stock Exchange of India Limited.

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.

2. Significant accounting policies

a) Basis of preparation

i) Statement of compliance

Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirement of Division II of Schedule III of the Companies Act, 2013, (Ind AS Compliant Schedule III), as applicable to standalone financial statement.

Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as “Standalone Financial Statements” or “financial statements”).

ii) Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets at least at the recorded amounts and discharge its liabilities in the usual course of business. The Company has recognized comprehensive income for the year after tax of Rs. 1,322.10 lakhs for the year ended 31 March 2022 and, as at that date, current assets exceed current liabilities by Rs. 4,048.49 lakhs. The Company has considered the impact of Covid-19 on the future projections of the Company as further disclosed in detail in Note 42. In view of the positive net worth, the assessment of future cash flow projections, availability of liquid funds and unused credit facilities, the management considers that it is appropriate to prepare these financial statements on a going concern basis.

The financial statements were authorized for issue by the Company's Board of Directors on 21 May 2022.

iii) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

iv) Basis of measurement

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

Items	**Measurement basis**
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefits (assets)/liability	Fair value of the plan assets less present value of defined benefits obligations

v) Use of estimates and judgments

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that impact the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following areas:

- Note 38 – Measurement of defined benefit obligations: key actuarial assumptions
- Note 18 and 37 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(q) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts
- Note 2(p) - Impairment of financial assets
- Note 2(v) - Fair value measurement
- Note 2(c) and 3 – Assessment of useful life of Property, plant and equipment
- Note 2(c) and 4 – Assessment of useful life of Intangible assets
- Note 2(f): Valuation of inventories
- Note 2(k): Accounting for government grants
- Note 2(n), 19 and 33 – Recognition of tax expense including deferred tax;

vi) Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

b) Changes in Significant Accounting Policies

The Company has initially applied Ind AS 116 from 01 April 2019. A number of other new standards and amendments are also effective from 01 April 2019 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying the above standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

The Company applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. There was no material impact of transition from Ind AS 17 to Ind AS 116 in accounting for leases by the Company.

c) Property, plant and equipment ('PPE')

Recognition and measurement

Items of PPE are measured at cost of acquisition or construction which includes capitalized finance costs less accumulated depreciation and/or accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress comprises the cost of property, plant and equipment that are not ready for their intended use at the reporting date. Advances paid towards acquisition of PPE outstanding at each Balance sheet date are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the Statement of Profit and Loss.

Subsequent expenditure

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

Depreciation

Depreciation is calculated on cost of items of PPE (excluding freehold land) less their estimated residual values over their estimated useful lives using the straight-line method, except on second hand captive power plant on which it is on written down value method, and is recognized in the Statement of Profit and Loss. Freehold land is not depreciated.

Depreciation on items of PPE is provided as per 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 method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on internal assessment and consequent advice, the management believes that its estimates of useful lives as given in Schedule II of Companies Act, 2013 best represent the period over which management expects to use these assets.

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

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

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Derecognition

A property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

d) Other intangible assets

Acquired intangibles

Intangible assets that are acquired by the Company are measured initially at cost. Cost of an item of intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation expense in Statement of Profit and Loss. The estimated useful life of Computer software is 3 years.

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

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal.

e) Investment Property

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

Based on technical evaluation and consequent advice, the management believes a period of 60 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the company depreciates investment properties over a period of 60 years on a straight-line basis. The useful life estimate of 60 years is same as the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II to the Act i.e. 60 years.

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

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

f) Inventories

Inventories are measured at the lower of cost and net realizable value. The methods of determining cost of various categories of inventories are as follows:

Raw materials, chemicals and fuels, stores and spare parts, packing materials and loose tools	Weighted average method
Work-in-progress and finished goods (manufactured)	Weighted average cost and includes an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.
Soda Ash (by-product)	Net realizable value
Goods in transit	Specifically identified purchase cost.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

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

The comparison of cost and net realisable value is made on an item-by-item basis.

g) Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and loss during the period in which the employee renders the related service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Company's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long term employee benefits

Compensated absences

The Company's net obligation in respect of long-term employee benefits other than post employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

h) Provisions (other than for employee benefits)

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

i) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

j) Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

k) Revenue

Revenue from contract with customers

Under Ind AS 115, the Company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Deferred revenue is recognised when there is billings in excess of revenues.

The Company disaggregates revenue from contracts with customers by geography.

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as cash discount, trade discount, and rebate. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Rental income

Rental income from investment property is recognised as part of other income in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis.

Government grants related to capital assets is recognised on a straight line basis over the useful life of the related assets. Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which such expenses are recognised.

Export benefits and sales tax incentives

Export benefits and sales tax incentives under various schemes notified by the government are recognised on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

l) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

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

a. the gross carrying amount of the financial asset; or

b. the amortised cost of the financial liability.

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

m) Borrowing costs

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 an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

n) Income taxes

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

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

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

Deferred tax

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

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that the related tax benefits will be realized. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For operations under tax holiday scheme, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying value of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Minimum Alternative tax

Minimum Alternative tax ('MAT') under the provisions of Income-tax Act,1961 is recognised as current tax in profit or loss. The credit available under the Act in respect of MAT paid is adjusted from deferred tax liability 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 adjusted from deferred tax liability is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

o) Leases

The Company has initially applied Ind AS 116 from 1 April 2019.

Leases under Ind AS 116

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As lessee

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

The Company elected to use the following practical expedients on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

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

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

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

ii) *As lessor*

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-ofuse asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue to allocate the consideration in the contract.

p) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Company makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

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

- significant financial difficulty of the borrower or issuer;

- the breach of contract such as a default or being past due for 90 days or more;

- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or

- the disappearance of active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

Write-off

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

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

q) Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest Company of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of as CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to CGU) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in 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. Such a reversal is made 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.

r) Operating Segments

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

s) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

t) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

u) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period 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.

v) Foreign currency transactions

i) *Initial recognition*

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

ii) *Measurement at the reporting date*

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in profit or loss.

Notes to the Financial Statements for the period ended 31 March 2022

(All amount are in ₹ Lakhs except for share data)

3 Property, plant and equipment and Capital work in progress

Gross carrying amount

	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Computers	Total	Capital work -in-progress
Balance as at 1 April 2020	41,456.37	8,584.36	59,016.63	177.90	621.39	476.54	1,10,333.19	30,958.68
Additions	44.47	5,914.13	38,624.67	0.86	-	1.97	44,586.10	15,632.88
Disposals	-	31.86	1,045.55	6.46	23.38	8.09	1,115.33	44,536.88#
Balance as at 31 March 2021	**41,500.84**	**14,466.63**	**96,595.76**	**172.30**	**598.01**	**470.42**	**1,53,803.96**	**2,054.69**
Balance as at 1 April 2021	41,500.84	14,466.63	96,595.76	172.30	598.01	470.42	1,53,803.96	2,054.69
Additions	13.13	118.33	2,014.69	7.66	19.00	25.33	2,198.13	2,826.64
Disposals	13.57	2.68	396.51	0.94	31.15	-	444.84	1,994.90#
Balance as at 31 March 2022	**41,500.40**	**14,582.29**	**98,213.94**	**179.02**	**585.86**	**495.75**	**1,55,557.25**	**2,886.42**
Accumulated depreciation								
Balance as at 1 April 2020	-	774.34	7,034.74	54.42	174.82	282.10	8,320.43	-
Depreciation for the year	-	276.41	2,657.15	16.83	74.99	61.62	3,087.00	-
Disposals	-	9.10	212.18	3.14	5.75	0.73	230.90	-
Balance as at 31 March 2021	**-**	**1,041.65**	**9,479.71**	**68.10**	**244.07**	**342.99**	**11,176.53**	**-**
Balance as at 1 April 2021	-	1,041.65	9,479.71	68.10	244.07	342.99	11,176.53	-
Depreciation for the year	-	448.27	3,872.34	16.58	69.42	31.47	4,438.08	-
Disposals	-	1.01	99.63	0.32	17.18	-	118.13	-
Balance as at 31 March 2022	**-**	**1,488.92**	**13,252.43**	**84.37**	**296.31**	**374.46**	**15,496.48**	**-**
Carrying amounts (net)								
As at 31 March 2021	**41,500.84**	**13,424.98**	**87,116.04**	**104.20**	**353.94**	**127.43**	**1,42,627.44**	**2,054.69**
As at 31 March 2022	**41,500.40**	**13,093.36**	**84,961.51**	**94.65**	**289.55**	**121.29**	**1,40,060.77**	**2,886.42**

Represents Capital-work-in progress capitalized during the year

Note:

a. Refer note 16 for information on property, plant and equipment pledged as security by the Company.

b. Refer note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. Capitalised borrowing costs related to the plant and equipment amounted to Rs. 98.84 (previous year: Rs. 3,248.25).

d. The implementation of capex projects comprising of expansion of Pulp Mill/Production Capacity, Chemical Recovery Plant, Captive Power Plant and Allied Projects was completed in the previous year and the projects were put to commercial use from 25 March, 2021.

e. The company has not revalued/fair valued its property, Plant and Equipments (including Investment Properties) and Intangible Assets during the current and previous year.

f. The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

Notes to the Financial Statements for the year ended 31 March 2022

g. Disclosure for Capital Work in Progress

As at March 31, 2022

CWIP ageing schedule:

Rs. In lakhs

Particulars	Amount of CWIP for a Period of				Total
	Less than 1year	1-2 years	2-3 years	More than 3 years	
Projects in progress	907.57	443.83	1,535.03	-	2,886.42
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2021

CWIP ageing schedule:

Particulars	Amount of CWIP for a Period of				Total
	Less than 1year	1-2 years	2-3 years	More than 3 years	
Projects in progress	519.66	1,535.03	-	-	2,054.69
Projects temporarily suspended	-	-	-	-	-

4 Investment property

Gross carrying amount

	Total
Balance as at 1 April 2020	840.34
Additions	-
Balance as at 31 March 2021	**840.34**

Balance as at 1 April 2021	840.34
Additions	-
Balance as at 31 March 2022	**840.34**

Accumulated depreciation

Balance as at 1 April 2020	49.85
Depreciation for the year	13.31
Balance as at 31 March 2021	**63.15**

Balance as at 1 April 2021	63.15
Depreciation for the year	13.31
Balance as at 31 March 2022	**76.46**

Carrying amounts (net)

As at 31 March 2021	**777.19**
As at 31 March 2022	**763.88**

Notes to the Financial Statements for the year ended 31 March 2022

5 Other intangible assets and Intangible assets under development

Gross carrying amount

	Computer Software	Total	Intangible assets under development
Balance as at 1 April 2020	1,270.92	1,270.92	-
Additions	-	-	-
Disposals	216.91	216.91	-
Balance as at 31 March 2021	**1,054.00**	**1,054.00**	**-**
Balance as at 1 April 2021	1,054.00	1,054.00	-
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 March 2022	**1,054.00**	**1,054.00**	**-**

Accumulated depreciation

	Computer Software	Total	Intangible assets under development
Balance as at 1 April 2020	720.76	720.76	-
Amortisation for the year	382.60	382.60	-
Disposals	216.91	216.91	-
Balance as at 31 March 2021	**886.44**	**886.44**	**-**
Balance as at 1 April 2021	886.44	886.44	-
Amortisation for the year	164.01	164.01	-
Disposals	-	-	-
As at 31 March 2022	**1,050.45**	**1,050.45**	**-**

Carrying amounts (net)

	Computer Software	Total	Intangible assets under development
Balance as at 31 March 2021	**167.56**	**167.56**	**-**
Balance as at 31 March 2022	**3.55**	**3.55**	**-**

Notes to the Financial Statements for the year ended 31 March 2022

6 Financial Assets - other financial assets

	Note	As at 31 March 2022 Current	As at 31 March 2022 Non-current	As at 31 March 2021 Current	As at 31 March 2021 Non-current
Deposits with original maturity of more than 12 months*	(a)	-	398.80	-	388.05
Balance in unclaimed dividend accounts*		-	17.08	-	17.10
Security deposits*		-	449.05	-	402.47
Derivative financial instruments#		78.99	-	321.68	-
Interest accrued on deposits*		85.47	-	71.79	-
Advances to employees*		2.06	-	2.69	-
Others*		105.92	-	95.05	-
		272.43	**864.93**	**491.22**	**807.62**

Note:

(a) Includes restricted deposits of Rs. 398.80 (31 March 2021: Rs.388.05) pledged as security for letter of credit, bank guarantee or held for margin money.

*Financial assets carried at amortized cost

Financial assets carried at FVTPL

7 Current tax Assets (net)

	As at 31 March 2022	As at 31 March 2021
Advance income-tax and tax deducted at source	28.88	28.88
	28.88	28.88

8 Other non-current assets

	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good unless otherwise stated)		
Capital advances	1,375.93	15.40
Advances other than capital advances		
- Prepaid expenses	67.14	35.53
Lease equalisation reserve *	33.42	22.92
	1,476.49	73.85

* Refer to note 39

9 Inventories

(at lower of cost and net realisable value)	As at 31 March 2022	As at 31 March 2021
Raw material and packing material #	4,486.04	1,930.37
Work-in-progress	115.86	195.85
Finished goods	68.79	79.30
Stores and spares #	2,070.39	2,084.53
Chemical and fuels	1,944.49	950.37
	8,685.57	5,240.42

Note:

# Includes material in transit	32.58	168.31

Notes to the Financial Statements for the year ended 31 March 2022

10 Financial Assets- Trade receivables	Note	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good unless otherwise stated)			
Trade receivables	(b)	6,061.09	3,308.19
		6,061.09	3,308.19
Less: Allowance for credit impairment		-	-
		6,061.09	3,308.19
Break-up of security details			
Trade receivables considered good -Secured		-	-
Trade receivables considered good -Unsecured		6,061.09	3,308.19
Trade Receivables which have significant increase in Credit Risk		-	-
Trade receivables -credit impaired		-	-
Total		6,061.09	3,308.19
Loss allowance		-	-
Total trade receivables		6,061.09	3,308.19

Note:

(b). The Company has certain amount due from a customer against which legal proceedings for recovery of the amount were initiated. The Company had obtained a status quo from Honourable Delhi High Court, vide its order dated 18 September 2015, on the customer'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. Additionally, Honourable High Court, New Delhi vide its order dated 13 December 2018, directed the Prospective buyer of hotel to pay Rs.195.50 lakhs to the Company towards outstanding dues from customer. As the amount remained unpaid, the company filed an application on 7th August 2019 in Honourable High Court for execution of the decree of the order dated 13 December 2018. Trade receivables in relation to this due as at 31 March 2022 is Rs. 97.65 lakhs (31 March 2021: Rs. 97.65 lakhs).

Trade receivable ageing schedule

As at March 31, 2022

Particulars	Not Due	Outstanding for following periods from due date of payment#					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables considered good	4,121.80	1,626.01	215.63	-	-	-	5,963.44
(ii) Undisputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-	97.65	97.65
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables credit impaired	-	-	-	-	-	-	-

Notes to the Financial Statements for the year ended 31 March 2022

As at March 31, 2021

Particulars	Not Due	Less than 6 months	Outstanding for following periods from due date of payment# 6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables considered good	2,243.91	818.69	146.72	0.54	-	0.68	3,210.54
(ii) Undisputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-	97.65	97.65
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables credit impaired	-	-	-	-	-	-	-

Where due date of payment is not available date of transaction has been considered.
No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

11 Financial Assets- Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Balances with banks		
- in current accounts	354.28	43.77
Cash in hand	1.80	1.44
	356.07	45.21

12 Financial Assets- Other bank balances

	Note	As at 31 March 2022	As at 31 March 2021
Deposit accounts with original maturity of more than 3 months and upto 12 months from the reporting date	(c)	1,304.61	1,566.61
		1,304.61	1,566.61

Notes:
(c) These deposits include restricted bank deposits pledged as security for letters of credit, bank guarantees and held for margin money amounting to Rs. 1,304.61 (31 March 2021 Rs. 1,566.61).

13 Other current assets

(Unsecured, considered good unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
Recoverable from / balance with government authorities	441.66	1955.10
Prepaid expenses	490.68	126.71
Advances for supply of goods		
- considered good	3737.65	2,129.57
- considered doubtful	9.77	9.77
Less : expected credit loss for doubtful advances	(9.77)	(9.77)
Others	176.89	32.88
	4,846.87	**4,244.26**

Notes to the Financial Statements for the year ended 31 March 2022

14 Equity Share capital

(i) Details of share capital

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Authorised				
Equity shares of Rs. 1 each.	**25,00,00,000**	**2,500.00**	25,00,00,000	2,500.00
(31 March 2021 Rs. 1 each)	**25,00,00,000**	**2,500.00**	**25,00,00,000**	**2,500.00**
Authorised				
Preference shares of Rs. 10 each.	**3,00,00,000**	**3,000.00**	3,00,00,000	3,000.00
	3,00,00,000	**3,000.00**	**3,00,00,000**	**3,000.00**
Issued, subscribed and fully paid up				
Equity shares of Rs. 1 each fully paid up	**8,72,63,630**	**872.64**	8,72,63,630	872.64
(31 March 2021 Rs. 1 each)	**8,72,63,630**	**872.64**	**8,72,63,630**	**872.64**

(ii) Reconciliation of number of shares outstanding at beginning and end of the year

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Balance at the beginning and at the end of the year	**8,72,63,630**	**872.64**	87,26,363	872.64
Increase on account of sub-division of equity shares [refer note below]	**-**	**-**	7,85,37,267	-
Balance at the end of the year	**8,72,63,630**	**872.64**	8,72,63,630	872.64

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

The Company has only one class of equity shares having a par value of Rs. 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. 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.

(iv) Details of Equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company

Name of the share holder	As at 31 March 2022		As at 31 March 2021	
	Number of shares	**% of equity shares held**	**Number of shares**	**% of equity shares held**
Kapedome Enterprises Limited (Holding Company) (Equity shares of Rs. 1 each)	**5,80,37,880**	**66.51%**	5,80,37,880	66.51%

Notes to the Financial Statements for the year ended 31 March 2022

Shareholding of Promoters

Shares held by promoters at the end of the year			%age change during the year
Promoter Name	No. of Shares	%age of total shares	
Kapedome Enterprises Ltd.	5,80,37,880	66.51%	-
Jagesh Kumar Khaitan	14,47,580	1.66%	-
J K Khaitan (HUF)	3,540	0.00%	-
Pavan Khaitan	14,72,650	1.69%	-
Aparna Khaitan	2,60,760	0.30%	-
Usha Khaitan	1,28,280	0.15%	-

(v) Bonus shares, shares buyback and issue of shares for consideration other than in cash during five years immediately preceding 31 March 2022

During the five years immediately preceding 31 March 2022 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash.

15 Other Equity

(also refer to Statement of Changes in Equity)

(i) Capital redemption reserve

Capital redemption reserve have been created in accordance with Companies Act, 2013 at the time of redemption of preference shares by transferring amount equal to nominal value of preference shares so redeemed from surplus balance of profits.

(ii) Debenture Redemption Reserve

Debenture redemption reserve has been created out of the profits prior to redemption of debentures. This reserve is available for distribution towards dividend post redemption of debentures. The amount was transferred back to retained earnings on redemption of the debentures during the year.

(iii) General reserve

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

(iv) Retained earnings

Retained earnings represent the profits that the Company has earned till date less any transfer to general reserve, less any dividends, or other distributions paid to shareholders.

(v) Other comprehensive income(net of tax)

Remeasurements of defined benefit obligation comprise actuarial gains and losses and return on plan assets (excluding interest income).

Notes to the Financial Statements for the year ended 31 March 2022

16 Financial Liabilities-Borrowings

Financial Liabilities carried at amortised cost	Note	As at 31 March 2022	As at 31 March 2021
I Non-current borrowings			
Term-loans			
- From banks (secured)	16(a)	**59,683.13**	54,641.22
- Vehicle loans (secured)	16(b)	**119.02**	203.29
Total (A)		**59,802.15**	**54,844.51**
Public deposits	16(c)		
- from related parties (unsecured) (refer note 40)		**464.00**	454.00
- others (unsecured)		**1,442.93**	1,459.02
Loan from Export Development Canada (unsecured)	16(d)	**989.06**	1,368.87
Loans from related parties (unsecured) (refer note 40)	16(e)		
-Mr. Jagesh Kumar Khaitan		**63.00**	40.00
-Mrs. Usha Khaitan		**42.00**	42.00
-Kapedome Enterprises Limited		**2,006.00**	1,656.00
3,00,00,000 (previous year 3,00,00,000) 10% redeemable noncumulative preference shares of Rs. 10 each, fully paid up considered entirely financial liability in nature (unsecured)	16(f)	**3,000.00**	3,000.00
Total (B)		**8,006.99**	**8,019.89**
Total non-current borrowings (including current maturities) (A+B)		**67,809.14**	**62,864.40**
Less: Current maturities of non-current borrowings		**3,332.44**	1,497.88
		64,476.70	**61,366.52**

II Current borrowings	Note	As at 31 March 2022	As at 31 March 2021
Secured:			
Loans repayable on demand			
- Working capital	16(g)	**6,798.59**	4,608.78
Current maturities of non-current borrowings			
-Term loan		**1,945.90**	271.10
-Vehicle loan		**100.77**	72.00
Unsecured:			
Public deposits	16(c)		
- From related parties (refer note 40)		**120.35**	106.70
- From others		**1,483.54**	1,296.13
Inter corporate deposits	16(h)	**20.00**	20.00
Current maturities of non-current borrowings		**1,285.77**	1,154.78
		11,754.92	**7,529.49**

Notes to the Financial Statements for the year ended 31 March 2022

Note:

16 (a) Term Loan of:

i. Rs. 57,140.12 (31 March 2021 : Rs. 52,505.01) 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 Housing Development Finance Corporation Limited and second pari passu charge on the current assets. The said loans are also secured by personal guarantees of promoter directors and corporate guarantee of Kapedome Enterprises Limited.

ii. Rs. 1,998.79 (31 March 2021 : Rs. 1,375.76) 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 and charge on property located at plot number 142-A, Industrial Area, Chandigarh and second pari passu charge on the current asset. The said loans are also secured by personal guarantees of promoter directors and corporate guarantee of Kapedome Enterprises Limited.

iii. Rs 544.21 (31 March 2021 : Rs. 760.45) is secured by exclusive charge on the office premises at Industrial Area Chandigarh and is also secured by personal guarantees of promoter directors.

iv. During the current year, the nominal (floating) interest rate was in the range of 7.75% to 11.75% per annum (31 March 2021 : 7.75% to 10.75% per annum).

v. The term loans are repayable in quarterly installments ranging from Rs 10 to Rs 750 till FY 2029-30.

16 (b) Vehicle loans of Rs 119.02 (31 March 2021: 203.29) are secured against hypothecation of the specified vehicles purchased from proceeds of the said loans. The fixed rate of interest is in range from 8.20% to 10.50% per annum (31 March 2021 : 8.20% to 10.50% per annum). The vehicle loans are repayable in monthly unequal installment ranging from Rs 0.08` to Rs 1.23 till FY 2024-25.

16 (c) Public deposits carry interest rate ranging between 8.50 % to 9.75% (31 March 2021: 8.50% to 9.75%) per annum and carry a maturity period from 12 to 36 months from the respective date of deposits.

16 (d) The rate of interest on Loans from Export Development Canada is 6 Month US LIBOR plus 3.90% (31 March 2021: 6 month US LIBOR plus 3.90% per annum). The term loan is repayable in half yearly installments ranging from Rs 219.79 to Rs 439.58 till FY 2023-24.

16 (e) The fixed rate of interest on loans from promoters, directors and relatives in current year is at rate of 9% (31 March 2021:9%)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.

16 (f) 10% non-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 shareholders acquire voting rights on par with equity shareholders if dividend on preference shares remain unpaid for a period of not less than 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 and arrears of dividend, whether declared or not, upto date of commencement of winding up, 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.

16 (g) Secured loans - repayable on demand

Working capital loans are secured by hypothecation of all current assets, second charge on the fixed assets of the Company and personal guarantees of promoter directors and corporate guarantee of Kapedome Enterprises Limited. The floating rate of interest on the loans is 8.50% to 10.60% per annum (31 March 2021: 8.00% to 10.60% per annum).

16 (h) Inter corporate deposit from others carry an interest rate of 13% per annum (31 March 2021: 13% per annum) and the same are repayable within twelve months.

Notes to the Financial Statements for the year ended 31 March 2022

III Reconciliation of movements of liabilities to cash flows arising from financing activities

	As at 31 March 2022	As at 31 March 2021
Borrowings at the beginning of the year (current and non current) including short term	**68,896.01**	57,330.35
Proceeds from borrowings*	**38,970.30**	16,378.96
Repayment of borrowings*	**(31,687.06)**	(4,498.23)
Foreign exchange movement and Transaction costs related to borrowings	**52.38**	(315.07)
Borrowings at the end of the year (current and non current)	**76,231.62**	**68,896.01**

* Including net movement during the year for short term borrowings

17 Financial Liabilities- Other financial liabilities Financial Liabilities carried at amortised cost

	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
Interest accrued [refer to note 40]	145.42	38.28	1,591.80	39.15
Dividend payable on preference shares	-	-	-	-
Unpaid dividends	17.08	-	17.10	-
Capital creditors	589.50	-	481.86	-
Security deposits	-	1,771.11	-	1,652.44
Employee related payables	676.92	-	659.64	-
Others	-	-	0.57	-
	1,428.92	1,809.39	2,750.97	1,691.59

18 Provisions

	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
Provisions for employee benefits (refer note 38)				
Liability for gratuity	-	-	-	-
Liability for compensated absences	23.74	118.95	34.60	119.17
	23.74	118.95	34.60	119.17

19 Deferred tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Deferred tax liabilities on account of:		
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	**12,841.57**	10,204.87
Deferred tax assets on account of:		
MAT credit entitlement	**4,744.66**	4,660.22
Provision for employee benefits	**49.86**	53.73
Loss allowance for doubtful receivables and advances	**3.41**	3.41
Expenses allowable on payment basis	**95.47**	99.04
C/F losses	**7,821.34**	4,551.30
	126.83	**837.16**

Notes to the Financial Statements for the year ended 31 March 2022

(b) Movement in temporary differences:

2020-2021

	Opening Balance	Recognised in profit or loss	Recognised in other comprehen-sive income	MAT Credit Availment	Closing balance
Deferred tax liabilities on account of:					
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	(7,542.77)	(2,662.10)	-	-	(10,204.87)
Others	-	-	-	-	-
Deferred tax assets on account of:					
MAT credit entitlement	4,660.22	-	-	-	4,660.22
Provision for employee benefits	52.04	25.44	(23.74)	-	53.73
Loss allowance for doubtful receivables and advances	3.41	-	-	-	3.41
Expenses allowable on payment basis	103.39	(4.35)	-	-	99.04
C/F losses	-	4,551.30	-	-	4,551.30
	(2,723.72)	**1,910.29**	**(23.74)**	**-**	**(837.16)**

2021-2022

	Opening Balance	Recognised in profit or loss	Recognised in other comprehen-sive income	MAT Credit Availment	Closing balance
Deferred tax liabilities on account of:					
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	**(10,204.87)**	**(2,636.70)**	**-**	**-**	**(12,841.57)**
Deferred tax assets on account of:					
MAT credit entitlement	**4,660.22**	**127.66**	**-**	**(43.22)**	**4,744.66**
Provision for employee benefits	**53.73**	**(14.70)**	**10.83**	**-**	**49.86**
Loss allowance for doubtful receivables and advances	**3.41**	**-**	**-**	**-**	**3.41**
Expenses allowable on payment basis	**99.04**	**(3.56)**	**-**	**-**	**95.47**
C/F losses	**4,551.30**	**3,270.04**	**-**	**-**	**7,821.34**
	(837.17)	**742.74**	**10.83**	**(43.22)**	**(126.82)**

20 Deferred income

	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
Deferred income on government grant #	**25.04**	**507.86**	20.03	425.45
Unearned financial guarantee commission	**25.97**	**46.09**	25.97	72.06
	51.01	**553.96**	**46.00**	**497.51**

Note

The Company has been sanctioned government grant for putting up ethanol pilot plant. Total amount received is as on date Rs.635.99 (31 March 2021 : 508.79).

The plant is capitalized and accordingly deferred income is being amortized over the useful life of the plant in the same proportion in which the related depreciation expense is recognised.

Notes to the Financial Statements for the year ended 31 March 2022

21 Trade payables	As at 31 March 2022	As at 31 March 2021
- Dues of Micro Enterprises and Small Enterprises (Refer note below)	**24.26**	10.22
- Trade payables to related parties (Refer to note 40)	**-**	-
- Other trade payables	**3,544.89**	4,467.87
	3,569.15	**4,478.08**

Trade payable ageing schedule
As at March 31, 2022

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment#				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	24.26	-	-	-	-	24.26
(ii) Others	136.24	3,276.27	132.38	-	-	-	3,544.89
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iii) Disputed dues - Others		-	-	-	-	-	-

As at March 31, 2021

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment#				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	10.22	-	-	-	-	10.22
(ii) Others	467.23	3,911.86	88.78	-	-	-	4,467.87
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iii) Disputed dues - Others	-	-	-	-	-	-	-

Where due date of payment is not available date of transaction has been considered.

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 correspondences 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 year end has been made in the financial statements based on information available with the Company as under :

Notes to the Financial Statements for the year ended 31 March 2022

	Particulars	As at 31 March 2022	As at 31 March 2021
(a)	The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
	- Principal	24.26	10.22
	- Interest	-	-
(b)	The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(c)	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 the MSMED act	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of year	-	-
(e)	The amount of interest accrued and remaining unpaid at the end of the year	-	-
(f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act 2006	-	-

The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period are Rs. Nil (31 March 2021 Rs. Nil) as on balance sheet date. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

22 Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Contract liabilities (Advance from customers)	284.96	108.61
Statutory dues	181.50	110.91
Others	132.39	134.39
	598.85	**353.91**

23 Current tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Provision for income tax (net of advance tax)	51.55	2.63
	51.55	**2.63**

Notes to the Financial Statements for the year ended 31 March 2022

24 Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products	82,585.77	40,233.06
Other operating revenues		
Scrap sales	203.82	154.12
Export incentive	249.93	1.16
	83,039.52	**40,388.34**

Revenue disaggregation by geography is as follows:

Geography		
India	**70,649.11**	**39,049.68**
Outside India	**11,936.66**	**1,183.38**

In presenting the geographical information, sale of products revenue has been based on the geographic location of the customers.

Information about major customers:

One customer represents 10% or more of the Company's total revenue during the year ended 31 March 2022 (31 March 2021: NIL).

Reconciliation of revenue recognized with the contracted price is as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
Contracted price	86,079.63	42,214.76
Reductions towards variable consideration components	3,040.10	1,826.42
Revenue recognised	**83,039.52**	**40,388.34**

The reduction towards variable consideration comprises cash discount, trade discount and rebates etc.

Contract Balances

	Year ended 31 March 2022	Year ended 31 March 2021
Trade receivables	**6,061.09**	3,308.19
Contract assets	**-**	-
Contract liabilities	**284.96**	108.61

The contract assets primarily relate to the Company's rights to consideration for revenue accrued but not billed at the reporting date. The contract assets are transferred to receivables when the Company issues an invoice to the customer. The contract liabilities relate to the advance received from customers against which revenue is recognized when or as the performance obligation is satisfied.

Notes to the Financial Statements for the year ended 31 March 2022

25 Other income

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income:		
on bank deposits	101.80	90.37
others*	21.63	19.62
Rental income	56.14	56.06
Liabilities no longer required written back**	11.18	367.36
Gain on sale of property, plant and equipment (net)	-	1.48
Others	194.57	468.56
	385.32	**1,003.45**

* Others represents interest on security deposit to Punjab State Power Corporation Limited, inter corporate deposits etc.
** The Company had provided a dividend of Re. 1/- per share in respect of non-cummulative redeemable preference shares in March,2020. However, in the annual general meeting dated 7th August 2020, the dividend as aforesaid, amounting to Rs. 300 lakhs was withheld in order to conserve the resources. Accordingly, the provision for Rs. 300 lakhs was reversed in the financial year 2020-21.

26 Cost of materials consumed

	Year ended 31 March 2022	Year ended 31 March 2021
Raw material consumed		
Opening stock of raw materials	1,798.65	3,048.73
Add: Purchases of raw materials	29,732.17	10,928.55
Less: Inventory of material at the end of the year	4,329.83	1,798.65
	27,191.98	**12,178.63**
Packing material consumed		
Opening stock of materials	131.72	113.65
Add: Purchases of materials	2,873.51	1,435.69
	3,005.23	1,549.34
Less: Inventory of material at the end of the year	156.21	131.72
	2,849.02	**1,417.62**
	30,041.00	**13,596.25**

27 Changes in inventories of finished goods and work-in-progress

	Year ended 31 March 2022	Year ended 31 March 2021
Opening stock		
Work-in-progress	195.85	287.00
Finished goods	79.30	785.70
	275.15	1,072.70
Less:		
Closing stock		
Work-in-progress	115.86	195.85
Finished goods	68.79	79.30
	184.65	275.15
	90.50	**797.55**

Notes to the Financial Statements for the year ended 31 March 2022

28 Employee benefits expense

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus (also refer note 31(c))	5,376.51	5,056.12
Contributions to provident fund and other funds (also refer note 38)	535.85	509.53
Staff welfare expenses	53.19	32.56
	5,965.55	**5,598.21**

29 Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense on financial liabilities measured at amortised cost	6,603.36	2,645.52
Other borrowing costs*	291.08	129.13
Dividend on redeemable preference shares classified as financial liabilities measured at amortised cost (including related dividend distribution tax)**	-	-
	6,894.44	**2,774.65**

* Others borrowing costs represent hedging premium and bank charges
**The company has not provided dividend in respect of redeemable preference shares in view of the losses incurred during the year

30 Depreciation and amortisation expense

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment and investment property	4,451.39	3,100.30
Amortisation of intangible asset	164.01	382.60
	4,615.40	**3,482.90**

31 Other expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Stores and spares consumed	**2,072.26**	1,068.25
Chemicals consumed	**13,638.94**	5,982.43
Power and fuel [also refer note 31(c)]	**14,976.07**	8,030.89
Rent	**27.77**	21.39
Repair and maintenance		
- Buildings	**88.74**	25.97
- Machinery	**654.96**	394.89
- General Repair	**21.22**	14.04
Insurance	**319.48**	232.12
Rates and taxes	**37.03**	25.77
Legal and professional fees [refer note 31(a)]	**443.30**	203.97
Loss on sale of property, plant and equipment	**18.34**	-
Corporate social responsibility expenses [refer note 31(b)]	**102.16**	189.03
Bank charges	**115.87**	48.59
Commission on sales	**254.19**	176.47
Donation [also refer note 31 (d)]	**30.61**	16.31
Miscellaneous expenses [also refer note 31(c)]	**1,662.68**	843.43
	34,463.64	**17,273.54**

Notes to the Financial Statements for the year ended 31 March 2022

Note (a): Auditors' remuneration (excluding taxes as applicable)	Year ended 31 March 2022	Year ended 31 March 2021
As Auditor		
Statutory audit	11.00	9.00
Limited review of quarterly results	9.00	9.00
In other capacity		
Reimbursement of expenses	0.08	0.70
	20.08	**18.70**

Note (b): Detail of corporate social responsibility expenditure

(i) Gross amount required to be spent by the company during the year is Rs. 101.99 lakhs (31 March 2021: Rs. 189.03 lakhs)
(ii) Amount approved by the Board to be spent during the year is Rs. 102 lakhs (31 March 2021: Rs. 190 lakhs)
(iii) Details of amount spent during the year:

Particulars	In Cash	Yet to be paid in cash	Total
a. Construction / acquisition of any asset	-	-	-
b. On purposes other than (i) above	102.16	-	102.16
	(54.64)	(134.39)	(189.03)

(Figures in bracket indicates 2020-21 figures)

(iv) Details of ongoing project

In case of S. 135(6) (Ongoing Project)						
Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With the Company	In Separate CSR Unspent A/c		From Company's Bank A/c	From Separate CSR Unspent A/c	With the Company	In Separate CSR Unspent A/c
-	Rs. 134.39 lakhs	Rs. 101.99 lakhs	Rs. 102.16 lakhs	Rs. 2.00 lakhs	-	Rs. 132.39 lakhs*

* The unspent amount pertaining to FY 2020-21 is to be spent in the current year i.e. 2022-23

(v) Nature of CSR Activities: Village School repair, Village road repair, Assistance to School for education.
(vi) Details of related party transactions : NA
(vii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately: NA

Note (c): The Company does various expenditures in relation to pollution control activities. The amount of salaries, wages and bonus; power and fuel and miscellaneous expenses in relation to these activities are set out as below:

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	163.50	199.67
Power and fuel	577.20	451.20
Miscellaneous expenses*	76.74	84.32
	817.43	**735.19**

* Includes primarily effluent treatment plant expenses etc.

Note (d): During the year Company has given donation to political parties amounting Rs 30 Lakhs (31 March 2021 Rs 10 Lakhs)

Notes to the Financial Statements for the year ended 31 March 2022

32 Exceptional Items

	Year ended 31 March 2022	Year ended 31 March 2021
Write off of Property, Plant and Equipment*	-	857.59
	-	**857.59**

*In previous year, the company has carried out technical evaluation of its Property, Plant & Equipment and assets having carrying value of Rs. 857.59 lacs were to be found unserviceable. These assets were written off and loss has been classified as an exceptional item in the statement of profit and loss.

33 Tax expense

	Year ended 31 March 2022	Year ended 31 March 2021
a) Income tax recognised in statement of profit and loss		
Current tax	**127.66**	**-**
Deferred tax		
Attributable to -		
Adjustment of tax relating to earlier years	**43.22**	**-**
Origination and reversal of temporary differences	**(742.72)**	**(1,910.28)**
Total tax expense recognised in the current year	**(571.85)**	**(1,910.28)**

	Year ended 31 March 2022	Year ended 31 March 2021
Deferred tax assets/(liabilities)		
Arising on income and expenses recognised in other comprehensive income		
-Remeasurement of defined benefit obligation	10.83	(23.74)
Total income tax recognised in other comprehensive income	**10.83**	**(23.74)**
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	10.83	(23.74)
Items that may be reclassified to profit or loss	-	-
	10.83	**(23.74)**

34 Earnings per share

	Year ended 31 March 2022	Year ended 31 March 2021
(i) Profit for basic earning per share of Re. 1 each	**1,342.26**	(1,272.70)
(ii) Weighted average number of equity shares for (basic)	**8,72,63,630**	8,72,63,630
Basic and diluted earnings per share (face value of Re. 1 each)	**1.54**	(1.46)

Notes to the Financial Statements for the year ended 31 March 2022

35 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities including their level in the fair value hierarchy:

	Note	Level of hierarchy	As at 31 March 2022			As at 31 March 2021		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets								
Non-current								
Other financial assets - Deposits with original maturity of more than 12 months	(ii)	3	-	-	864.93	-	-	807.62
Current								
Trade receivable	(i)		-	-	6,061.09	-	-	3,308.19
Cash and cash equivalents	(i)	3	-	-	356.07	-	-	45.21
Other bank balances	(i)	3	-	-	1,304.61	-	-	1,566.61
Loans	(i)	3	-	-	-	-	-	-
Derivative financial instruments	(iv)	2	78.99	-	-	321.68	-	-
Other financial assets	(i)	3	-	-	193.44	-	-	169.53
Total financial assets			**78.99**	**-**	**8,780.13**	321.68	**-**	**5,897.17**

	Note	Level of hierarchy	As at 31 March 2022			As at 31 March 2021		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities								
Non-current								
Borrowings	(iii)	3	-	-	64,476.70	-	-	61,366.52
Other financial liabilities	(i)	3	-	-	1,809.39	-	-	1,691.59
Current								
Borrowings	(i)	3	-	-	11,754.92	-	-	7,529.49
Trade payables	(i)	3	-	-	3,569.15	-	-	4,478.08
Other financial liabilities	(i)	3	-	-	162.50	-	-	1,608.89
Current maturities of non-current borrowings	(iii)	3	-	-	-	-	-	-
Employee related payables	(i)	3	-	-	676.92	-	-	659.64
Capital creditors	(i)	3	-	-	589.50	-	-	481.86
Others	(i)	3	-	-	-	-	-	0.57
Total financial liabilities			**-**	**-**	**83,039.08**	**-**	**-**	**77,816.65**

Notes to the Financial Statements for the year ended 31 March 2022

Note:

Derivatives are carried at fair value at each reporting date. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The model incorporates various inputs including credit quality of counter-parties and foreign exchange forward rates. There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2022 and 31 March 2021.

B. Financial risk management

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

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

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

- credit risk (See (ii))
- liquidity risk (See (iii)); and
- market risk (See (iv))

(ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Company's receivable from customers and loans. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet:

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables	6,061.09	3,308.19
Cash and cash equivalents	356.07	45.21
Other bank balances	1,304.61	1,566.61
Other financial assets	1,137.36	1,298.84
	8,859.13	**6,218.84**

Notes to the Financial Statements for the year ended 31 March 2022

Trade receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. The Company evaluates the customer credentials carefully from trade sources before appointment of any distributor and only financially sound parties are appointed as distributors. The Company secures adequate deposits from its distributor and hence risk of bad debt is limited. The credit outstanding is sought to be limited to the sum of advances/deposits and credit limit determined by the company.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from top customer	12%	7%
Revenue from top five customers	34%	26%

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross Carrying amount	Loss allowance	Carrying amount
31 March 2022			
Less than 6 Months	5,747.81	-	5,747.81
More than 6 Months	313.28	-	313.28
	6,061.09	-	6,061.09
31 March 2021			
Less than 6 Months	3,062.60	-	3,062.60
More than 6 Months	245.59	-	245.59
	3,308.19	-	3,308.19

The loans primarily represents security deposits, inter-company deposits given and loans given to employees. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no allowance for expected credit loss has been provided on these financial assets. Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

Notes to the Financial Statements for the year ended 31 March 2022

(iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet it's liabilities when they are due, under both normal and stressed circumstances, without incurring losses or risking damage to the Company's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The following table provides details regarding the contractual maturities of significant financial liabilities:

	Less than 1 Year	1 to 5 Years	More than 5 years	Total
31 March 2022				
Borrowings (including current maturities)	11,754.92	52,188.62	12,288.08	76,231.62
Trade payables	3,279.51	289.65	-	3,569.15
Other financial liabilities	1,428.92	1,809.39	-	3,238.31
	16,463.35	**54,287.66**	**12,288.08**	**83,039.09**
31 March 2021				
Borrowings (including current maturities)	11,754.92	46,330.38	10,810.71	68,896.01
Trade payables	4,478.08	-	-	4,478.08
Other financial liabilities	2,750.97	1,691.59	-	4,442.55
	18,983.98	**48,021.96**	**10,810.71**	**77,816.65**

(iv) Market Risk

(a) Commodity price risk

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check to the extent possible.

(b) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

Exposure to interest rate risk

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Notes to the Financial Statements for the year ended 31 March 2022

	As at 31 March 2022	As at 31 March 2021
Fixed rate borrowings	8,760.84	8,277.14
Floating rate borrowings	67,470.77	60,618.87
	76,231.62	**68,896.01**

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have impacted the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or Loss	
	Strengthening	**Weakening**
For the year ended 31 March 2022		
Interest rate (0.5% movement)	(337.35)	337.35
For the year ended 31 March 2021		
Interest rate (0.5% movement)	(303.09)	303.09

(c) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Exposure to currency risk

The following table provides details of the Company's exposure to currency risk:

	As at 31 March 2022			As at 31 March 2021	
Liabilities	**Currency**	**Amount (Rs.)**	**Amount in foreign currency**	**Amount (Rs.)**	**Amount in foreign currency**
Borrowings (secured)	USD	-	-	7,374.56	100.33
Less: Derivative contracts		-	-	(7,374.56)	(100.33)
		-	**-**	**-**	**-**

Notes to the Financial Statements for the year ended 31 March 2022

Liabilities	Currency	As at 31 March 2022 Amount (Rs.)	As at 31 March 2022 Amount in foreign currency	As at 31 March 2021 Amount (Rs.)	As at 31 March 2021 Amount in foreign currency
Borrowings (unsecured)	USD	989.06	13.05	1,385.56	18.85
Less: Derivative contracts		(989.06)	(13.05)	(1,385.56)	(18.85)
		-	-	-	-
Interest accrued but not due on unsecured loan	USD	8.86	0.12	18.08	0.25
Less: Derivative contracts		(8.86)	(0.12)	(18.08)	(0.25)
		-	-	-	-
Trade payables	USD	-	-	1,116.47	15.19
Net exposure in respect of recognised assets and liabilities		**-**	**-**	**1,116.47**	**15.19**

(ii) Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2022 and 31 March 2021 would have impacted the measurement of financial instruments denominated in foreign currency and impacted Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
USD (1% movement)	-	-	-	-
31 March 2021				
USD (1% movement)	(11.16)	11.16	11.16	(11.16)

36 Capital management

Risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, net of cash and cash equivalents and other bank balances. Equity comprises all components of equity (as shown in the Balance Sheet).

Notes to the Financial Statements for the year ended 31 March 2022

The Company's adjusted net debt to equity ratio was as follows.

	As at 31 March 2022	As at 31 March 2021
Total liabilities	84,563.98	79,707.65
Less: cash and Bank balances	(1,660.68)	(1,611.81)
Adjusted net debt	82,903.30	78,095.84
Total equity	83,047.59	81,725.49
Adjusted net debt to equity ratio	**1.00**	**0.96**

37 Contingent liabilities and commitments (to the extent not provided for)

A (i). Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Claims against the Company not acknowledged as debts:		
Income tax matters	1,388.94	960.19
Excise duty matters	512.42	512.42
Others	1,813.27	291.97

A (ii). Other pending litigations

Particulars	As at 31 March 2022	As at 31 March 2021
Excise duty, Central Excise Act, 1944*	52.15	52.15

*Refund case is pending with Commissioner (Excise), Rs. 52.15 is classified under Note 14, cenvat credit recoverable.

A(iii). 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.

B. Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances)	2,120.60	640.65

Notes to the Financial Statements for the year ended 31 March 2022

38 Employee benefits

I. Assets and liabilities relating to employee benefits

	As at 31 March 2022	As at 31 March 2021
Non-current		
Liability for compensated absences	118.95	119.17
	118.95	**119.17**
Current		
Liability for compensated absences	23.74	34.60
	23.74	**34.60**
Current		
Gratuity (asset)	6.12	32.88
	6.12	**32.88**

For details about the related employee benefit expenses, refer to note no. 28.

II. Defined contribution plan

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. 353.78 (31 March 2021: Rs. 333.54) under provident fund scheme and Rs.55.66 (31 March 2021: Rs. 57.54) under ESI scheme. These have been included in note 28 Employees benefits expenses, in the Statement of Profit and Loss.

III Defined benefit plan

Gratuity (funded)

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, 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 Company made annual contributions to the LIC of India.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increase in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

Notes to the Financial Statements for the year ended 31 March 2022

a) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Company does not expect any significant liquidity risks.

The expected contribution to defined benefit plan for the next year is Rs. 108.28

The following table sets out the status of the defined benefit plan as required under Ind-AS 19 - Employee Benefits:

b) Reconciliation of present value of defined benefit obligation

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Present value of obligation at the beginning of the year	981.88	950.52
Benefits paid	(117.42)	(63.79)
Current service cost	103.00	98.71
Interest cost	66.77	64.64
Actuarial losses/(gains)	23.39	(68.19)
Present value of obligation at the end of the year	**1,057.62**	**981.88**

c) Reconciliation of the present value of plan assets

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Fair value of plan assets at the beginning of the year	1,014.76	958.63
Contributions	105.00	55.00
Interest Income	61.40	64.92
Benefits paid	(117.42)	(63.79)
Fair value of plan assets at the end of the year	**1,063.74**	**1,014.76**

d) Expenses recognized in the Statement of Profit and Loss

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	103.00	98.71
Interest cost	66.77	64.64
Interest income	(69.00)	(65.19)
Expenses recognized in profit and loss account	**100.76**	**98.16**

e) Remeasurements recognised in other comprehensive income

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Actuarial gain/loss on the defined benefit obligation	(23.39)	68.19
Return on plan assets excluding interest income	(7.60)	(0.27)
Amount recognized in other comprehensive income	**(30.99)**	**67.93**

Notes to the Financial Statements for the year ended 31 March 2022

f) Plan assets

Plan assets of the Company are held as bank balance, NSDL bonds and under LIC of India.

g) Actuarial assumptions

Particulars	As at 31 March 2022 (Per Annum)	As at 31 March 2021 (Per Annum)
Economic assumptions		
Discount rate	7.29%	6.80%
Salary escalation rate per annum	8.00%	7.00%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

h) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(40.59)	43.80	(36.70)	39.56
Future salary growth rate (0.50% movement)	43.30	(40.52)	39.29	(36.80)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

i) Expected benefit payments

Undiscounted amount of expected benefit payments for next 10 years:	As at 31 March 2022	As at 31 March 2021
Within 1 year	155.97	140.40
1-2 year	81.17	67.94
2-3 year	37.69	75.58
3-4 year	43.49	32.15
4-5 year	171.83	54.48
5-6 years	45.96	151.06
6 year onwards	521.50	460.27

39 Leases:

On 1 April 2019, the Company has adopted Ind AS 116 "Leases", using the modified retrospective approach.

The Company has entered into agreements for leasing office premises on lease and license basis. The leases typically run for a period of 9 years with no restriction placed upon the Company for entering into said lease.

The Company also leases certain premises with contract terms of one to three years. These leases are short-term in nature and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Rental expense recorded for short-term leases was Rs. 27.77 lacs for the year ended 31 March 2022. (PY Rs. 21.39 lacs)

Notes to the Financial Statements for the year ended 31 March 2022

Notes:

a. The Company incurred Rs. 27.77 during the current year towards expenses relating to short-term leases and leases of low-value assets for which the recognition exemption has been applied.

b. The total cash outflow for leases, including cash outflow for short term leases is Rs. 27.77 during the current year.

A. 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. 27.77 (31 March 2021: Rs. 21.39).

B. Leases as lessor

Operating leases:

The Company has leased out its investment property on operating lease basis.

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

	Year ended 31 March 2022	Year ended 31 March 2021
Within one year	48.54	44.10
Later than one year and less than five years	215.57	205.72
More than five years	278.89	337.28

ii. Amounts recognised in profit or loss

During the year ended 31 March 2022, property rentals of Rs.56.14 (31 March 2021: Rs.56.06) have been included in other income (Including lease straightlining) (refer note 25).

	Year ended 31 March 2022	Year ended 31 March 2021
Income generated from property	56.14	56.06

40 Related party disclosures

A. List of related parties and nature of relationship where control exists

(i) Holding Company	Kapedome Enterprises Limited
Related entity of Key management personnel	Krofta Engineering Limited
	Khaitan & Khaitan

B. List of related parties and nature of relationship with whom transactions have taken place during the current/ previous year

(i) 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

Mr. Jagesh Kumar Khaitan, Chairman
Mr. Pavan Khaitan, Managing Director

(ii) Non Executive directors
Mr. Vivek Bihani
Ms. Shireen Sethi
Mr. Drishinder Singh Sandhawalia
Mr. Bhavdeep Sardana

(iii) Relatives of individuals mentioned above
Mrs. Usha Khaitan
Mrs. Aparna Khaitan
Ms. Deeksha Khaitan
Ms. Malavika Khaitan
Mrs. Shashi Khaitan
Mrs. Abha Khaitan
Mrs. Simran Sandhawalia
Mrs. Kushal Pal Sandhawalia

Notes to the Financial Statements for the year ended 31 March 2022

C. Transactions with related parties during the current / previous year:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Unsecured loans taken		
Mr. Jagesh Kumar Khaitan	53.00	55.00
Mrs. Usha Khaitan	-	42.00
Ms. Deeksha Khaitan	3.00	-
Ms. Malavika Khaitan	3.00	-
Mrs. Shashi Khaitan	100.00	-
Mrs. Abha Khaitan	250.00	-
Mr. Drishinder Singh Sandhawalia	33.45	31.00
Mrs.Simran Sandhawalia	36.90	35.70
Mrs Kushal Pal Sandhawalia	30.00	35.20
M/S Kapedome Enterprises Limited	350.00	1,656.00
(ii) Unsecured loans repaid		
Mr. Jagesh Kumar Khaitan	10.00	295.00
Mrs. Usha Khaitan	-	85.00
Mr. Pavan Khaitan	-	128.00
Mrs. Aparna Khaitan	-	120.50
Ms. Deeksha Khaitan	3.00	-
Ms. Malavika Khaitan	3.00	-
Mrs. Shashi Khaitan	100.00	-
Mrs. Abha Khaitan	250.00	-
Mr. Drishinder Singh Sandhawalia	31.00	26.50
Mrs.Simran Sandhawalia	35.70	31.60
Mrs Kushal Pal Sandhawalia	30.00	53.93
(iii) Interest on unsecured loans		
Mr. Jagesh Kumar Khaitan	5.12	3.33
Mrs. Usha Khaitan	3.78	1.60
Mr. Pavan Khaitan	-	1.10
Mrs. Aparna Khaitan	-	(0.30)
Ms. Deeksha Khaitan	5.36	5.35
Ms. Malavika Khaitan	4.54	4.55
Mrs. Shashi Khaitan	9.75	9.75
Mrs. Abha Khaitan	24.38	24.38
Mr. Drishinder Singh Sandhawalia	2.82	2.71
Mrs.Simran Sandhawalia	3.23	3.11
Mrs Kushal Pal Sandhawalia	2.79	4.15
M/S Kapedome Enterprises Limited	150.30	62.34

Notes to the Financial Statements for the year ended 31 March 2022

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(iv) Compensation to key managerial personnel		
Short-term employee benefits		
Mr. Jagesh Kumar Khaitan	126.72	31.68
Mr. Pavan Khaitan	230.40	57.60
Commission to Directors		
Mr. Jagesh Kumar Khaitan	2.73	-
Mr. Pavan Khaitan	4.97	-
Post-employment benefits		
Mr. Jagesh Kumar Khaitan	3.81	3.81
Mr. Pavan Khaitan	8.94	6.81
Defined contribution Plan		
Mr. Jagesh Kumar Khaitan	9.50	2.38
Mr. Pavan Khaitan	17.28	4.32
Other long-term benefits		
Mr. Jagesh Kumar Khaitan	0.01	-
Mr. Pavan Khaitan	0.24	(0.03)
(v) Directors sitting fees (non-executive director)		
Mr. Vivek Bihani	2.35	1.30
Ms. Shireen Sethi	1.85	1.40
Mr. Bhavdeep Sardana	2.40	1.30
Mr. Drishinder Singh Sandhawalia	1.55	1.10
(vi) Equity Dividend*		
Mr. Jagesh Kumar Khaitan	-	6.64
Mrs. Usha Khaitan	-	0.32
Mr. Pavan Khaitan	-	0.67
Mrs. Aparna Khaitan	-	0.65
Kapedome Enterprises Limited	-	145.09
*excluding taxes		
(vii) Management consultancy fees		
Mr. Drishinder Singh Sandhawalia	42.00	20.00
(viii) Reimbursement of expenses		
Mr. Jagesh Kumar Khaitan	0.94	1.60
Mr. Pavan Khaitan	2.23	3.24
Mr. Drishinder Singh Sandhawalia	0.24	0.05

Notes to the Financial Statements for the year ended 31 March 2022

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(ix) Other charges (rent)		
Kapedome Enterprises Limited	0.71	0.71
(x) Purchases of materials		
Kapedome Enterprises Limited (Chemical)	77.62	459.50
Krofta Engineering Limited (Belt Film Press & SS 304 Chain With Uhmw Rollers)	166.73	5.19
(xi) Advance on behalf of Kapedome Enterprises Limited		
Paid to Alleppey Fishermen on behalf of Kapedome Enterprises Limited	22.00	-
(xii) Advance return back		
Kapedome Enterprises Limited	22.00	1,840.30
(xiii) Professional Fee		
Khaitan & Khaitan	7.48	-

D. Outstanding Balances

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Unsecured loans		
Public Deposits		
Mr. Jagesh Kumar Khaitan	30.00	10.00
Mrs. Shashi Khaitan	100.00	100.00
Ms. Deeksha Khaitan	55.00	55.00
Ms. Malavika Khaitan	49.00	49.00
Mrs. Abha Khaitan	250.00	250.00
Mr. Drishinder Singh Sandhawalia	33.45	31.00
Mrs.Simran Sandhawalia	36.90	35.70
Mrs Kushal Pal Sandhawalia	30.00	30.00
Loans from related parties (unsecured)		
Mr. Jagesh Kumar Khaitan	63.00	40.00
Mrs. Usha Khaitan	42.00	42.00
M/S Kapedome Enterprises Limited	2,006.00	1,656.00

Notes to the Financial Statements for the year ended 31 March 2022

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Trade payables		
Krofta Papers private Limited	-	-
Corporate Gurantee		
For a Loan from Bank to Kapedome Enterprises Limited	1,679.00	1,679.00
By Kapedome Enterprises Limited for a Loan taken by the Company	75,103.00	-

E Terms and Conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash. Transactions relating to dividend are on the same terms and conditions that are offered to other shareholders.

41 Segment information

The Company is primarily engaged in the business of manufacture and sales of paper, mainly in the domestic markets. The Board of Directors of the Company, who have been identified as being the chief operating decision maker (CODM), evaluate the Company's performance and allocate resources based on the analysis of various performance indicators of the Company as a single unit. Accordingly, there is no reportable segment or any entity wide disclosures which are applicable to the Company.

42 The outbreak of Coronavirus (Covid-19) globally and in India has impacted business and economic activities in general. The Company's sale during the year ended March 2021 was impacted significantly by the pandemic and consequently capacity utilization of the plant was lower and is gradually moving towards normal capacity. As regards the recoverability of assets, the Company expects to fully recover the carrying amounts of the assets. The Company is closely monitoring any material changes to future economic conditions.

43 Dividends

The following dividends were declared and paid by the Company:	As at 31 March 2022	As at 31 March 2021
Rs. Nil per equity share (31 March 2021: Rs. 2.50 per equity share)	-	218.16
	-	**218.16**

After reporting date the following dividend (excluding dividend distribution tax) was proposed by the directors subject to the approval at the time of annual general meeting; the dividend has not been recognised as liability.

	As at 31 March 2022	As at 31 March 2021
Rs. Nil per equity share (31 March 2021: INR Nil per equity share)	-	-
	-	**-**

Notes to the Financial Statements for the year ended 31 March 2022

44 Additional disclosure / Regulatory Information as required by Notification no. GSR 207(E) dated 24.03.2021 which are not covered in any of the notes above

(i) Loan or advances granted to the promoters, directors and KMPs and the related parties:

No loan or advances in the nature of loans have been granted to the promoters, directors, key managerial persons and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

(a) repayable on demand or

(b) without specifying any terms or period of repayment

(ii) No proceedings have been initiated or pending against the company for holding any benami property under benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(iii) Reconciliation of quarterly statement of current assets filed with banks or financial statements

The quarterly statement of current assets filed, during the year, with banks are in agreement with books of accounts.

(iv) Willful Defaulter

No bank has declared the company as "willful defaulter".

(v) Relationship with Struck off Companies:

There are no transaction with the companies whose name is struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and the year ended 31 March 2021.

(vi) Registration of charges or satisfaction with Registrar of Companies:

All applicable cases where registration of charges or satisfaction is required with Registrar of Companies have been done. No registration or satisfaction is pending at end of financial year 2021-2022.

(vii) Compliance with number of layers of companies

No layers of companies has been established beyond the limit prescribed as per above said section / rules.

(viii) Compliance with approved Scheme(s) of Arrangements

No scheme of arrangements has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.

(ix) Utilisation of Borrowed funds and share premium:

Particulars	Description
No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;	No such transaction has taken place during the year
No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.	No such transaction has taken place during the year

Notes to the Financial Statements for the year ended 31 March 2022

(x) Undisclosed income

There is no such income which has not been disclosed in the books of accounts. No such income is surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961.

(xi) Details of Crypto Currency or Virtual Currency

Particulars	31 March 2022	31 March 2021
Profit or loss on transactions involving Crypto currency or Virtual Currency	No Such Transaction during the year	No Such Transaction during the year
Amount of currency held as at the reporting date	No Such Transaction during the year	No Such Transaction during the year
Deposits or advances from any person for the purpose of trading or investing in Crypto Currency / virtual currency	No Such Transaction during the year	No Such Transaction during the year

(xii) Utilization of Borrowings

The company has utilized the borrowings from banks and financial institutions for the purpose for which they were taken.

(xiii) Key Financial Ratios

Ratios	Numerator	Denominator	FY 21-22	FY 20-21	%age Change	Reason for Change
Current Ratio (in times)	Current Assets	Current Liabilities	1.23	0.98	25.64	Current assets have increased pursuant to increase in turnover but current liabilties have not increased in same proportion
Debt Equity Ratio (in times)	Total Debt	Shareholder's Equity	0.92	0.84	8.89	-
Debt service coverage ratio (in times)	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest# & Lease Payments + Principal Repayments	1.45	1.62	(10.62)	-
Return on Net Worth (%age)	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	1.63	(1.54)	(205.55)	Loss in previous year
Inventory Turnover (in times)	Cost of goods sold	Average Inventory	8.82	4.10	115.17	Increase due to faster churning of inventory
Debtors Turnover (in times)	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	19.49	19.04	2.38	-
Trade payables turnover (in times)	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	19.26	9.13	111.02	Rationalisation of trade payables for better purchase efficiency
Net capital turnover (in times)	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	20.45	(134.72)	(115.18)	Improvement in sales and current ratio

Notes to the Financial Statements for the year ended 31 March 2022

Ratios	Numerator	Denominator	FY 21-22	FY 20-21	%age Change	Reason for Change
Net Profit Margin (%age)	Net Profit	Net sales = Total sales - sales return	1.62	(3.15)	(151.45)	Loss in previous year
Return on capital employed (%age)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	4.63	(0.36)	(1,402.13)	Loss in previous year
Return on Investment			NA	NA	NA	-

45 As per guidelines in RBI circular dated 6th August 2020 "Resolution Framework for Covid-19 related Stress" , the company approached the Lenders for a Resolution Plan to the term debt obligations of the company. All the Lenders have approved and implemented the Resolution Plan on 19th June 2021 which inter alia provided for converting the interest on term loans for one year from 1st september 2020 into Funded interest Term Loan (FITL) with extension of two years moratorium in the payment of principal of term loans.

46 Previous Year's figures have been regrouped/ reclassified wherever considered necessary to make them comparable with the current year's classification/ disclosure.

As per our report of even date attached

For O P Bagla & Co LLP
Chartered Accountants
Firm Registration No.: 000018N/N500091

Atul Bagla
Partner
Membership No. 91885
Place : Chandigarh
Date : May 21, 2022

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

Jagesh Kumar Khaitan
Chairman
DIN - 00026264

Pavan Khaitan
Managing Director
DIN - 00026256

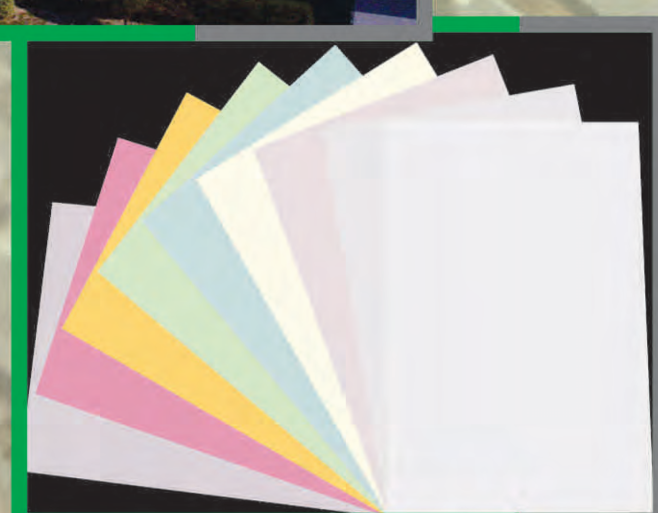
Roshan Garg
Sr. President-Finance & CFO
Place : Chandigarh
Date : May 21, 2022

Vivek Trehan
Company Secretary

Kuantum
The Paper Makers

Our Vision Statement

"Innovate continuously to enhance value in operations, pursue excellence and seek future sustainability keeping environmental footprint in check, delivering an exceptional experience to customers, suppliers, employees and society alike."



Kuantum
The Paper Makers

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