



Kvantum Papers Ltd

15th Annual Report
2011-2012





Kvantum Papers Ltd

BOARD OF DIRECTORS

Jagesh K Khaitan Chairman & Managing Director
Justice (Rtd) S S Sodhi
D C Mehandru
U K Khaitan
Yashovardhan Saboo
D S Sandhawalia
Ashutosh Khaitan
Pavan Khaitan Managing Director

SENIOR EXECUTIVES

Roshan Garg President (Finance)
Somesh Jawa President (Marketing)
Hari Prasad Rao I Vice President (Technical)
Col (Rtd) Manohar Singh Vice President (HR & Admn)

COMPANY SECRETARY

Vivek Trehan

STATUTORY AUDITORS

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

COST AUDITORS

M/s R.J. Goel & Co.
Cost Accountants
Delhi

PRINCIPAL BANKERS

State Bank of Patiala
State Bank of India
Punjab National Bank
State Bank of Bikaner and Jaipur

REGISTERED OFFICE & WORKS

Paper Mill
Saila Khurd 144529
Distt Hoshiarpur Punjab

CORPORATE OFFICE

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

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NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the members of Kvantum Papers Limited will be held at Paper Mill, Saila Khurd, Distt. Hoshiarpur on Tuesday, the 10th July 2012 at 11.30 am to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2012 and the Statement of Profit & Loss for the year ended on that date together with the reports of the Auditors and Directors thereon.
2. To declare dividend on the Preference Shares.
3. To appoint a Director in place of Justice S.S.Sodhi(Retd), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri D.S.Sandhawalia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as SPECIAL RESOLUTION:
"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the reappointment of Shri Pavan Khaitan as Managing Director of the Company w.e.f. 1st April, 2012 for a period of Three years on the remuneration and other terms & conditions, as set out in the Explanatory Statement annexed hereto.
RESOLVED FURTHER that pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration by way of salary and perquisites as set out in the annexed Explanatory Statement be paid as minimum remuneration to Shri Pavan Khaitan or such minimum remuneration as permissible in Schedule XIII to the Companies Act, 1956 notwithstanding that in any financial year of the Company during his tenure as Managing Director, the Company has made no profits or profits are inadequate.
RESOLVED FURTHER that the Board of Directors/Remuneration Committee be and are hereby authorised to alter or vary the terms of appointment of Shri Pavan Khaitan, including relating to remuneration, as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto.
7. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION:
"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors/Finance Committee of Directors of the Company to mortgage and/or charge all the immovable and movable properties of the Company wheresoever situate, present or future and the whole or substantially the whole of the undertaking of the Company together with the power to enter upon and take possession of certain assets of the Company in certain events of default in favour of Punjab National Bank (PNB) and State Bank of Patiala (SBOP) to secure the Term Loan/Corporate Loan and/or other borrowings lent and advanced by them to the Company aggregating to Rs. 9760 lacs (i.e. working capital of Rs. 5760 lacs and Term Loan of Rs. 4000 lacs) together with interest, additional interest, compound interest, liquidated damages/penal interest, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to secure the said financial assistance/borrowings availed/to be availed by the Company from PNB and SBOP.
RESOLVED FURTHER that the mortgage/charges created/to be created and/or all agreements/documents executed/to be executed and all acts done or to be done in terms of the above resolution by and with the authority of the Board of Directors or Committee(s) thereof, be and are hereby confirmed and ratified.
RESOLVED FURTHER that the Board of Directors/Finance Committee of Directors be and is hereby authorized to make or accept any amendment, modification, change or alterations as may be required from time to time in connection with the creation of aforesaid mortgages/charges in favour of PNB and SBOP.
RESOLVED FURTHER that the Board of Directors/ Finance Committee of Directors of the Company be and is hereby authorized to finalise the documents to secure the facilities/borrowings as aforesaid and to do all such things, deeds, matters as may be necessary, desirable and expedient for giving effect to the above resolution."
8. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION:
Resolved that pursuant to the provisions of section 97 of the Companies Act, 1956, and other applicable provisions, if any, the Authorised share capital of the Company be and is hereby increased from is Rs. 20,00,00,000/- divided into 1,75,00,000 Equity Shares of Rs. 10/- (Rupees ten only) each and 25,00,000/- Redeemable Preference Shares of Rs. 10/- (Rupees ten only) each to Rs. 35,00,00,000/- divided into 2,50,00,000 Equity Shares of Rs. 10/- (Rupees ten only) each and 1,00,00,000 Redeemable Preference Shares of Rs. 10/- (Rupees ten only) each.
Further Resolved that the existing Clause V of the Memorandum of Association of the Company as to share capital be and is hereby deleted and in its place the following Clause V be substituted:



Kvantum Papers Ltd

The Authorised Share Capital of the Company is Rs. 35,00,00,000/- (Rupees Thirty Five Crores only) divided into 2,50,00,000 Equity Shares of Rs. 10/- (Rupees ten only) each and 1,00,00,000 Redeemable Preference Shares of Rs. 10/- (Rupees ten only) each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for time being with the power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereof respectively preferential, deferred, qualified or special rights privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such a manner as may for the time being be provided by the regulations of the Company.

Regd. Office

Paper Mill, Saila Khurd-144 529
Distt. Hoshiarpur, Punjab
Dated : May 26, 2012

By Order of the Board
For Kvantum Papers Ltd

Vivek Trehan
Company Secretary

NOTES:

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DEPOSITED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
3. Information required under Clause 49 IVG(i) of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation and, being eligible, seeking re-appointment is given in the Corporate Governance Report annexed to this Annual Report.
4. The Registers of Members and Share Transfer Books of the Company will remain closed from 30th June 2012 to 9th July 2012 (both days inclusive).
5. The dividend for the year 2011-12 on the preference shares will be paid to those members whose names appear in the Register of Members of the Company as on 10th July 2012.
6. Shareholders of the Company are informed that pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. Shareholders who have not encashed their dividend warrant(s) for the years 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 are requested to make claim with the Company immediately as no claim shall lie against the Fund or the Company in respect of individual amount once credited to the said Fund.
7. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, **MAS Services Limited**, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020 Ph:- 011-26387281/82/83 Fax:- 011-26387384 quoting registered Folio No. (a) details of their bank account/change in bank account, if any and (b) change in their address, if any, with pin code number.
The share capital of the company is held by 19,081 shareholders, out of which 4,211 shareholders holding 95.73% of the capital, are in dematerialised form and the balance 14,870 holding 4.27% of the capital are in physical form. The shareholders having shares in physical form are requested to dematerialise the shares.
8. In terms of Section 109A of the Companies Act, 1956, the shareholders of the Company may nominate a person on whom the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit nomination in Form 2B.
9. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to Sr. Vice-President (Finance), by 30th June, 2012.
10. Members are requested to bring their copies of Annual Report at the meeting, as extra copies will not be supplied.
11. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name/address etc., the members are requested to approach the Company's Registrars and Share Transfer Agent, in respect of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company/Registrar and Share Transfer Agent, members are requested to quote their folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
12. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company between 11.00 a.m. and 2.00 p.m. on all working days, upto the date of the meeting.
13. The members may please note that the name of our Company has been changed to '**Kvantum Papers Limited**' from ABC Paper Limited. FRESH CERTIFICATE OF INCORPORATION dated 30.03.2012 has been issued by Registrar of Companies, Punjab and Chandigarh in this regard.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

In accordance with the provisions of the Companies Act, 1956, the companies can, on their own, appoint and remunerate its managerial personnel (i.e. managing director, whole time director, manager) within the laid-down parameters without going to the Central Government for approval so long as the requirements prescribed in Schedule XIII of the Companies Act, 1956 are fulfilled. The profit making companies



can fix remuneration of its managerial personnel within the ceiling of 5% of its net profit where there is only one managerial personnel and upto 10% of its net profit where the managerial personnel are more than one. In the case of the company which has no profit or the profits are inadequate, graded remuneration has been prescribed in Schedule XIII. It has been decided to fix the remuneration of Sh. Pavan Khaitan, Managing Director under Part II, Section II of Schedule XIII of the Companies Act, 1956.

Accordingly, it is proposed to reappoint Shri Pavan Khaitan as Managing Director of the Company with effect from 1st April, 2012 on the remuneration and other terms and conditions as given hereunder. After approval of the Remuneration Committee/Board, requisite approval of the shareholders is being obtained at Annual General Meeting of the Company in accordance with the provisions of the Companies Act, 1956.

(1) **Salary**

Name and designation	Salary p.m. (Rs.)	Pay-scale (Rs.)
Shri Pavan Khaitan, Managing Director	2,00,000/-	2,00,000-20,000-3,00,000

(2) **Perquisites and allowances**

- i) The Managing Director shall also be entitled to perquisites and allowances like furnished accommodation or house rent allowance in lieu thereof subject to a ceiling of 60% of the salary, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, medical reimbursement for self and dependent family, medical accident/Keyman Insurance, leave travel concession for self and family, club membership subject to maximum of two clubs; such perquisites and allowances will be restricted to an amount equal to their annual salary.
- ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.
- iii) Provision for use of Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling. Personal long distance calls on telephone and use of car for personal purposes shall be billed by the Company.
- iv) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(3) Shri Pavan Khaitan will not be entitled to sitting fee for Attending Meetings of the Board or Committee(s) thereof.

(4) Shri Pavan Khaitan will not be liable to retire by rotation.

The special resolution set out in Item No.6 is intended to obtain approval of the members for the reappointment and payment of remuneration to Shri Pavan Khaitan as Managing Director and the Board recommends the same.

The explanatory statement and the resolution at Item No. 6 of the Notice are and may be treated as an abstract of the terms and memorandum of interest pursuant to the provisions of Section 302 of the Companies Act, 1956.

Shri Pavan Khaitan is interested or concerned in the proposed resolution. Shri Jagesh K Khaitan and Shri Umesh Kumar Khaitan, being related to Shri Pavan Khaitan, may also be deemed to be interested in the said resolution. None of the other Directors of the Company is concerned or interested in the resolution.

Item No. 7

Section 293(1)(a) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a Public Ltd. Company shall not, except with the consent of the members in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole of each such undertaking.

Punjab National Bank (PNB) and State Bank of Patiala (SBOP) have sanctioned working capital and Term Loan to the Company aggregating to Rs. 9760 lacs (i.e. working capital of Rs. 5760 lacs and Term Loan of Rs. 4000 lacs).

The creation of mortgage/charge for the above Term loan and working capital to the Company requires approval of the members under section 293(1)(a) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the proposed resolution.

Item No. 8

The Company proposes to infuse long term funds for the purpose of upgradation and modernization of the plant in order to enhance the efficiency and quality of the paper. At present the Authorised share capital of the company is Rs. 20 crores and it is proposed to increase the same to Rs. 35 crores.

Any amendment in the Memorandum of Association requires the approval of the members of the company.

None of the Directors of the Company is concerned or interested in the proposed resolution.

By Order of the Board
For Kvantum Papers Ltd

Regd. Office
Paper Mill, Saila Khurd-144 529
Distt. Hoshiarpur, Punjab
Dated : May 26, 2012

Vivek Trehan
Company Secretary



DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 15th Annual Report on the business and operations, together with audited statements of Accounts of your Company, for the financial year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

The summarized financial results of the Company for the year 2011-12 are given hereunder.

	(Rs. in lacs)	(Rs. in lacs)
	2011-12	2010-11
Sales & other income	39854.42	32184.73
Operating Profit	4515.38	4755.71
Interest	2425.03	2265.00
Gross Profit	2090.35	2490.71
Depreciation	1542.33	1464.11
Profit before tax	548.02	1026.60
Provision for		
- Current Tax	(109.65)	(178.79)
- Tax Provision for earlier years	--	(15.09)
- Prior period Deferred Tax Adjustment	--	1083.35
- Deferred Tax charge for the year	(176.26)	(285.40)
- MAT credit entitlement	109.65	200.84
Net Profit after tax	371.76	1831.51
Balance b/f from previous year	2491.96	922.36
Profit available for appropriations	2863.72	2753.87
Appropriations		
- Proposed Dividend on		
(a) Equity shares	--	87.26
(b) Preference Shares @ Rs. 0.70 Per share	5.20	8.71
(c) Tax on dividend	0.87	15.94
(d) Capital Redemption Reserve	50.00	50.00
(e) General Reserve	--	100.00
Balance carried to Balance Sheet	2807.65	2491.96

DIVIDEND

Your Directors have recommended a dividend of Rs. 0.70 per share (previous year Rs. 0.70 per share) on the Redeemable Preference Shares of Rs.10/- each, on the preference share capital for the year ended 31st March, 2012 amounting to Rs. 5.20 lacs and to pay a dividend tax of Rs. 0.87 lacs. No dividend has been recommended on the equity shares to conserve and plough back the resources for the ongoing capex projects.

OPERATIONS

The production of paper during the year under review was 95,383 metric tonnes as against 79,980 metric tonnes in the previous year. Similarly the quantitative figure for the sale of paper was 95,493 metric tonnes as against 80,119 metric tonnes in the previous year.



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

Gross sales turnover and other income is up by 23.8% at Rs. 39854.45 lacs, operating profit is down by 5.1% at Rs. 4515.38 Lacs, Profit before Tax is down by 46.6% at Rs. 548.02 Lacs. Net profit after tax stood at Rs. 371.74 Lacs.

The profitability during the year under review has been lower compared to the previous year mainly due to lower sales realizations, higher input costs in terms of fuel and chemical costs, and of imported pulp due to the depreciation in the Indian currency and high interest costs.

In the Finance budget for the year 2012-13, the Govt. has increased the central excise duty applicable to the writing and printing paper from 5% to 6%, and on supplies to the State Textbooks Corporations, from 1% to 2%.

The Mill Expansion Plan has improved the operational performance in terms of production and sales levels, which is visible from the operational performance. The results of enhanced capacity operations will be further visible in the current financial year 2012-13 as your company has further taken initiatives to optimize capacity utilization; is innovating on new specialty products, packaging paper; is undertaking cost reduction initiatives, and modification and up-gradation of pulp mill and paper machines for improving the product quality, as well as making specialty and copier paper; as also installation of equipments for compliance with Corporate Responsibility for Environment Protection (CREP) guidelines prescribed by Ministry of Environment and Forests (MoEF), New Delhi for large scale pulp and paper industry. This entire outlay is at an estimated cost of Rs. 55 crores.

With the complete implementation of the Mill Expansion Plan, the company has become one of the most cost competitive paper mills, as also one of the large paper player in the writing and printing segment. Further innovative initiatives have enabled the mill to manufacture papers of distinctive quality, which will compete with the premium quality of other large paper mills.

Writing & printing paper segment have witnessed high capacity utilizations levels over the past few years due to significant demand growth. This led to large capacity additions in recent years and will drive more additions over the next 18-24 months. Though the growth in the paper demand is likely to absorb these capacity increments, it may not be adequate to absorb all the new capacities in the immediate future, and would create a short term supply surplus. Despite this trend, your company has been able to operate at higher levels of production and sale, and have been able to offset the negatives to a large extent.

Paper and paperboard demand is expected to increase at 7.5-8 per cent CAGR over the next 5 years. However, growth is expected to remain moderate in 2012-13, on the back of a weak macroeconomic environment, unless substantive policy measures are undertaken by the Govt. to boost investment sentiment. The monetary tightening policy that has continued during the year under review by RBI, but unfortunately it has not been able to curb the inflationary pressures, and has not borne desired results. High inflation has been the major dampener in the economy growth. Going forward, the inflation scenario remains challenging and is expected to remain range bound.

The detailed performance of Company's operations for the year ended 31st March, 2012 has been stated in the Management Discussion & Analysis Report which appears as a separate statement in the Annual Report.

FINANCE

(a) Project finance

State Bank of Patiala has sanctioned a Term Loan of Rs. 4000 lacs, for putting up the aforementioned capex projects. Of this, an amount of Rs. 2004.65 lacs has been disbursed during the year under review and the balance will be disbursed in the financial year 2012-13.

(b) Working capital

The enhanced working capital limits amounting to Rs. 5760 lacs (fund based Rs. 2835 lacs & non-fund based Rs. 2925 lacs) have been appraised and sanctioned by the Banks.

(c) Fixed Deposits

As on 31st March, 2012, your Company had Fixed Deposits of Rs. 1963.50 lacs. There were no overdue deposits as on 31st March, 2012 except an unclaimed deposit of Rs. 0.15 lacs due to the demise of the deposit holder, and will be paid on receipt of requisite documents. There was no failure in making repayment of the fixed deposits on maturity, including interest due thereon, in terms of the conditions of your Company's Fixed Deposits Scheme.



Kvantum Papers Ltd

CHANGE IN NAME OF THE COMPANY

Consequent to the approval of the shareholders in the Extraordinary General Meeting of the Company held on 23rd February, 2012, the name of the company has been changed to **Kvantum Papers Limited**. The Registrar of Companies, Punjab and Chandigarh has issued a fresh Certificate of Incorporation under the new name i.e. **Kvantum Papers Limited** on March 30, 2012.

Henceforth, the operations under the name of **Kvantum Papers Limited** will take forward the values, ethics, culture and the legacy of more than three decades.

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 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure, which forms part of this Report.

PERSONNEL

Cordial employee relations were maintained throughout the year in the Company. The Directors express their appreciation for the contribution made by the employees, at all levels, to the operations of the Company during the year.

The particulars of employees as per Section 217(2A) of the Companies Act, 1956 are to be set out in the Annexure, which forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the report and accounts are being sent to all the members of the Company excluding the aforesaid information. This statement shall be made available for inspection to any member during working hours for a period of 21 days before the date of the Annual General Meeting. Any member interested in obtaining such particulars may write to the Sr. Vice President (Finance) & CFO/ Company Secretary at the Registered Office of the Company.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Justice S.S. Sodhi(Rtd) and Sh. D.S. Sandhawalia retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

AUDITORS & AUDITOR'S REPORT

M/s B S R & Co., Chartered Accountants, Statutory Auditors of the company, hold office until the conclusion of ensuing Annual General Meeting and are eligible for reappointment.

The management reply to the auditor's observation contained in the auditor's report at serial no. 4 regarding approval of Central Govt. for excess managerial remuneration of Rs. 29.06 lacs paid to directors is as under:

The managerial remuneration to the whole time directors has been paid as approved by the shareholders pursuant to Part-11, Section-I of Schedule XIII of the Companies Act, 1956. During the year under review, the remuneration paid exceeds the amount payable due to inadequate profits. The company has filed applications with the Ministry of Corporate Affairs u/s 310 of the Act, for approval and the same is awaited. Necessary disclosure has been made in the note 4.11 in the notes to accounts.

The company has received a certificate from the auditors to the effect that their reappointment, if made, would be within the prescribed limit under section 224 (1B) of the Companies Act, 1956 and they are not disqualified for appointment within the meaning of Section 226 of the said Act.

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

COST AUDITORS

M/s R.J. Goel & Co. were appointed as Cost Auditors for conducting the cost audit of the Company for the year ended March 31, 2012 and the actual date of filing the Cost Audit Report for the year ended March 31, 2011 was 22.09.2011 whereas the last date of filing was 29.09.2011.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;



- (ii) the accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

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 Clause 49 of the listing agreement with stock exchanges is annexed and forms part of the Annual Report.

ACKNOWLEDGMENT

Your Directors convey their sincere thanks to the various agencies of the Central Government, State Governments, Banks and other concerned agencies for all the assistance and cooperation extended to the Company. The Directors also deeply acknowledge the trust and confidence the vendors, suppliers, dealers, customers, shareholders and investors have placed in the Company. Your Directors also 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: May 26, 2012

Jagesh K Khaitan
Chairman & Managing Director



ANNEXURE

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

1. CONSERVATION OF ENERGY

- (a) Conservation of Electrical and Thermal Energy is on the top most agenda of the Company and is regularly monitored. Various on-going measures for conservation of energy include (i) use of energy efficient lighting by installing CFLs and better use of natural lighting, (ii) usage of LP steam in place of MP Steam to enhance power generation, (iii) installation of energy efficient pumps in place of old high power consuming pumps, (iv) providing thermal insulation to all steam lines in the plant, (v) installation of VFDs (AC drives) on Boiler FD fans and other equipments, (vi) automation of various processes to avoid manual operations, and (vii) up gradation of 33KV Sub Station to 66KV to reduce transmission & distribution losses. The energy has also been saved on paper machines by optimizing the vacuum pumps and installation of ceramic tops. Further, the Co-generation plant operations have been optimized to get maximum efficiency by buying power through the open access thereby reducing our boiler running hours.
- (b) The Company has devised a system of regular energy audit. Energy conservation is an ongoing process and new areas are continuously identified and suitable investments are made, wherever necessary.
- (c) The adoption of energy conservation measures has helped the Company in reduction of production costs.
- (d) Total energy consumption and energy consumption per unit of Production of paper for the year 2011-12 is given in the table below.

POWER & FUEL CONSUMPTION

1 ELECTRICITY

	2011-12	2010-11
(a) Purchased		
Units (lacs KWH)	277.48	204.53
Total amount (Rs. lacs)	1495.69	1059.73
Rate/Unit (Rs./KWH)	5.39	5.18
(b) Own generation		
Through Steam Turbine/ Generator		
Units (lacs KWH)	842.85	776.76
Cost/Unit (Rs./KWH)	3.40	2.86

2 COAL (for Boiler)

Quantity (Tonnes)	67368	67736
Total cost (Rs. lacs)	2840.73	2594.88
Average rate (Rs.)	4217	3831

3 OTHERS

(a) Rice Husk (for Boiler)		
Quantity (Tonnes)	82627	65391
Total cost (Rs. lacs)	3451.19	2373.42
Rate/Unit (Rs. MT)	4177	3630

4 CONSUMPTION/TONNE OF PRODUCTION

Production (Tonnes)	95383	79980
Electricity/Tonnes (KWH)	1175	1227
Furnace Oil/tonne (KL)	0.003	0.003
Coal/Tonne (MT)	0.706	0.847
Others Rice husk (MT)	0.866	0.818

II. TECHNOLOGY ABSORPTION

Research and Development

The In-house R&D Division of the company is ISO-9001: 2008 certified and recognized for carrying out Research & Development work in the area of Environmental Microbiology and Biotechnology. R&D efforts made by the company have been focussed on:

- Improvement of the pulp characteristics from wood pulping street to reduce dependence on imported hard wood pulp.
- Non-conventional and efficient technology based on turbo spin flash drying and calcination for recycling of lime sludge in re-causticizing section.
- Development of high yielding and fast growing clonal plantations.
- Collaborative research for integration of hemicellulosic ethanol biorefinery with the existing pulping facilities. Apart from value addition prior to pulping, this is expected to reduce chemical consumption in pulping, improve pulp quality and reduce load on chemical recovery process.
- Enzymatic fibre modifications for improved yield, productivity and strength properties.
- The expenditure on R & D has been as follows:

	(Rs. in lacs)	(Rs. in lacs)
	2011-12	2010-11
(i) Capital	12.22	4.60
(ii) Recurring	49.03	43.33
(iii) Total	61.25	47.93
(iv) Total R&D expenditure as a percentage of turnover	0.16	0.15

Technology absorption, adaptation and innovation

The Company has not imported any technology for its products.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars with regard to foreign exchange earnings & outgo appear on page 52 of the Annual Report.

For and on behalf of the Board

Place: Chandigarh
Dated: May 26, 2012

Jagesh K Khaitan
Chairman & Managing Director



MANAGEMENT DISCUSSION & ANALYSIS

1. An overview of the Economy and Business Environment

The year 2011-12 was a challenging year for the global as well as domestic economy. The global economy, barely a year after recession witnessed lower economic growth, resulting primarily from the Euro zone debt crisis and high oil prices, which were fuelled by uncertainties of supplies and currency volatility. The European economies stagnated and US witnessed a downgrade in its credit rating, while the growth engines of the global economy, India and China, also witnessed slower growth rates, and were forced to tighten liquidity to combat rising domestic inflationary pressures. The inflationary pressures led to a high interest rate regime. Global uncertainty and higher fuel prices coupled with fast depreciating currency value have posed challenges in maintaining the growth rate momentum of the economy. According to the International Monetary Fund (IMF) the global economy is expected to grow at 3.5% in 2012 and at about 3.6% from 2013 to 2016, compared to 3.8% in 2011 and a robust growth of 5.2% in 2010.

Paper and paperboard demand is expected to increase at 7.5-8 per cent CAGR over the next 5 years. However, growth is expected to remain moderate in 2012-13, on the back of a weak macroeconomic environment, unless substantive policy measures are undertaken by the Govt. to boost investment sentiment.

The monetary tightening policy continued during the year under review by RBI, but unfortunately has not been able to curb the inflationary pressure. High inflation has been the major dampener in the economy growth. Going forward, the inflation scenario remains challenging and inflation is expected to remain range bound. As such, monetary actions by RBI will need to be calibrated for evolving growth, considering the inflation dynamics and the consequent fiscal response in the current past.

2. Industry structure and Development

The growth in paper industry has mirrored the growth in GDP and has grown at a lesser than expected average 6-7 per cent over the last few years. Yet India is the fastest growing market for paper and presents an exciting scenario. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by each one kg per capita, would lead to an increase in demand of 1 million tons.

As per CRISIL estimate, demand for W&P paper is expected to increase at 7.5-8 per cent CAGR between 2011-12 and 2016-17 as compared to the 6.7 per cent CAGR during the preceding 5 years. Demand is likely to go up from around 3.7 million tonnes in 2011-12 to about 5.5 million tonnes in 2016-17, with strong growth in segments like copier, coated and maplitho segments. This growth would be boosted by a sharp rise in demand for Writing and Printing (W&P) paper and paperboard over the medium term on the back of increased impetus on education by the government coupled with rise in organized retail, urbanization and a growing economy.

Around 2,15,000 new educational institutions (K-12) are expected to be established in the country by 2015-16, which is an outcome of the Indian government's Right to Education Act (RTE) initiative. In 2009, the government had passed the RTE to stimulate the spread of education in the country. Additionally, initiatives like Rashtriya Madhyamik Shiksha Abhiyan and Sarva Shiksha Abhiyan have boosted demand for W&P paper. This would translate into a steady growth of 4-5 per cent for creamwove paper, the variety that is most widely used in school textbooks in India and which accounted for around 45 per cent of the W&P paper demand in 2011-12.

Office printing is the next biggest end-use segment after education. Demand for office stationery and printing will increase as the performance of the Indian economy improves. As a result, demand for maplitho will increase at around 6 per cent CAGR between 2011-12 and 2016-17.

Within W&P paper, demand for copier paper is likely to record the strongest growth at around 17 per cent. With rise in urbanisation and office spaces, there is a greater demand for good quality copier paper from the office printing segment. Consequently, the share of copier paper in demand for W&P paper would increase from an estimated 17 per cent in 2011-12 to around 24 per cent by 2016-17.

In other segments, the growth is primarily driven by the GDP growth in the overall economy. To a large extent, the demand of the paper is driven by population growth, increase in level of literacy and decline in dropout rate, public and private spending on education, level of business activity, growth in the printing and publishing industry, rise in E-ticketing businesses and mobile billing, increasing presence of modern retail formats and convenience stores.

CRISIL Research expects demand for specialty paper to grow by around 9.5 per cent CAGR from 2011-12 to 2016-17. The specialty paper segment includes tissue paper, decor paper, thermal paper, fine printing paper, cigarette tissue paper, and business card paper among other varieties. The usage of these products has been increasing in line with economic development, rise in organised retail and urbanisation in the country. Given the high value of specialty paper products, their consumption is linked to standard of living and per capita income of consumers. Increased infrastructure spending and growth in construction will drive demand for quality decor and electrical grade paper.

Around 25 per cent of the domestic demand for specialty paper was met through imports in 2010-11. Going forward, we believe that, with players increasingly getting into this space, the incremental demand would be mainly met through domestic production

Of the total paper and paper board demand, writing & printing paper accounts for about 32 per cent, industrial paper accounts for about 49 per cent, newsprint accounts for about 15 per cent, and specialty paper accounts for the balance 4 per cent.

Writing & printing paper segment have witnessed high capacity utilizations levels over the past few years due to significant demand



growth in this segment. This led to large capacity additions in recent years and will drive more additions over the next 18-24 months. Though the growth in the paper demand is likely to absorb these additions, it may not be adequate to absorb all the new capacities immediately, and would create a short term supply surplus.

Writing & printing paper consumption has been growing steadily over the years. While India accounts for nearly 15 per cent of the world population, it consumes only 3 per cent of the global paper production. In India the per capita consumption of paper is low at about 9 kg as compared to the world average of around 55 kgs; but it is gradually improving in line with the economic growth, industrial production, print media expenditure, population growth, Govt. spending and continuous thrust on education, decline in dropout rates in educational institutions and increased literacy levels.

3. Opportunities and Threats

The Indian paper industry is a blossoming industry and is expected to grow at 7.5-8 per cent CAGR between 2011-12 and 2016-17. In spite of advancement in technology, like the advent of I Pad's, Galaxy Tabs and Smart Phones, the paper industry is poised for a consistent growth in the demand for paper in next few years. The envisaged growth in the value-added printing & writing paper segment in India presents an invaluable opportunity, and your company plans to leverage it by tapping its institutional strength in distribution supply chain, cost competitiveness, for marketing specialty paper and premium quality paper alongwith its branding image.

Growth in the writing and printing paper is linked to the economic growth, which will be slightly moderate in 2012. However, lower per capita consumption in India compared with world average will drive the domestic demand for paper over the medium to long term.

Paper exports, accounting for around 7 per cent of domestic production, are likely to grow at a CAGR of 7 per cent to 0.8 million tonnes in 2016-17, from 0.6 million tonnes in 2011-12. Paper exports from India are mainly confined to the neighboring countries, the Middle East, and Africa, as the domestic paper companies do not have the scale or the quality of paper to compete with global giants.

The implementation of Mill Expansion Plan taking the production capacity of over 1 lac tones, has ascribed the company to be one of the most cost competitive paper mill as also a large player in the writing and printing segment. It has benefitted the company by improved product quality, enhanced product range, increased production capacity, higher operational efficiencies coupled with economies of scale. Further it has also enabled the company in the manufacture of premium quality paper, including coated paper and maplitho paper, which is placed in the higher value paper category, competing with quality specifications of other large paper mills.

The company has further taken initiatives to optimize capacity utilization; operational cost reductions; innovate on specialty products, copier and packaging paper; modification and up-gradation of pulp mill and paper machines for improving the product quality as well as making specialty paper; as also installation of equipments for compliance with Corporate Responsibility for Environment Protection (CREP) guidelines prescribed by Ministry of Environment and Forests (MoEF), for large scale pulp and paper industry. The estimated cost is Rs. 55 crores and the necessary finance arrangement has been made with the Banks.

Raw material costs account for around 50 per cent of the operating income of players in the paper industry. India's wood resources are limited; therefore, cost of wood is much higher in global comparison. Since there is conspicuous absence of Government's enabling policies favouring industrial/production plantation, securing future wood supplies will be Industry's biggest challenge.

Though annual availability of agro residues is large yet, this may not be able to sustain the future growth of the Industry, taking due account of quality of paper required, and the environmental issues involved. Moreover, bagasse is increasingly being used by sugar mills for co-generation of power and is no more easily available to the paper mills as raw material.

The Government of India has recently withdrawn core sector status hitherto enjoyed by the paper industry. Cost of coal is escalating and prospect of availability of quality coal is diminishing.

Further, the paperless initiatives taken by the Govt. of India, coupled with Green initiatives in Corporate Governance which has led to paperless compliances by the companies, is indicative of a slight threat area to the paper industry.

Substantial Investments in upgradation and ECF compliance for paper mills are required. Until recently, India's pulp and paper industry used chlorine as the key bleaching ingredient. Usage of chlorine and chlorine compounds generates carcinogenic substances. These are discharged with the water used for processing pulp into streams and rivers, thus harming the aquatic environment. ECF process eliminated chlorine and hypo chemicals in the manufacturing process, making paper brighter, healthier and non-contaminated. Recognizing the harmful effects of using chlorine, the government has directed the Indian paper industry to produce only ECF paper.

Paper manufacturers are finding it difficult to pass on the increase in raw material cost to end users due to slowdown in demand. While the wood prices have jumped 20-22% in December 2011 quarter alongwith the other raw materials, the unforeseen 30% hike in coal prices has added immensely to the cost of the energy intensive paper industry. The operating profitability of Indian paper companies will remain under pressure due to the high input costs such as power, chemicals and manual labour. The imported raw material will also now cost dear because of depreciation of the Rupee.

4. Risks and Management Perception

The paper industry is labour intensive, power intensive as well as capital intensive and is exposed to several risks i.e. changes in the government policies, environment policies, duties and taxes, technological obsolescence and external economic factors. The operating profitability of the paper companies will remain under pressure due to high input costs such as power, chemicals and



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manual labour, though raw material cost could moderate to some extent. However, depreciation in the Indian currency is likely to keep raw material costs high in import dependent operations. High interest costs coupled with weaker profitability will significantly affect the cash flows.

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

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

Cost of fuel i.e. coal, rice husk and other bio mass fuels is increasing and the prospect of availability of good quality fuel is diminishing. However, the company has got itself registered with Coal India and has been meeting part of its requirements in co-generation plant through procurement of coal, thus mitigating the cost affect to some extent. Though Coal India has changed its pricing pattern to Gross Calorific Value based pricing as against the prevailing pattern of Useful Heat Value based pricing leading to higher prices.

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 plantation, securing future wood supplies is Industry's biggest challenge. To this end, your company had initiated a social Agro-forestry process by creation of a Nursery at the Mill to grow premium quality clonal plants. At the Nursery, clonal varieties of fast growing hard wood trees are grown and distributed to farmers for them to plant the hard wood trees in the farmer's land and get the hardwood post the harvest. We are also continuing our efforts for growing of plantations on a large scale by touching base with the farming community and making them aware of the financial benefits attached to social farm forestry.

Wood and wood-based pulp are the main raw materials required for manufacturing W&P paper, especially in the higher end of the value chain such as maplitho and coated paper. Production of specialty paper involves the use of different varieties of pulp, which lend special characteristics to the paper. We are in the process of contracting with paper companies for sourcing of specialty paper manufactured by them, for its marketing through our distribution channels.

Cost of raw materials forms the largest cost component in the paper industry, accounting for about 60 per cent of the total cost. Hence, even a slight increase in raw material price distorts the cost structure.

The company continued its efforts at proper raw material mix, cost reductions, optimization & control and product mix optimization. The chemical recovery, co-generation plant and other cost reduction measures coupled with variety of distinctive products manufactured with better operational efficiencies has significantly increased its cost competitiveness.

The long term prospects of the domestic writing and printing paper segment attracted significant capex towards capacity enhancement which have already been carried out in our operations. Furthermore, the proposed capex for increasing control over input supplies to meet quality pulp needs and manufacture of specialty and copier paper will aid to plug the slide in the profitability due to rising costs and competition pressures. The integrated capex would mitigate certain business risks in the medium term.

5. Outlook

Paper industry continues to have reasonably bright prospect in India during next 5 years as the demand of paper and paper products grow in line with the GDP growth. Paper has enjoyed a relatively healthy demand on account of (i) lifecycle of a paper product from manufacture to consumption and disposal being short, as paper is used more in the nature of consumption good and not as a durable (ii) Wide usage, right from an individual to a corporate and (iii) no real low cost substitute 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; which will only strengthen if the competitiveness of the value chain is encouraged by the government.

The continued initiatives taken by your company in the earlier years to continue up-gradation of technology, improve operating parameters, to optimise operational costs and add value to the products for its customers will enable the company to face challenges in coming times.

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

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

Though the export account for a small portion of industry's paper production, the imposition of anti dumping duty on Chinese Coated paper by US and EU alongwith the depreciation of the Indian currency will provide export opportunities for Indian paper Industry.



6. Company's Financial Performance & Analysis

The production of paper during the year under review was 95,383 metric tonnes as against 79,980 metric tonnes in the previous year. Similarly the quantitative figure for sale of paper was 95,493 metric tonnes as against 80,119 metric tonnes in the previous year. The company recorded gross sales turnover of Rs. 39429.66 lacs [net of excise Rs. 37423.81 lacs] as against Rs. 31896.76 lacs [net of excise Rs. 30656.49 lacs] in the previous year; and an operating profit of Rs. 4515.38 lacs was achieved as against Rs. 4755.71 lacs in the previous year. Profit earned before Tax is Rs. 548.02 lacs (previous year Rs. 1026.60 lacs) and net profit after tax stood at Rs. 371.74 lacs (previous year Rs. 1831.51 lacs which includes a write back of deferred tax credit of Rs. 1083.35 lacs) during the year under review.

The profitability during the year under review has been lower compared to the previous year mainly due to lower sales realizations, higher input costs of imported pulp due to the depreciation in the Indian currency, high fuel and chemical costs, and high interest costs.

In the Budget for the year 2012-13, The Govt. has increased the central excise duty applicable to the writing and printing paper from 5% to 6%, and on supplies to the State Textbooks Corporations, from 1% to 2%.

The Mill Expansion Plan has improved the operational performance in terms of production and sales levels, which is visible from the operational performance. The results of enhanced capacity operations will be further visible in the current financial year 2012-13 as your company has further taken initiatives to optimize capacity utilization; has undertaken cost reduction measures; innovate on new specialty products, and packaging paper; and has also undertaken modification and up-gradation of pulp mill and paper machines, for improving the product quality as well as making specialty and copier paper, as also installation of equipments for compliance with Corporate Responsibility for Environment Protection (CREP) guidelines prescribed by Ministry of Environment and Forests (MoEF), New Delhi for large scale pulp and paper industry. The capital outlay for doing all this is at an estimated cost of Rs. 5500 lacs. To this end, the Banks have sanctioned a term loan of Rs. 4000 lacs for the purpose.

With the complete implementation of the Mill Expansion Plan, the company has become one of the most cost competitive paper mills as also one of the large paper player in the writing and printing segment. Further innovative initiatives have enabled the mill to manufacture papers of distinctive quality, which will compete with the premium quality of other large paper mills.

7. Internal Control Systems

Your Company maintains internal control systems to provide reasonable assurance that the assets are safeguarded and transactions are properly authorized, recorded and correctly reported. The internal control system is supplemented by regular management reviews and periodical reviews by the independent firm of chartered accountants, which evaluate the functioning and quality of internal controls and checks; and provides assurance of its adequacy and effectiveness. The scope of 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 of the Directors for review.

8. Human Resources

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 developments and believes that the human resource is the most important ingredient for achieving excellence in performance and sustainable growth of the business of the company. The management has a process driven approach that invests in training and skill development needs of the employees on a regular basis through succession planning, on the job training and training workshops.

9. Cautionary Statement

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

For and on behalf of the Board

Place: Chandigarh
Dated: May 26, 2012

Jagesh K Khaitan
Chairman & Managing Director



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 8 directors, as on 31.03.2012, comprising of a Chairman & Managing Director, a Managing Director and six non-Executive Directors. Out of six, four non-Executive Directors are independent directors. 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 (S/Shri)	Category	No. of Board Meetings Attended during 2011-12		Whether attended the last AGM	No. of directorships in other public limited companies	No. of Committee positions held in other Ltd. Companies	
		Held	Attended			Chairman	member
Jagesh K Khaitan, (Chairman & Managing Director)	Promoter, Executive	5	5	Yes	2	-	1
Justice S.S. Sodhi (Rtd)	Independent, Non-Executive	5	2	Yes	1	-	-
D.C. Mehandru	-do-	5	5	Yes	1	-	2
Umesh K Khaitan	Promoter, Non Executive	5	4	No	10	-	-
Yashovardhan Saboo	Independent, Non-Executive	5	1	No	10	-	3
Pavan Khaitan, (Managing Director)	Promoter, Executive	5	5	Yes	-	-	-
D.S. Sandhwalia	Independent, Non-Executive	5	4	Yes	-	-	-
Ashutosh Khaitan	Promoter, Non-Executive	5	-	No	2	-	-

(b) During the financial year 2011-12, Five (5) Board Meetings were held on 24th May 2011, 12th August 2011, 2nd September 2011, 12th November 2011 and 14th February 2012. The maximum interval between any two meetings was not more than 4 months.

(c) 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;
- 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;
- 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.

(d) 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 2011-12 that may have potential conflict with the interests of the Company.

(e) Details of remuneration paid to the directors during the financial year 2011-12

(Amt. in Rs.)

Name of Director (S/Shri)	Relationship with other Directors	Basic Salary	Perks+ contribution to PF/other Funds	Commission	Sitting Fee	Total
Jagesh K Khaitan	Father of Pavan Khaitan	27,67,258	21,95,152	3,70,250	-	53,32,660
Pavan Khaitan	Son of Jagesh K Khaitan	21,60,000	17,16,242	2,89,001	-	41,65,243
Yashovardhan Saboo		-	-	-	30,000	30,000
Justice S.S.Sodhi, (Rtd)		-	-	-	45,000	45,000
D.C.Mehandru		-	-	-	1,50,000	1,50,000
Umesh K Khaitan	Father of Ashutosh Khaitan	-	-	-	60,000	60,000
D.S.Sandhwalia		-	-	-	1,20,000	1,20,000
Ashutosh Khaitan	Son of Umesh K Khaitan	-	-	-	-	-

3. Committees of the Board

(a) Audit Committee

The constitution and terms of reference of the Audit Committee conforms to the requirements of Clause 49 and Section 292A of the Companies Act, 1956. The following functions are performed by the Audit Committee:

- Overseeing 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 before submission to the Board;



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- 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;
- 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;
- Reviewing the Company's financial and risk management policies; and
- 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.

The Company continues to derive immense benefit from the deliberations of the Audit Committee. As on 31st March, 2012, the committee comprised of the following five Directors of the Company – three non-executives & independent and two executive & non-independent:

Shri D.C.Mehandru	Chairman	Independent, Non-Executive Director
Shri Jagesh K Khaitan	Member	Non-independent, Executive Director
Shri Yashovardhan Saboo	Member	Independent, Non-Executive Director
Shri Pavan Khaitan	Member	Non-independent, Executive Director
Shri D.S.Sandhawaliala	Member	Independent, Non-Executive Director

During the financial year 2011-12, Audit Committee met 4 times and the attendance of the Directors on the above meetings was as follows:

Director	No. of meetings held	No. of meetings attended
Shri D.C.Mehandru	4	4
Shri Jagesh K Khaitan	4	4
Shri Yashovardhan Saboo	4	1
Shri Pavan Khaitan	4	4
Shri D.S.Sandhawaliala	4	3

Sr. Vice President (Finance) and other senior executives (when required) are invited in the meetings. Statutory auditors or their Representatives, cost auditors and internal auditors are also invited to the meetings, when required. All the meetings are attended by the statutory auditors or their Representatives.

The Company Secretary acts as Secretary of the committee.

All the members of the Audit Committee, except Shri Yashovardhan Saboo, were present at the last AGM held on 2nd September, 2011.

(b) Remuneration Committee

The broad terms of reference of the Committee are to determine and recommend to the Board, compensation payable to the Chairman & Managing Director/Managing Director/Executive Directors.

The remuneration of the working directors is decided by the Board based on the recommendation of the Remuneration Committee within the ceiling prescribed under the Companies Act, 1956. The remuneration to non-executive Directors

comprised of the sitting fee only. During the financial year 2011-12 the Committee Meeting was held once on 14.02.2012.

As on 31st March 2012, the committee comprised of the following three directors of the Company:

Shri Yashovardhan Saboo	Chairman	Independent, Non -Executive Director
Shri D.C.Mehandru	Member	Independent, Non -Executive Director
Shri D.S.Sandhawalia	Member	Independent, Non-Executive Director

(c) Shareholders/Investors' Grievance Committee

Pursuant to clause 49 of the Listing Agreement, the company has constituted Shareholders'/Investors' Grievance Committee for speedy disposal of all grievances/complaints relating to shareholders/investors. The Committee specifically looks into redressal of investors' complaints and requests such as transfer of shares, non-receipt of annual report, non-receipt of declared dividend etc. In addition, the Committee advises on matters which can facilitate better investor services/relations.

As on 31st March 2012, the committee comprised of the following three Directors of the Company:

Justice S.S.Sodhi (Rtd)	Chairman	Independent, Non-Executive Director
Shri Jagesh K Khaitan	Member	Non-Independent, Executive Director
Shri U mesh K Khaitan	Member	Non-Independent, Non-Executive Director

During the financial year 2011-12, Shareholders'/Investors' Grievance Committee met once on 10.02.2012 and the attendance of the Directors on the above meeting was as follows:

Directors	No. of meetings held	No. of meetings attended
Justice S.S. Sodhi (Rtd)	1	1
Shri Jagesh K Khaitan	1	1
Shri Umesh K Khaitan	1	-

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

During the Year, the Company received 11 complaints which were replied/resolved to the satisfaction of the investors. As on 31st March, 2012, no complaints and/or requests for dematerialization were pending. All valid requests for share transfers received during the year 2011-12 have been acted upon by the Company and no transfer was pending.

4. General Body Meetings

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

Financial Year	Date	Time	Place
2008-09	25.09.2009	11.30 a.m.	NCUI Auditorium, August Kranti Marg, New Delhi-110 016
2009-10	24.09.2010	11.30 a.m.	NCUI Auditorium, August Kranti Marg, New Delhi-110 016
2010-11	02.09.2011	11.30 a.m.	Regd. Office- Paper Mill, Saila Khurd-144 529 Distt. Hoshiarpur, Punjab

An Extraordinary General Meeting was held on 23.02.2012 in which a special resolution was passed with regard to the change of name of the Company from ABC Paper Limited to Kuantum Papers Ltd.

5. Disclosures

- (i) There were no transactions of material nature with the Directors or the management or their subsidiaries or relatives 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, 1956 and in conformity, in all material respects, with the generally accepted accounting principles and standards in India. The



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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 exchanges, 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 clause 49 of the listing agreements. Non-mandatory requirement relating to Remuneration Committee has been adopted by the company.
- (vii) The shareholding of non-executive Directors of the company as on 31.03.2012 is as under:

Name of the Director	No. of shares
Justice S.S.Sodhi (Rtd)	Nil
Shri D.C.Mehandru	Nil
Shri U.K.Khaitan	36,248
Shri Yashovardhan Saboo	Nil
Shri D.S.Sandhawalía	Nil
Shri Ashutosh Khaitan	21,001

- (viii) In compliance with the terms of Clause 5A(II) of the Listing Agreement the number of equity shares lying unclaimed as on date are 81,197 owned by 3482 number of shareholders and the process of opening the 'Unclaimed Suspense Account' is underway.

6. Means of Communications

The Quarterly, Half Yearly and Annual Financial Results are communicated to the stock exchange i.e. BSE, where the Company's shares are listed as soon as they are approved and taken on record by the Board of Directors of the Company. Further, 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 were being regularly displayed on the web-site of the Company. Pursuant to the change in name of the Company to Kvantum Papers Ltd the process of all web related services under new name is underway and all updations will be made shortly on the website with the new name.

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

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

7. 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.

In terms of the requirements of clause 49 of the Listing Agreement, the Code of Business Conduct & Ethics, as approved by the Board of Directors, is displayed at the website of the Company at www.kvantumpapers.com

All the members of the Board and senior management personnel have affirmed compliance with the Code for the year ended 31st March, 2012 and a declaration to that effect signed by the Chairman & Managing Director is attached and forms part of this report.



8. Code of Conduct for prevention of Insider Trading

The Company has a Code of Conduct for prevention of Insider Trading in the shares and securities of the Company. This Code, inter alia, prohibits purchase/sale of shares of the Company by Directors and Employees 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

9. CEO/CFO Certification

The Certificate required under Clause 49(V) of the Listing Agreement duly signed by CEO/CFO was placed before the Board and the same is annexed to this report.

10. Disclosures regarding appointment/reappointment of Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Justice S.S.Sodhi(Rtd) and Shri D.S.Sandhwalia retire by rotation and are eligible for reappointment.

The Profiles of the abovesaid Directors are as under:

Name of Director	Age	Qualification	Date of Appointment	No. of the shares held in the company	Expertise	Other Directorships in Public Companies & membership of committees as on 31.03.2012
Justice S.S. Sodhi (Rtd)	79 Yrs.	Barrister at law Lincolns Inn, London	03.08.2010	Nil	Former Chief Justice, High Court of Allahabad Former Chairman of Telecom Regulatory Authority of India President of The Tribune Trust	Fortis Healthcare Ltd.
Shri D.S. Sandhwalia	50 Yrs.	Graduate in Science	03.08.2010	Nil	Corporate consultant	-

11. Practicing Company Secretary's Certificate on Corporate Governance

A certificate has been obtained from the Practicing Company Secretary regarding compliance with the provisions relating to Corporate Governance laid down in Clause 49 of the listing agreement with the stock exchanges. The same is annexed to this report.

Declaration regarding compliance of Code of Conduct

I, Jagesh K Khaitan, Chairman & Managing Director 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 31st March, 2012.

Place: Chandigarh
Date: 26.05.2012

Jagesh K Khaitan
Chairman & Managing Director



GENERAL SHAREHOLDERS INFORMATION

● **Annual General Meeting**

Date	10th July, 2012
Time	11.30 a.m.
Venue	Kvantum Papers Ltd., Paper Mill, Saila Khurd-144 529, Distt. Hoshiarpur, Punjab

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

● **Financial Calendar 2012 (Tentative)**

Board Meetings to take on record

Financial Results for Quarter ended 30.06.2012	Second week of August, 2012
Financial Results for Quarter ended 30.09.2012	Second week of November, 2012
Financial Results for Quarter ended 31.12.2012	Second week of February, 2013
Financial Results for Quarter/year ended 31.03.2013	3rd / 4th week of May, 2013
Book Closure Date	30.06.2012 to 09.07.2012 (both days inclusive)

● **Dividend Payable Date**

The Board has recommended a dividend @ Rs. 0.70 per share on the Preference Shares of Rs. 10/- each for declaration at the Annual General Meeting and has not recommended any dividend on equity shares to conserve and ploughback the resources for the ongoing capex projects. Dividend will be paid on or after 10th July, 2012 but before the statutory time limit of 30 days from the date of declaration.

● **Listing**

Name & address of stock exchanges
Bombay Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

The Company has already paid annual listing fee for the year 2012-13 to BSE.

- **Stock Code**
 - Bombay Stock Exchange : 532937
 - Demat ISIN in NSDL and CDSL for equity Shares : INE 529101013

● **Market Price Data**

The monthly high/low quotation of the equity shares traded at Bombay Stock Exchange and BSE Sensex during the financial year 2011-12 are given below.

Month	Company's Share Price (Rs.)		BSE Sensex	
	High	Low	High	Low
April 2011	50.75	40.00	19,811.14	18,976.19
May 2011	48.90	37.30	19,253.87	17,786.13
June 2011	43.50	31.30	18,873.39	17,314.38
July 2011	41.00	36.50	19,131.70	18,131.86
August 2011	40.00	31.30	18,440.07	15,765.53
September 2011	41.00	32.10	17,211.80	15,801.01
October 2011	34.25	28.65	17,908.13	15,745.43
November 2011	33.60	23.05	17,702.26	15,478.69
December 2011	27.00	21.70	17,003.71	15,135.86
January 2012	32.95	23.00	17,258.97	15,358.02
February 2012	35.75	28.10	18,523.78	17,061.55
March 2012	30.45	26.15	18,040.69	16,920.61

● **Share Transfer Agent and Demat Registrar**

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

M/s MAS Services Ltd.

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

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

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

● **Share Transfer System**

The transfer of physical shares is normally processed within a period of 15 days from the date of receipt if the documents are complete in all respects. The transfers, transmissions etc. of the Company's securities are looked after by the Registrar & Share Transfer Agent of the Company, M/s MAS Services Ltd. under the supervision and control of Company Secretary. The details of shares transferred/transmitted alongwith Shares transfer/transmission registers are placed before the 'Securities Transaction Committee' for approval. Compliance certificate under clause 47(c) of the Listing Agreement certifying the compliance of share transfer formalities is being obtained from a practicing Company Secretary on half yearly basis and is filed with the stock exchange. Requests for dematerialization of shares are processed and the confirmation is given by the Registrar & Share Transfer Agent to the respective depositories within the prescribed time limit.

● **Distribution of Equity Shareholding**

(a) Shareholding Pattern as on 31st March, 2012

Sl. No.	Description	No. of equity shares held	Shareholding %
1.	Promoters <ul style="list-style-type: none"> ● Individuals ● Bodied Corporate 	3,31,281 58,03,788	3.80 66.51
2.	Institutional Investors <ul style="list-style-type: none"> ● Mutual Funds ● UTI /Banks/Financial Institutions ● Insurance Companies ● FIs 	250 924 - -	0.00 0.01 - -
3.	Others <ul style="list-style-type: none"> ● Private Bodies Corporate ● Indian Public ● NRIs/OBCs/Pak shareholders 	14,33,213 11,29,852 27,055	16.42 12.95 0.31
	Total	87,26,363	100.00%

(b) Distribution of shareholding as on 31st March, 2012

Range of holding	No. of shareholders	%age of shareholders	No. of shares	%age of holding
1 to 5,000	18,770	98.37	5,53,234	6.34
5,001 to 10,000	133	0.70	1,07,103	1.23
10,001 to 20,000	84	0.44	1,25,060	1.43
20,001 to 30,000	27	0.14	64,505	0.74
30,001 to 40,000	7	0.04	26,445	0.30
40,001 to 50,000	12	0.06	56,774	0.65
50,001 to 1,00,000	23	0.12	1,66,514	1.91
1.00,001 and above	25	0.13	76,26,728	87.40
Total	19,081	100.00	87,26,363	100.00



Kvantum Papers Ltd

- **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, 2012, approximately 95.73 % of the shares of the Company have been dematerialized.

- **Reconciliation of Share Capital Audit**

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

- **Outstanding GDRs/ADRs/Warrants etc.**

Not applicable

- **Plant Location**

Paper Mill, Saila Khurd 144529
Distt: Hoshiarpur, Punjab

- **Address for correspondence**

- (a) **Registered Office**

Paper Mill, Saila Khurd 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 Kvantum Papers Ltd

We have examined the compliance of the conditions of Corporate Governance by Kvantum Papers Limited for the year ended 31st March, 2012 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our 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 as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the abovementioned Listing Agreement.

We state that in respect of investor grievances during the year ended 31st March, 2012 grievances were received and resolved by the Company. There were no grievances which were pending with the Company as at 31st March, 2012 as per records maintained by the Company.

We further state that compliance is neither an assurance as to the future viability of the Company nor the efficiency 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: 26.05.2012



Kvantum Papers Ltd

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION UNDER CLAUSE OF THE LISTING AGREEMENT

The Board of Directors
Kvantum Papers Ltd

We, Pavan Khaitan, Managing Director and Roshan Garg, Sr. Vice President (Finance) & CFO, of Kvantum Papers Ltd , on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2012 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 ended 31st March, 2012 which are fraudulent, illegal or violative of the Company's code of conduct;
4. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
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 significant role in the Company's internal control systems.

Roshan Garg
Sr. Vice President (Finance) & CFO

Pavan Khaitan
Managing Director

Place : Chandigarh
Dated: 23.05.2012



Kvantum Papers Ltd

AUDITORS' REPORT

To the Members of
Kvantum Papers Limited
(Formerly known as ABC Paper Limited)

- 1) We have audited the attached Balance Sheet of Kvantum Papers Limited (formerly known as ABC Paper Limited) ("the Company") as at 31 March 2012 and the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) *As stated in note 4.11 of the financial statements, the managerial remuneration to directors exceeded the limits specified in the relevant provisions of the Companies Act, 1956 by Rs. 29.06 lacs. As informed to us, the Company has taken necessary steps to seek approval from the Central Government and expects to receive such approval shortly. Pending such approval, the impact thereof on the financial statements has not been determined.*
- 5) Further to our comments in the Annexure referred to in para 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
 - (v) on the basis of written representations received from the directors as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - (vi) *subject to our comments in paragraph (4) above, the effect of which has not been ascertained*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - b. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For B S R & Co.
Chartered Accountants
Registration No. 101248W

Kaushal Kishore
Partner
Membership No. 090075

Place : Chandigarh
Date: 26 May 2012



Annexure referred to in paragraph 3 of the Auditors' report to the members of Kuantum Papers Limited (formerly known as ABC Paper Limited) on the financial statements for the year ended 31 March 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has physically verified its fixed assets during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) The Company did not dispose off substantial part of its fixed assets during the year.
- (ii) (a) According to the information and explanations given to us, inventories, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) According to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) According to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, during the year, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (b) to (d) of paragraph 4(iii) of the Order are not applicable.
- (e) According to the information and explanations given to us, the Company has during the year taken unsecured loans from six parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year and the year end balance (excluding interest thereon) was Rs. 2297 lacs.
- (f) According to the information and explanations given to us, the rate of interest and other terms and conditions in respect of unsecured loans taken by the Company, are not, prima-facie, prejudicial to the interest of the Company.
- (g) According to the information and explanations given to us, the Company is regular in repaying the principal and interest amounts as per this arrangement.
- (iv) According to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and similarly certain goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. The company did not have any sale of services during the year. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any major weakness in the aforesaid internal control system during the year.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in para (v) (a) above and exceeding the value of Rs 5 lacs with any party during the year have been made at prices which are reasonable having regard to the prevailing market price at the relevant time except for certain transactions which are for the specialized requirements of the respective parties and for which suitable alternate sources are not available to obtain comparable quotations.
- (vi) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder/the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. As informed to us, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or



Kvantum Papers Ltd

Reserve Bank of India or any Court or Tribunal in this matter and no order has been passed by any of the aforesaid authorities in this regard.

- (vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products covered where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1)(d) of the Companies Act, 1956 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 these records with a view to ensuring whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, service tax, excise duty, employee state insurance, customs duty, wealth tax, cess and other material statutory dues, to the extent applicable, have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, wealth tax, cess and other material statutory dues were in arrears as at 31 March 2012 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, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited with appropriate authorities on account of any dispute, except as mentioned below:

Name of the Statute	Nature of the Dues	Amount of dues (Rs in lacs)	Amount paid under protest (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	7.57	-	2005-2006 (Assessment year)	Commissioner of Income tax (Appeals)
Central Excise Act, 1944	Excise duty	447.36	-	2000-2001 to 2007-2008	Commissioner of Customs and excise
		181.90	-	2005-2006 to 2006-2007	Customs Excise and Service tax Appellate Tribunal
		55.44	-	April 2007	
		65.06	-	2008-09	Commissioner of Customs and excise

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financials institution. The Company did not have any outstanding dues to any debentureholders during the year.



- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) As explained to us, the Company in the previous year had given a corporate guarantee of Rs. 720.00 lacs for loans taken from a bank by a company, which was a joint venture company. The same has been released during the current year. According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.
Chartered Accountants
Registration No. 101248W

Kaushal Kishore
Partner
Membership No. 090075

Place : Chandigarh
Date: 26 May 2011



Kvantum Papers Ltd

BALANCE SHEET AS AT 31 MARCH, 2012

	Notes No.	Balance as at 31 March 2012 Rs. Lacs	Balance as at 31 March 2011 Rs. Lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1.1	922.64	972.64
(b) Reserves and surplus	1.2	5515.70	5150.02
Non-current liabilities			
(a) Long-term borrowings	1.3	13117.87	10858.86
(b) Deferred tax liabilities (Net)	1.4	2573.97	2397.71
(c) Other long term liabilities	1.5	904.91	844.17
(d) Long-term provisions	1.6	51.18	44.30
Current liabilities			
(a) Short-term borrowings	1.7	3228.26	4502.18
(b) Trade payables	1.8	1601.66	793.60
(c) Other current liabilities	1.9	4558.06	4256.03
(d) Short-term provisions	1.6	26.56	120.77
TOTAL		32500.81	29940.28
ASSETS			
Non-current assets			
(a) Fixed assets	1.10		
(i) Tangible assets		23123.19	23130.26
(ii) Intangible assets		247.53	308.92
(iii) Assets under finance lease		26.87	44.79
(iv) Capital work-in-progress		1213.64	369.20
		24611.23	23853.17
(b) Long-term loans and advances	1.11	1766.30	688.10
(c) Other non-current assets	1.12	18.88	18.88
Current assets			
(a) Inventories	1.13	3275.79	2706.96
(b) Trade receivables	1.14	1998.25	1833.56
(c) Cash and bank balances	1.15	169.73	268.97
(d) Short-term loans and advances	1.11	545.95	533.73
(e) Other current assets	1.16	114.68	36.91
TOTAL		32500.81	29940.28
Significant accounting policies	3		
Other notes to accounts	4		

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

As per our report attached

For **B S R & Co.**
Chartered Accountants
Registration No. 101248W

Kaushal Kishore
Partner
Membership No. 090075

Place : Chandigarh
Date : 26 May 2012

For and on behalf of **Kvantum Papers Limited**

Jagesh K Khaitan
Chairman & Managing Director

Roshan Garg
Sr. Vice President-Finance & CFO

Place : Chandigarh
Date : 26 May 2012

Pavan Khaitan
Managing Director

Vivek Trehan
Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

	Notes No.	For the year ended 31 March 2012 Rs. Lacs	For the year ended 31 March 2011 Rs. Lacs
Revenue from operations			
Sale of products		39429.66	31896.76
Less : excise duty		2005.86	1240.27
		<u>37423.80</u>	30656.49
Other operating revenues	2.1	92.25	60.19
Total revenue form operations		37516.05	30716.68
Other income	2.2	332.51	232.96
Total revenue		37848.56	30949.64
Expenses			
Cost of materials consumed	2.3	12529.97	10459.92
Purchases of stock-in-trade		48.95	-
Changes in inventories of finished goods, work-in-progress and stock in trade	2.4	56.60	13.69
Employee benefits expense	2.5	1968.39	1693.68
Finance costs	2.6	2425.03	2265.00
Depreciation and amortization expense	1.10	1542.33	1464.12
Other expenses	2.7	18729.27	14026.64
Total expenses		37300.54	29923.05
Profit before tax		548.02	1026.59
Tax expense			
Tax provision of earlier years		-	15.09
Current tax (MAT)		109.65	178.78
Less : MAT credit entitlement		(109.65)	(200.85)
Deferred tax charge/(credit)		176.26	285.41
Prior period deferred tax (credit)		-	(1083.35)
Profit for the year		371.76	<u>1831.51</u>
Earnings per equity share			
Basic and diluted	4.9	4.19	20.87

Significant accounting policies

3

Other notes to accounts

4

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

As per our report attached to the Balance Sheet

For **B S R & Co.**
Chartered Accountants
Registration No. 101248W

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

Jagesh K Khaitan
Chairman & Managing Director

Pavan Khaitan
Managing Director

Kaushal Kishore
Partner
Membership No. 090075

Roshan Garg
Sr. Vice President-Finance & CFO

Vivek Trehan
Company Secretary

Place : Chandigarh
Date : 26 May 2012

Place : Chandigarh
Date : 26 May 2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Amount in Rs. Lacs)

	Year ended 31 March 2012	Year ended 31 March 2011
A Cash flow from operating activities		
Net profit before taxation, and extra ordinary items	548.02	1026.60
Adjustments for:		
Depreciation and amortisation expense	1542.33	1464.12
Loss on sale of fixed assets	2.57	27.46
Interest and finance charges	2360.94	2199.54
Interest income	(41.05)	(36.32)
Foreign exchange (gain)/loss	5.69	(7.52)
Provisions written back	(159.16)	(129.83)
Operating loss before working capital changes	4259.34	4544.05
Changes in current assets and current liabilities:		
Inventories	(568.83)	416.08
Trade and other receivables	(240.29)	(619.71)
Liabilities and provisions	1152.72	216.90
Cash generated from operations	4602.94	4557.32
Income tax paid/tax deducted at source (net of refund & interest thereon)	(75.65)	(216.10)
Net cash used in operating activities	4527.29	4341.22
B Cash flow from investing activities		
Purchase of fixed assets and capital work in progres including capital advances	(3267.09)	(2295.36)
Sale of fixed assets	8.33	46.35
Sale of investments	-	129.83
Interest received	29.40	34.44
Net cash used in investing activities	(3229.36)	(2084.74)
C Cash flows from financing activities		
Redemption of preference share capital	(50.00)	(50.00)
Repayment of short term loan	(298.54)	(15.55)
Long term loan taken	2432.91	3644.31
Long term loan repaid	(3520.36)	(3348.96)
Unecured loans taken	4536.19	5049.95
Unecured loans repaid	(1964.44)	(5066.16)
Interest paid	(2354.10)	(2197.24)
Dividend paid	(112.71)	(99.45)
Net cash generated from financing activities	(1331.05)	(2083.10)
Net increase in cash and cash equivalents (A+B+C)	(33.12)	173.38
Cash and cash equivalents at the beginning of the period	316.73	143.35
Cash and cash equivalents at the end of the period	283.61	316.73

Note : The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 on Cash Flow Statement prescribed by the Companies (Accounting Standards) Rules, 2006.

As per our report attached to the Balance Sheet

For **B S R & Co.**
Chartered Accountants
Registration No. 101248W

Kaushal Kishore
Partner
Membership No. 090075

Place : Chandigarh
Date : 26 May 2012

For and on behalf of **Kvantum Papers Limited**

Jagesh K Khaitan
Chairman & Managing Director

Roshan Garg
Sr. Vice President-Finance & CFO

Place : Chandigarh
Date : 26 May 2012

Pavan Khaitan
Managing Director

Vivek Trehan
Company Secretary



Notes to accounts

1.1 SHARE CAPITAL

Particulars

	As at 31 March 2012	As at 31 March 2011
	Rs. Lacs	Rs. Lacs
1.1.1 Authorised		
1,75,00,000 (previous year 1,75,00,000) equity shares of Rs. 10 each	1750.00	1750.00
25,00,000 (previous year 25,00,000) 7% redeemable preference shares of Rs. 10 each	250.00	250.00
	<u>2000.00</u>	<u>2000.00</u>
1.1.2 Issued, subscribed and paid up		
87,26,363 (previous year 87,26,363) equity shares of Rs.10 each, fully paid up	872.64	872.64
5,00,000 (previous year 10,00,000) 7% redeemable preference shares of Rs. 10 each, fully paid up	50.00	100.00
	<u>922.64</u>	<u>972.64</u>

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

- a) During the current year and in the previous year, there has been no movement in the number of equity shares outstanding.
- b) 7% redeemable preference shares of Rs. 10 each fully paid up

Particulars

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of shares	Amount (Rs. Lacs)	Number of shares	Amount (Rs. Lacs)
Balance as at the beginning of the year	10,00,000	100.00	15,00,000	150.00
Less : Shares redeemed during the year	(5,00,000)	(50.00)	(5,00,000)	(50.00)
Balance as at the end of the year	5,00,000	50.00	10,00,000	100.00

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

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

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors (except for interim dividend) is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) 7% 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.

In the event of liquidation of the Company, the holders of preference shares will be entitled to receive the amount of their preference capital contribution before distribution of the remaining assets to the equity shareholders.

The preference shares are redeemable in 4 equal instalments of Rs. 50 lacs each at the end of 3rd, 4th, 5th and 6th year from the date of allotment i.e. 27 September 2006. Accordingly, 5,00,000 (previous year 5,00,000) shares were redeemed during the year.



Kvantum Papers Ltd

Notes to accounts

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

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

Name of shareholder	As at 31 March 2012		As at 31 March 2011	
	% of holdings	No. of shares held	% of holdings	No. of shares held
(i) Esteem Finventures Limited	49.16	42,89,538	49.16	42,89,538
(ii) Combine Overseas Limited	17.35	15,14,250	17.35	15,14,250
(iii) Delhi Iron & Steel Company Private Limited	6.75	5,88,617	1.45	1,26,500
Total	73.26	63,92,405	67.96	59,30,288

b) 7% redeemable preference shares of Rs. 10 each fully paid up

Name of shareholder	As at 31 March 2012		As at 31 March 2011	
	% of holdings	No. of shares held	% of holdings	No. of shares held
Amrit Corp Limited	100	5,00,000	100	10,00,000
Total	100	5,00,000	100	10,00,000

1.1.6 Disclosure pursuant to note 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Year (aggregate no. of shares)					
	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
a) Equity shares of Rs. 10 each fully paid up						
Fully paid up pursuant to contract (s) without payment being received in cash	64,26,463	64,26,463	64,26,463	64,26,463	64,26,463	-

1.2 RESERVES AND SURPLUS

Particulars	As at 31 March 2012 Rs. Lacs	As at 31 March 2011 Rs. Lacs
1.2.1 Capital redemption reserve*		
Opening balance	100.00	50.00
Add : Amount transferred from surplus in the Statement of Profit and Loss	50.00	50.00
Closing balance	150.00	100.00
1.2.2 Capital subsidy	100.14	100.14
1.2.3 General reserve		
Opening balance	2457.92	2357.92
Add : Amount transferred from surplus in the Statement of Profit and Loss	-	100.00
Closing balance	2457.92	2457.92
1.2.4 Surplus in the Statement of Profit and Loss		
Opening balance	2491.96	922.37
Add : Net profit for the year	371.76	1831.51
	2863.72	2753.88
Less : Proposed dividend - equity shares**	-	(87.26)
Less : Proposed dividend - preference shares ***	(5.20)	(8.72)
Less : Dividend distribution tax	(0.87)	(15.94)
Less: Transferred to general reserve	-	(100.00)
Less : Transferred to capital redemption reserve	(50.00)	(50.00)
Closing balance	2807.65	2491.96
	5515.70	5150.02

* towards redemption of preference share capital ** Rs. Nil (previous year Re. 1) per equity share *** Re. 0.7 (previous year Re. 0.7) per preference share



Notes to accounts

1.3 LONG TERM BORROWINGS

Particulars	Footnote	Long term maturities		Current maturities	
		As at	As at	As at	As at
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
		Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
1.3.1 Secured					
(a) Term loans					
from banks	1	8046.93	9004.66	3325.18	3420.61
(b) Finance lease obligations					
for purchase of computers	2	7.50	27.78	20.28	17.72
(c) Vehicle loans					
from banks	3	65.97	85.56	43.89	39.29
from others		-	0.15	0.15	1.58
		<u>8120.40</u>	<u>9118.15</u>	<u>3389.50</u>	<u>3479.20</u>
1.3.2 Unsecured					
(a) Public deposits	4	1121.15	784.39	428.96	139.94
(b) Inter corporate deposits from related parties	5				
from Esteem Finventures Limited#		808.00	115.00	-	-
(c) Loans from directors and relatives					
from Mr. Pavan Khaitan (director)#		200.00	-	-	-
from Mrs. Aparna Khaitan (relative of director)#		195.00	-	-	-
(c) Inter corporate deposits from body corporate#	6	2673.32	841.32	-	-
		<u>4997.47</u>	<u>1740.71</u>	<u>428.96</u>	<u>139.94</u>
Less: Amount shown under other current liabilities (Note 1.9)		-	-	3818.46	3619.14
		<u>13117.87</u>	<u>10858.86</u>	<u>-</u>	<u>-</u>

Considered to be long term in the assessment of management

Footnotes:

1) Term Loan of:

a. Rs. 5390.00 lacs (previous year Rs. 7027.63 lacs) are secured by a first parri passu charge on all the fixed assets (immovable and movable) of the Company both present and future alongwith equitable mortgage of factory land and building at Sailakhurd and second charge on the current assets. The said loans are also secured by personal guarantee of directors.

b. Rs. 2004.65 lacs (previous year Rs. nil) is secured by a first parri passu charge on fixed assets (immovable and movable) of the Company both present and future alongwith equitable mortgage of factory land and building at Sailakhurd and second charge on the current assets. The said loans are also secured by personal guarantee of directors. The term loan is also secured by pledge of 10,00,000 equity shares of the Company by an associate company.

c. Rs. 3977.46 lacs (previous year Rs. 5397.64 lacs) is secured by a first parri passu charge on fixed assets (immovable and movable) of the Company both present and future alongwith equitable mortgage of factory land and building at Sailakhurd . The said loans are also secured by personal guarantee of directors.

d. The rate of interest on the loans ranges from 14.00% to 15.25% per annum.

e. Maturity of the term loans is as under (Rs. Lacs) :

<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
3325.18	3572.20	2890.68	1654.40	1025.00	900.00



Kvantum Papers Ltd

Notes to accounts

2) Assets under finance lease are secured against assets taken on finance lease. Maturity of the finance lease is as under (Rs. Lacs) :

<u>2012-13</u>	<u>2013-14</u>
19.44	8.34

3) Vehicle loans are secured against hypothecation of the specified vehicles purchased from proceeds of the said loan. The rate of interest on the loans ranges from 11.00% to 12% per annum. Maturity of the vehicles loans is as under (Rs. Lacs) :

<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
44.03	40.41	22.18	2.32	1.07

4) The rate of interest on public deposits ranges from 10.50% to 11.50% per annum. Public deposits are accepted for a period of 1-3 years. Maturity of the public deposits is as under (Rs. Lacs):

<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
428.96	426.74	696.91

5) The rate of interest on intercorporate deposits ranges from 10% to 12% per annum. The inter coporate deposits are payable in 3 years.

6) The interporporate deposit includes an amount of Rs. 191.32 lacs due to Amrit Banaspati Company Limited (ABCL), an erstwhile associate company. The loan was devolved on the demerger of the paper business from ABCL into the company pursuant to a Scheme of Arrangement (effective from April 1, 2006) entered into between Amrit Banaspati Company Limited, the Company and Amrit Enterprises Limited. The repayment of the said unsecured loan was to commence after March 31, 2010. The Company proposed a repayment schedule to ABCL which was not accepted by ABCL. ABCL has since filed an application u/s 433 / 434 of the Companies Act, 1956 in the jurisdictional High Court and the matter is sub-judice with respect to the repayment schedule. The interest on the loan has been paid upto March 31, 2012.

1.4 DEFERRED TAXES

Particulars

	As at 31 March 2012	As at 31 March 2011
	Rs. Lacs	Rs. Lacs
Deferred tax assets on:		
Provision for employee benefits	23.25	17.24
Provision for doubtful debts and advances	10.50	10.50
Expenses allowable on payment basis	42.93	37.67
Unabsorbed depreciation	1048.75	1030.71
Finance lease obligation	9.01	14.76
Others	-	0.07
	1134.44	1110.95
Deferred tax liabilities on:		
Accelerated tax depreciation, etc.	3708.41	3508.66
	3708.41	3508.66
Net deferred tax (assets) / liabilities	2573.97	2397.71



Notes to accounts

1.5 OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs. Lacs	Rs. Lacs
Others		
- Security deposits	893.82	834.02
- Interest accrued but not due on borrowings	11.09	10.15
	<u>904.91</u>	<u>844.17</u>

1.6 LONG TERM AND SHORT TERM PROVISIONS

Particulars	Long-term		Short-term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
(a) Provision for employee benefits				
Leave encashment	51.18	44.30	20.49	8.85
(b) Others				
Proposed dividend	-	-	5.20	95.98
Corporate dividend tax	-	-	0.87	15.94
	<u>51.18</u>	<u>44.30</u>	<u>26.56</u>	<u>120.77</u>

1.7 SHORT TERM BORROWINGS

Particulars	Footnote	As at 31 March 2012	As at 31 March 2011
		Rs. Lacs	Rs. Lacs
1.7.1 Secured			
(a) Working capital loans from banks	1	2815.02	2490.44
(b) Buyers' credit from banks		-	623.12
		<u>2815.02</u>	<u>3113.56</u>
1.7.2 Unsecured			
(a) Public deposits		413.24	488.63
(b) Other loans and advances from others		-	899.99
		<u>413.24</u>	<u>1388.62</u>
		<u>3228.26</u>	<u>4502.18</u>

Footnotes:

1) Working capital loans of Rs. 2815.02 lacs (previous year Rs. 2490.44 lacs) are secured by hypothecation of all current assets, second charge on the fixed assets of the Company and personal guarantees of directors. The rate of interest on the loans is 14.25% per annum.

1.8 TRADE PAYABLES

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs. Lacs	Rs. Lacs
(a) Acceptances	452.80	209.36
(b) Other trade payables		
from other than micro and small enterprises (refer to note. 4.4)	1148.86	584.24
	<u>1601.66</u>	<u>793.60</u>



Kvantum Papers Ltd

Notes to accounts

1.9 OTHER CURRENT LIABILITIES

Particulars

	As at 31 March 2012 Rs. Lacs	As at 31 March 2011 Rs. Lacs
(a) Current maturities of long-term debts (refer to note 1.3)	3798.18	3601.42
(b) Current maturities of finance lease obligations (refer to note 1.3)	20.28	17.72
(c) Interest accrued but not due on borrowings	17.97	15.56
(d) Interest accrued and due on security deposit	54.54	51.09
(e) Unpaid dividends	18.30	16.95
(f) Unpaid matured deposits and interest accrued thereon	0.15	0.94
(g) Other payables		
Statutory dues	128.04	61.11
Creditors for fixed assets	191.00	207.59
Advances from customers	57.30	44.18
Employees dues	265.70	234.58
Others	6.60	4.89
	4558.06	4256.03

1.10 FIXED ASSETS

Rs. Lacs

	GROSS BLOCK					ACCUMULATED DEPRECIATION				NET BLOCK
	Balance as at 1 April 2011	Additions	Disposals	Adjustments under Accounting Standard 16	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation/ amortization for the year	On disposals	Balance as at 31 March 2012	Balance as at 31 March 2012
	(a)	(b)	(c)	(d)	(e)=(a+b-c+d)	(f)	(g)	(h)	(i)=(f+g-h)	(j)=(e-i)
Tangible assets										
Freehold land @	77.67	9.00	9.00	-	77.67	-	-	-	-	77.67
Buildings	3342.76	89.21	-	-	3431.97	524.58	102.30	-	626.88	2805.09
Plant and equipment	27417.43	1252.91	-	24.19	28694.53	7502.17	1324.53	-	8826.70	19867.83
Furniture and fixtures	75.95	4.88	0.28	-	80.55	51.01	2.61	0.05	53.57	26.98
Vehicles	80.06	36.56	21.56	-	95.06	22.68	7.33	10.88	19.13	75.93
Equipment and Appliances	76.13	0.55	-	-	76.68	46.15	2.60	-	48.75	27.93
Computers	121.57	6.76	-	-	128.33	87.77	11.91	-	99.68	28.65
Electric installation	169.64	39.60	-	-	209.24	147.36	1.89	-	149.25	59.99
Laboratory equipment	52.45	12.22	-	-	64.66	17.11	2.70	-	19.81	44.85
Water supply system	207.14	0.00	-	-	207.14	91.76	7.17	-	98.93	108.23
Gas cylinders	0.78	0.00	-	-	0.78	0.74	-	-	0.74	0.04
(A)	31621.59	1451.69	30.84	24.19	33066.62	8491.33	1463.04	10.93	9943.44	23123.19
Intangible assets										
Brands / trademarks	613.86	-	-	-	613.86	304.94	61.39	-	366.33	247.53
(B)	613.86	-	-	-	613.86	304.94	61.39	-	366.33	247.53
Assets under finance lease										
Computers equipment	53.74	-	-	-	53.74	8.96	17.91	-	26.87	26.87
(C)	53.74	-	-	-	53.74	8.96	17.91	-	26.87	26.87
Capital work in progress										1213.64
(D)										1213.64
Grand total (A+B+C+D)	32289.19	1451.69	30.84	24.19	33734.22	8805.23	1542.33	10.93	10336.63	24611.23

@ The addition and deletion under freehold land is in pursuant to an exchange deed.



Notes to accounts

	GROSS BLOCK					ACCUMULATED DEPRECIATION			NET BLOCK	
	Balance as at 1 April 2010	Additions	Disposals	Adjustments under Accounting Standard 16	Balance as at 31 March 2011	Balance as at 1 April 2010	Depreciation/ amortization for the year	On disposals	Balance as at 31 March 2011	Balance as at 31 March 2011
	(a)	(b)	(c)	(d)	(e)=(a+b-c+d)	(f)	(g)	(h)	(i)=(f+g-h)	(j)=(e-i)
Tangible assets										
Freehold land	77.67	-	-	-	77.67	-	-	-	-	77.67
Buildings	3042.94	299.82	-	-	3342.76	422.92	101.66	-	524.58	2818.19
Plant and equipment	24827.48	2719.77	144.08	14.25	27417.43	6338.81	1256.55	93.19	7502.17	19915.26
Furniture and fixtures	72.72	3.23	0.00	-	75.95	48.81	2.19	-	51.01	24.94
Vehicles	86.84	24.95	31.73	-	80.06	24.55	7.31	9.18	22.68	57.38
Equipment and Appliances	72.69	3.93	0.49	-	76.13	43.47	2.79	0.11	46.15	29.98
Computers	114.48	7.10	-	-	121.57	74.81	12.96	-	87.77	33.80
Electric installation	160.65	8.99	-	-	169.64	146.66	0.69	-	147.36	22.29
Laboratory equipment	47.84	4.60	-	-	52.45	14.69	2.42	-	17.11	35.33
Water supply system	207.14	0.00	-	-	207.14	84.57	7.19	-	91.76	115.38
Gas cylinders	0.78	0.00	-	-	0.78	0.74	0.00	-	0.74	0.04
(A)	28711.24	3072.39	176.30	14.25	31621.59	7200.04	1393.77	102.48	8491.33	23130.26
Intangible assets										
Brands / trademarks	613.86	-	-	-	613.86	243.55	61.39	-	304.94	308.92
(B)	613.86	-	-	-	613.86	243.55	61.39	-	304.94	308.92
Assets under finance lease										
Computers Equipment	-	53.74	-	-	53.74	-	8.96	-	8.96	44.79
(C)	-	53.74	-	-	53.74	-	8.96	-	8.96	44.79
Capital work in progress										
(D)										369.20
Grand total (A+B+C+D)	29325.10	3126.13	176.30	14.25	32289.19	7443.59	1464.12	102.48	8805.23	23853.17

1.11 LOANS AND ADVANCES

(Unsecured considered good, unless otherwise stated)

Particulars	Long-term		Short-term	
	As at 31 March 2012 Rs. Lacs	As at 31 March 2011 Rs. Lacs	As at 31 March 2012 Rs. Lacs	As at 31 March 2011 Rs. Lacs
(a) Capital advances	1127.31	188.13	-	-
(b) Security deposits	63.61	32.55	-	-
(c) Other loans and advances				
Prepaid expenses	5.28	6.97	47.37	45.69
Advances to employees	-	-	11.50	10.34
Advances to suppliers	-	-	205.31	181.32
CENVAT credit receivable	-	-	164.92	85.25
VAT credit receivable	-	-	57.81	21.42
Service tax credit receivable	-	-	6.19	14.97
Gratuity Trust Fund	-	-	4.88	-
MAT credit entitlement	570.10	460.45	-	-
Taxation (Net of provisions aggregating Rs. 1028.84 lacs (previous year Rs.883.28 lacs)	-	-	38.44	72.43
Others	-	-	9.53	102.31
Advances to suppliers (considered doubtful)	-	-	9.77	9.77
Less : Provision for doubtful loans and advances	-	-	(9.77)	(9.77)
	1766.30	688.10	545.95	533.73



Kvantum Papers Ltd

Notes to accounts

1.12 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2012 Rs. Lacs	As at 31 March 2011 Rs. Lacs
Non current portion of balances with banks		
Fixed deposits held as margin money	18.88	18.88
	<u>18.88</u>	<u>18.88</u>

1.13 INVENTORIES (valued at lower of cost or net realisable value)

Particulars	As at 31 March 2012 Rs. Lacs	As at 31 March 2011 Rs. Lacs
Raw materials (including packing materials)	1453.08	678.08
Add : Goods-in-transit	-	165.06
Work-in-progress	<u>109.90</u>	119.18
Finished goods (other than traded goods)	20.48	67.80
Stores and spares	908.52	870.24
Loose tools	0.58	0.66
Chemicals and fuels	783.22	692.91
Add : Goods-in-transit	-	113.03
	<u>3275.78</u>	<u>2706.96</u>

1.14 TRADE RECEIVABLES

Particulars	As at 31 March 2012 Rs. Lacs	As at 31 March 2011 Rs. Lacs
1.14.1 Receivables outstanding for a period exceeding six months		
Unsecured, considered good	0.87	12.99
Considered doubtful	22.60	22.60
Less : Provision for doubtful receivables	<u>(22.60)</u>	<u>(22.60)</u>
	0.87	12.99
1.14.2 Other trade receivables		
Unsecured, considered good	1997.38	1820.57
	<u>1998.25</u>	<u>1833.56</u>

1.15 CASH AND BANK BALANCES

Particulars	As at 31 March 2012 Rs. Lacs	As at 31 March 2011 Rs. Lacs
1.15.1 Cash and cash equivalents		
Balances with banks		
Current accounts	6.48	8.89
Unpaid dividend accounts	18.30	16.95
Cash in hand	16.02	7.76
1.15.2 Other bank balances		
Balances held as margin money*	128.93	235.37
*pledged as security for letters of credit/bank guarantees	<u>169.73</u>	<u>268.97</u>



Notes to accounts

1.16 OTHER CURRENT ASSETS

(Unsecured considered good, unless otherwise stated)

Particulars

Others

Interest accrued on bank deposits	15.20	5.27
Interest accrued on other deposits	4.48	2.76
Deposits with more than twelve months original maturity	95.00	28.88
	<u>114.68</u>	<u>36.91</u>

As at
31 March 2012

Rs. Lacs

As at
31 March 2011

Rs. Lacs

2.1 OTHER OPERATING REVENUES

Particulars

Scrap and sludge sales	52.54	14.94
Export benefits	-	6.78
Insurance expenses recovered from customers	39.71	38.47
	<u>92.25</u>	<u>60.19</u>

For the year ended
31 March 2012

Rs. Lacs

For the year ended
31 March 2011

Rs. Lacs

2.2 OTHER INCOME

Particulars

Interest income	28.04	14.13
on fixed deposits	13.02	22.19
others	159.16	12.78
Liabilities no longer required written back	-	129.83
Provision for diminution in value of investment (Long term, trade) written back	35.42	5.18
Insurance claims received	-	35.46
Foreign exchange gain (net)	83.00	-
Plantation sales	13.87	13.39
Rental income		
	<u>332.51</u>	<u>232.96</u>

For the year ended
31 March 2012

Rs. Lacs

For the year ended
31 March 2011

Rs. Lacs

2.3 COST OF MATERIALS CONSUMED

Particulars

Raw materials consumed

Opening stock	808.44	1397.35
Add : Purchases during the year	12463.10	9124.55
	13271.54	10521.90
Less : Closing stock	1433.01	808.44
	<u>11838.53</u>	<u>9713.46</u>

Packing materials consumed

Opening stock	34.70	23.54
Add : Purchases during the year	676.81	757.62
	711.51	781.16
Less : Closing stock	20.07	34.70
	<u>691.44</u>	<u>746.46</u>
	<u>12529.97</u>	<u>10459.92</u>

For the year ended
31 March 2012

Rs. Lacs

For the year ended
31 March 2011

Rs. Lacs



Notes to accounts

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

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
		Rs. Lacs		Rs. Lacs
Finished goods				
Closing stock	20.48		67.80	
Less : opening stock	<u>67.80</u>		<u>74.02</u>	
		(47.32)		(6.22)
Work in progress				
Closing stock	109.90		119.18	
Less : opening stock	<u>119.18</u>		<u>126.65</u>	
		(9.28)		(7.47)
Increase/(decrease)		<u>(56.60)</u>		<u>(13.69)</u>

2.5 EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
		Rs. Lacs		Rs. Lacs
Salaries and wages				
salaries, bonus and wages		1628.92		1390.39
leave encashment and other compensation		90.31		71.68
Contribution to				
provident fund and other funds		177.04		148.44
gratuity fund		45.93		54.18
Staff welfare expenses		26.19		28.99
		<u>1968.39</u>		<u>1693.68</u>

2.6 FINANCE COSTS

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
		Rs. Lacs		Rs. Lacs
Interest Expense				
on borrowings from banks		1873.18		1842.70
on borrowings from others		484.22		354.45
finance charges under finance lease		3.55		2.39
Bank charges		64.08		65.46
		<u>2425.03</u>		<u>2265.00</u>



Notes to accounts

2.7 OTHER EXPENSES

Particulars	For the year ended	For the year ended
	31 March 2012	31 March 2011
	Rs. Lacs	Rs. Lacs
Consumption of stores and spares	1294.55	952.30
Consumption of chemicals	7830.22	5352.55
Power and fuel	7756.01	5846.46
Rent	29.68	28.20
Repairs to buildings	18.64	13.02
Repairs to machinery	212.14	185.54
Insurance	62.21	50.74
Rates and taxes	32.61	40.22
Legal and professional	299.57	425.07
Loss on sale of fixed assets (net)	2.57	27.46
Sundry balances written off	0.92	5.67
Advances written off	74.72	-
Commission to directors	6.59	10.35
Pollution control expenses*	253.16	286.32
Foreign exchange loss (net)	227.93	-
Miscellaneous expenses	627.75	802.74
	<u>18729.27</u>	<u>14026.64</u>

* includes Rs. 80.80 lacs (previous year Rs. 72.71 lacs) and Rs.143.45 lacs (previous year Rs. 198.06 lacs) towards salary and wages and power consumption cost respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Background

Kuantum Papers Limited (formerly ABC Paper Limited) ("The Company") is a limited Company incorporated under the provisions of the Companies Act, 1956.

The Company is listed on Bombay Stock Exchange.

The Company's business primarily consists of manufacture and sales of paper, mainly in the domestic markets. The Company's name has changed from ABC Paper Limited to Kuantum Papers Limited w.e.f. 30 March 2012.

3.2 Significant accounting policies

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the accounting standards as notified under the Companies (Accounting Standards) Rules, 2006 and the presentational requirements as prescribed by the Revised Schedule VI of the Companies Act, 1956, to the extent applicable.

b. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Examples of such estimates include estimation of future obligations under employee retirement benefit plans, estimated useful life of fixed assets, classification of assets / liabilities etc. Actual results could differ from these estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standards. All assets and liabilities have been classified as current and non current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act



Notes to accounts

1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle being a period within 12 months for the purposes of classification of assets and liabilities as current and non-current.

c. Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost is inclusive of freight, duties, taxes, other directly attributable normal costs to bring the assets to their working condition for intended use and net of Cenvat/VAT availed.

Other than leased assets, depreciation is provided at the rates specified in Schedule XIV of the Companies Act, 1956 on the following basis:

- | | |
|-----------------------------------|---------------------------|
| - Second hand captive power plant | Written down value method |
| - All other assets | Straight line method |

In respect of fixed assets taken on finance lease, the depreciation is provided on the straight line method over the useful life of assets as estimated by the management (presently 3 years) or lease period, whichever is shorter.

In respect of assets added/disposed off during the year, depreciation is charged on a pro-rata basis with reference to the month of addition/disposal. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase.

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. These assets are valued at cost which comprises its purchase price and any directly attributable expenditure.

Intangible assets in the form of paper brands/trade marks are amortised under the straight line method over their estimated useful life of 10 years.

d. Capital subsidy

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

e. Impairment

The carrying amounts of assets are reviewed at each balance sheet date in accordance with Accounting Standard 28, 'Impairment of Assets', to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. 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 the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

f. Accounting for investment

Investments are classified into current and long term investments. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments (excluding current maturities of long term investments) are stated at the lower of cost and fair value. Long term investments, including interests in joint venture companies, are carried at cost. A provision for diminution in value is made to recognize a decline other than temporary in the value of long term investments.

g. Inventories

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

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

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



Notes to accounts

h. Foreign currency transactions

The Company accounts for effects of difference in foreign exchange rates in accordance with Accounting Standard 11 notified by the Companies (Accounting Standards) Rules, 2006. Foreign currency transactions are recorded using the exchange rate prevailing on the date of transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currency are restated at the exchange rate prevailing at the year end. The resultant differences are recognised in the Statement of Profit and Loss.

i. Revenue recognition

Revenue from sale of products is recognised on transfer of all significant risk and rewards of ownership to the buyer which coincides with despatch of goods from factory premises and is recognised on accrual basis. The sales are recorded at invoice value net of rebate / trade discounts, sales tax and returns and including excise duties.

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

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

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

j. Employee benefits

Short term employee benefits

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

Post employment benefits

Defined contribution plans

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

Defined benefit plans

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried at the year end using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

The Company contributes to a registered trust administered by it to cover its liabilities towards employees' gratuity. Liability with respect to the Gratuity plan determined as above and any differential between the fund amount as per the trust and the liabilities as per actuarial valuation is recognised as an asset or liability.

Other long term employee benefits

Benefits under the Company's leave encashment constitute other long term employee benefits. Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss for the period in which the employee has rendered services. Estimated liability on account of long-term benefits is actuarially determined based on the projected unit credit method using the yield on government bonds, as on the date of balance sheet, as the discounting rate. Actuarial gains and losses are recognized in the Statement of Profit and Loss.

k. Research and development expenditure

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

l. Taxes on income

Income tax expense comprises current tax and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the period). The deferred tax charge or credit and the



corresponding deferred tax liability or deferred tax asset is recognised using the tax rates that have been enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation. Such assets are reviewed at each Balance Sheet date to reassess realisation. However, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence of realisation of such assets.

Minimum Alternative Tax ("MAT") paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in future. MAT Credit entitlement can be carried forward and utilized for a specific period as prescribed under the law from the year in which the same is availed. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

m. Leases

Operating leases

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

Finance leases

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

n. Provisions and contingencies

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

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

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

o. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

p. Earnings per share

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



Notes forming part of the accounts
(All amounts are in lacs, unless stated otherwise)

4. OTHER NOTES TO ACCOUNTS

4.1 Contingent liabilities and commitments

Particulars	As at 31 March 2012	As at 31 March 2011
a) Claims against the Company not acknowledged as debts		
- Income tax matters	7.57	394.73
- Excise duty matters	749.75	749.75
b) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2266.12	882.39
c) Guarantees given by the Company on behalf of other parties.	-	720.00
d) During the year, a search was carried out by the Income tax authorities at various premises of the Company and the assessments are under progress. The management has assessed its position and is of the view that it would not have any impact on the financial statements of the Company as at and for the year ended 31 March 2012.		

4.2 Auditors' remuneration (excluding service tax)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
- As auditors	4.00	5.00
- Limited reviews	6.00	3.07
- Reimbursement of out of pocket expenses	1.55	1.29
Total	11.55	9.36

4.3 Borrowing costs amounting to Rs.24.19 lacs (previous year Rs. 14.25 lacs) attributable to acquisition and construction of fixed assets have been capitalized during the year.

4.4 Based on the information presently available, there are no amounts due to any micro or small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

4.5 The Company had a joint venture with Granit Recherche Developpement S.A. of Switzerland for treatment of black liquor through a process "Lignin Precipitation System (LPS)" plant in joint venture company (hereinafter referred as JV) under the name of "Greencone Environs Private Limited". The Company had invested a sum of Rs. 129.83 Lacs in equity (49.62%) and had an outstanding unsecured loan of Rs. 600.00 Lacs as on 31 March 2010.

During the previous year, consequent to an arrangement with a party, the investment was sold at par value and the value of investment amounting to Rs. 129.83 lacs earlier provided for, was written back. The Company had also received back the entire unsecured loan of Rs. 600.00 lacs during the previous year.

Pursuant to Accounting Standard (AS) 27 - Financial Reporting on interest in Joint Venture, the disclosures relating to the joint-venture viz., Greencone Environs Private Limited are as follows:

(a) As at 31 March 2012 and 31 March 2011, the Company did not have any interest in Greencone Environs Private Limited.

(b) The aggregate amounts of income and expenses relating to the Company's interest in the JV in previous year were as follows:

Particulars	1 April 2010 to 6 July 2010 # (Un-audited)
Income	39.57
Expenses	47.03

on a pro-rata basis till the date it was a joint venture.



Kvantum Papers Ltd

Notes forming part of the accounts
(All amounts are in lacs, unless stated otherwise)

4.6 Related party transactions

A. Related parties where control exists : None

B. Other related parties where transactions happened and nature of related party relationships

Description of relationship	Name of the party
(a) Key management personnel and individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise	- Mr. Jagesh K Khaitan, Chairman & Managing Director - Mr. Pavan Khaitan, Managing Director - Mr. N.K.Bajaj (only in previous year till 16 July 2010)
(b) Relative of individuals mentioned in (a) above	- Mrs. Aparna Khaitan - Mrs. Usha Khaitan - Mrs. Shashi Khaitan - Ms. Deeksha Khaitan - Ms. Malavika Khaitan
(c) Enterprises over which, individuals (together with their relatives) mentioned in (a) above have significant influence	- Combine Overseas Limited - Pooja Gases Private Limited** - Pushpak Finvest Private Limited ** - United Holdings Private Limited** - Amrit Corp Limited** - Amrit Banaspati Co. Limited** **(only in previous year till 16 July 2010)
(d) Joint ventures (upto 6 July 2010 refer to note 4.5)	- Greencone Environs Private Limited
(e) Investing party in respect of which the Company is an associate	- Esteem Finventures Limited

C. Transactions during the year

Nature of transactions

a) Unsecured loans taken

- Esteem Finventures Limited
- Combine Overseas Limited
- Mr. Jagesh K Khaitan #
- Mr. Pavan Khaitan
- Mrs. Aparna Khaitan
- Ms. Deeksha Khaitan
- Ms. Malavika Khaitan

b) Unsecured loans repaid

- Esteem Finventures Limited
- Combine Overseas Limited
- Pooja Gases Private Limited
- Pushpak Finvest Private Limited
- United Holdings Private Limited
- Mr. Jagesh K Khaitan #
- Mrs. Aparna Khaitan

c) Interest on unsecured loans

- Esteem Finventures Limited
- Combine Overseas Limited
- Pooja Gases Private Limited
- Pushpak Finvest Private Limited
- United Holdings Private Limited
- Mr. Jagesh K Khaitan
- Mr. Pavan Khaitan
- Mrs. Aparna Khaitan
- Ms. Deeksha Khaitan
- Ms. Malavika Khaitan
- Mrs. Usha Khaitan
- Mrs. Shashi Khaitan

For the year ended 31 March 2012

1844.00

853.00

-

40.00

540.00

405.00

-

6.00

180.00

160.00

-

-

-

-

20.00

-

-

17.23

-

-

-

-

22.71

22.48

22.16

4.37

4.28

5.75

12.00

For the year ended 31 March 2011

533.00

115.00

50.00

200.00

25.00

73.00

38.00

32.00

185.00

-

50.00

25.00

25.00

45.00

-

40.00

45.29

0.43

1.10

0.32

0.31

0.50

14.79

1.62

6.54

1.83

1.98

3.87

12.00



Notes forming part of the accounts
(All amounts are in lacs, unless stated otherwise)

d) Advances given	-	125.00
- Greencone Environs Private Limited	-	125.00
e) Advances recovered	-	725.00
- Greencone Environs Private Limited	-	725.00
f) Investment sold	-	129.83
- Esteem Finventures Limited	-	129.83
g) Managerial remuneration	94.98	95.37
- Mr. Jagesh K Khaitan	53.33	37.83
- Mr. Pavan Khaitan	41.65	41.89
- Mr. N K Bajaj	-	15.65
h) Equity dividend paid	58.04	58.04
- Esteem Finventures Limited	42.90	42.90
- Combine Overseas Limited	15.14	15.14
i) Preference dividend paid	8.72	12.23
- Amrit Corp Limited	8.72	12.23
j) Preference dividend proposed	5.20	8.72
- Amrit Corp Limited	5.20	8.72
k) Sale of fixed assets (excluding sales tax)	-	14.57
- Amrit Banaspati Company Limited	-	14.57
l) Purchase of fixed assets	-	5.90
- Amrit Banaspati Company Limited	-	5.90
m) Legal and professional expenses (excluding services tax)	178.20	312.90
- Esteem Finventures Limited	64.20	181.90
- Combine Overseas Limited	114.00	76.00
- Amrit Corp Limited	-	55.00
n) Expenses paid	-	255.75
Amrit Corp Limited	-	-
- Royalty	-	254.09
- Other	-	1.66
o) Sale of goods	-	-
- Amrit Banaspati Company Limited	-	0.12
p) Rent income	-	-
- Greencone Environs Private Limited	-	0.11

includes Rs. 20.00 lacs FDR matured and renewed during the year.

D. Balance outstanding

Particulars	As at 31 March 2012	As at 31 March 2011
Unsecured loans	2297.00	633.00
- Esteem Finventures Limited	808.00	115.00
- Mr. Jagesh K Khaitan	220.00	200.00
- Mr. Pavan Khaitan	565.00	25.00
- Mrs. Aparna Khaitan	478.00	73.00
- Mrs. Usha Khaitan	50.00	50.00
- Mrs. Shashi Khaitan	100.00	100.00
- Ms. Deeksha Khaitan	38.00	38.00
- Ms. Malavika Khaitan	38.00	32.00
Interest accrued	2.01	16.41
- Mr. Jagesh K Khaitan	2.01	14.79
- Mr. Pavan Khaitan	-	1.62

4.7 Segment information

The Company is engaged in the business of manufacture and sale of paper, primarily in India and nearby markets, which is a primary segment for the Company and constitutes a single business segment. Accordingly, disclosure requirements of Accounting Standard 17 "Segment Reporting", prescribed by the Companies (Accounting Standards) Rules, 2006 in relation to segment reporting is not given.



Kvantum Papers Ltd

Notes forming part of the accounts
(All amounts are in lacs, unless stated otherwise)

4.8 Leases

Operating leases

The Company has taken office premises and residential premises under operating lease agreements.

Lease payments charged during the year in Statement of Profit and Loss aggregate Rs. 29.68 lacs (previous year Rs. 28.20 lacs).

Finance leases

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

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

	Total minimum lease payments outstanding as on 31 March 2012	Interest	Present value of minimum lease payments
Within one year	20.28 (17.72)	1.76 (3.55)	18.52 (14.17)
Later than one year and not later than five years	7.50 (27.78)	0.13 (1.89)	7.37 (25.89)
Total	27.78 (45.50)	1.89 (5.44)	25.89 (40.06)

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

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Profit/(loss) after tax as per Statement of Profit and Loss	371.74	1831.51
Less: preference dividend including tax thereon	6.07	10.16
Net profit attributable to the equity shareholders (A)	365.67	1821.35
Number of shares used for calculating basic and diluted earnings per equity share (B)	87.26	87.26
Basic and diluted earnings per share - (A)/(B) (Nominal value - Rs. 10 per share)	4.19	20.87

4.10 Disclosures pursuant to Accounting Standard 15 on "Employee Benefits"

Defined contribution plans

The Company's provident fund scheme and employee state insurance (ESI) fund scheme are defined contribution plans. The Company has recorded expenses of Rs. 121.19 lacs (previous year Rs. 101.90 lacs) under provident fund scheme and Rs.44.18 lacs (previous year Rs. 36.87 lacs) under ESI scheme. These have been included in note 2.5 Employees benefits expenses, in the Statement of Profit and Loss.

Defined benefit plans

Gratuity

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

Changes in the present value of defined benefit obligation

Particulars	As at 31 March 2012	As at 31 March 2011
a) Present value of obligation as at the beginning of the year	237.41	185.31
b) Interest cost	20.18	15.75
c) Past service cost	-	11.90
d) Current service cost	27.23	21.77
e) Benefits paid	(8.11)	(13.37)
f) Actuarial loss on obligation	21.50	16.05
g) Present value of obligation as at the end of the year	298.21	237.41



Notes forming part of the accounts
(All amounts are in lacs, unless stated otherwise)

Changes in the fair value of plan assets

Particulars	As at 31 March 2012	As at 31 March 2011
a) Fair value of plan assets at the beginning of the year	238.22	185.30
b) Expected return on plan assets	22.03	17.14
c) Actuarial gains/(loss)	0.94	(5.85)
d) Contributions	47.40	55.00
e) Benefits paid	(8.11)	(13.37)
f) Fair value of plan assets at the end of the year	300.48	238.22

Expenses recognised in the statement of profit and loss

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
a) Current service cost	27.23	21.77
b) Past service cost	-	11.90
c) Interest cost	20.18	15.74
d) Expected return on plan assets	(22.03)	(17.14)
e) Curtailment cost/(credit)	-	-
f) Settlement cost/(credit)	-	-
g) Net actuarial (gain)/ loss recognized in the year	20.56	21.91
h) Expenses recognized in profit and loss account	45.94	54.18

Details of current year and previous four years of:

Particulars	Year ended 31 March				
	2012	2011	2010	2009	2008
Defined benefit obligation	298.21	237.41	185.31	151.82	127.91
Fair value of plan assets	300.48	238.22	185.30	137.58	66.68
Surplus/(deficit)	2.27	0.81	(0.01)	(14.24)	(61.23)
Experience adjustment on plan liabilities (loss)/gain*	(37.49)	(12.50)	(91.74)	(19.53)	(9.20)
Experience adjustment on plan assets (loss)/ gain*	22.97	(5.66)	11.59	0.05	0.87

* As per management estimate for the year ended 31 March 2008 and 31 March 2009.

The Company's best estimate of the contributions expected to be paid during the next year is Rs. 30.35 Lacs (previous year Rs.20.44 Lacs).

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

Particulars	As at 31 March 2012	As at 31 March 2011
	%	%
Discount rate	8.50	8.50
Expected rate of return on assets per annum	9.25%	7.70% to 9.25%
Salary escalation rate per annum	5.00	5.00

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

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



Kquantum Papers Ltd

Notes forming part of the accounts
(All amounts are in lacs, unless stated otherwise)

Demographic assumptions

	As at 31 March 2012		As at 31 March 2011	
Mortality	LIC (1994-96) duly modified		LIC (1994-96) duly modified	
Retirement age	58 years		58 years	
Withdrawal rates	Age	Withdrawal rate %	Age	Withdrawal rate %
	Upto 30 yrs.	3	Upto 30 yrs.	3
	Upto 44 yrs.	2	Upto 44 yrs.	2
	Above 44 yrs.	1	Above 44 yrs.	1

The major categories of plan assets are as follows:

Particulars	As at 31 March 2012	As at 31 March 2011
Insurer managed funds*	232.61	169.04
Bonds and government securities	67.76	67.76
Balance with banks	0.11	1.42
	300.48	238.22

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

4.11 Managerial remuneration

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Salaries and allowances*	78.84	76.29
Contribution to provident and other funds	5.91	5.72
Perquisites	3.64	3.02
Commission to Directors	6.59	10.34
	94.98	95.37
Sitting fees paid to non executive directors	4.05	10.05
Total	99.03	105.42

* Gratuity and leave encashment have been provided on an actuarial basis for the Company as a whole. Accordingly, separate figures are not available on an individual basis and, thus, not included.

The management remuneration paid/accrued during the year is in excess of the prescribed limits, by Rs. 29.06 lacs. The company has initiated an application for the approval with the Central Government, which is expected shortly.

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

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Value	%	Value	%
Raw materials				
Imported	4101.77	32.74	2789.64	26.67
Indigenous	8428.21	67.26	7670.28	73.33
Total	12529.98	100.00	10459.92	100.00

4.13 Value of imported and indigenous stores and spares and chemicals and packing material consumed during the year

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Value	%	Value	%
Stores, spares and chemicals				
Imported	193.15	2.12	110.72	1.76
Indigenous	8931.62	97.88	6194.13	98.24
Total	9124.77	100.00	6304.85	100.00



Notes forming part of the accounts
(All amounts are in lacs, unless stated otherwise)

4.14 CIF value of imports

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Raw materials	4175.14	1948.07
Capital goods	697.71	66.45
Spares/stores	220.66	54.62

4.15 Details of Work-in-progress

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
- Pulp	15.25	25.82
- Unfinished paper	14.84	24.44
- Chemical recovery plant	71.24	68.92
- Own produce paper	8.57	-
	109.90	119.18

4.16 Particulars in respect of opening and closing stocks for each class of goods dealt with by the Company

Particulars	As at 31 March 2012				As at 31 March 2011			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity (in MT)	Value	Quantity (in MT)	Value	Quantity (in MT)	Value	Quantity (in MT)	Value
Paper	110	36.48	-	-	249	74.02	110	36.48
Soda ash	355	31.32	203	20.48	-	-	355	31.32
		67.80		20.48		74.02		67.80

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

Particulars	For the year ended 31st March 2012			For the year ended 31st March 2011	
	Unit	Quantity	Value	Quantity	Value
Paper	MT	95,493	38391.06	80,119	31665.82
Soda ash (by-product)	MT	10,486	978.61	2,613	230.94
Wood pulp (traded)			59.99		-
Total			39429.66		31896.76

4.18 Details of raw materials consumed during the year

Particulars	For the year ended 31st March 2012			For the year ended 31st March 2011	
	Unit	Quantity	Value	Quantity	Value
Wood pulp	MT	10,936	4101.77	8,090	2789.65
Wheat straw	MT	136,976	4102.22	1,04,248	4156.00
Wood chips	MT	60,979	2111.45	29,980	975.53
Grasses	MT	43,852	686.27	81,461	1088.05
Others*	MT	23,865	836.82	26,514	704.23
Packing Material	-	NA	691.44	NA	746.46
Total			12529.97		10459.92

* None of the items individually account for 10% or more in value of total materials consumed. It is impracticable to present quantitative information in view of considerable number of items diverse in size and nature.



Kquantum Papers Ltd

Notes forming part of the accounts
(All amounts are in lacs, unless stated otherwise)

4.19 Capacity and production

Licensed capacity is not applicable as all the products manufactured are delicensed.
The annual installed capacity and production are as follows

Particulars	Unit	For the year ended 31st March 2012		For the year ended 31st March 2011	
		Installed capacity*	Actual production	Installed capacity*	Actual production
Paper	MT	1,00,000	95,383**	1,00,000	79,980
Soda ash	MT	-	10,334	-	2,968

* Installed capacities are as certified by the management and have not been verified by the auditors, being a technical matter.

** exclude 775 MT kraft Paper used for captive consumption for paper packing and 13 MT paper repulped.

4.20 Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Travelling and conveyance	4.11	4.41

4.21 Earnings in foreign currency

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
FOB value of exports	184.87	112.84

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

Particulars	As at 31 March 2012			As at 31 March 2011	
	Currency	Foreign Currency	Rs. Lacs	Foreign Currency	Rs. Lacs
Payables					
Sundry creditors	USD	3.03	155.01	4.69	209.36
Buyer's credit	USD	-	-	13.96	623.12

4.23 In respect of major debtors, creditors and others balance confirmations have been received by the auditors from few parties. The balances of other parties have been incorporated in the financial statements at the value as per the books of account. The Company has considered them as good and necessary provisions have been made in respect of debtors/advances where recovery is considered doubtful.

4.24 The financial statement for the year ended 31 March 2011 had been prepared as per the then applicable pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of the revised schedule VI under the Companies Act, 1956, the financial statement for the year have been prepared as per revised schedule VI. Accordingly, the previous year figures have been classified to conform this year classification. The adoption of revised schedule VI for the previous year figures does not impact the recognition and measurement principles followed for the preparation of the financial statements.

For **B S R & Co.**
Chartered Accountants
Registration No. 101248W

Kaushal Kishore
Partner
Membership No. 090075

Place : Chandigarh
Date : 26 May 2012

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

Jagesh K Khaitan
Chairman & Managing Director

Roshan Garg
Sr. Vice President-Finance & CFO

Place : Chandigarh
Date : 26 May 2012

Pavan Khaitan
Managing Director

Vivek Trehan
Company Secretary



Kvantum Papers Ltd

Our
MISSION

Achieving excellence and consistency in quality;

Preserving environment;

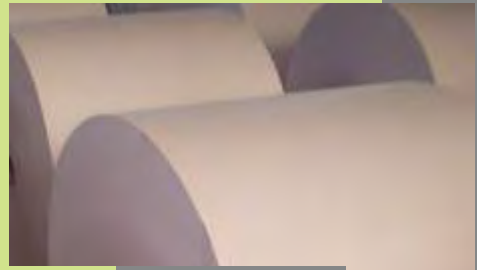
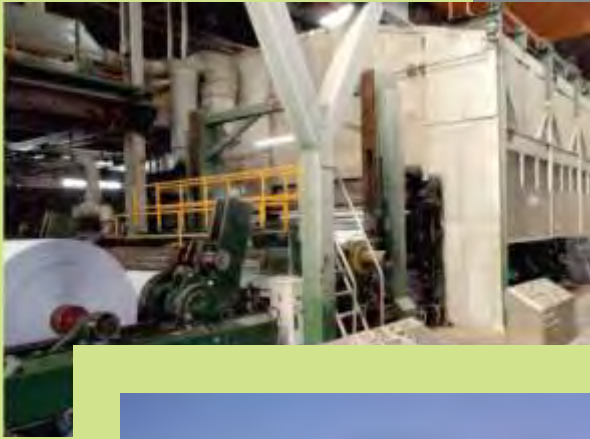
**Operating in a cost economic manner with focus
on productivity and growth;**

Ensuring total satisfaction of the customer;

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

thereby

Attaining supremacy in the industry.



Kvantum Papers Ltd

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