

**FORM A**

**Format of covering letter of the annual audit report to be filled with the Stock exchanges**

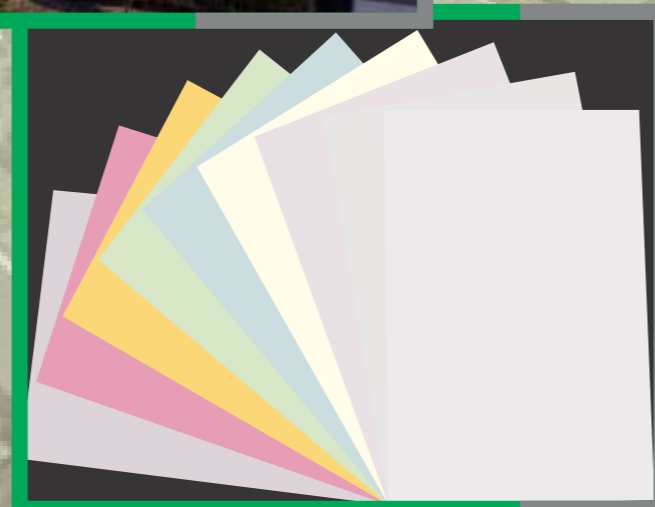
1.	Name of the Company	Kvantum Papers Limited
2.	Annual Financial Statements for the year ended	31 March 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of qualification	NIL
5.	Draw attention to the relevant notes in the annual financial statements and management response to the qualification in the Directors Report	NIL
6.	Additional comments from the board/committee chair	NIL
7.	<p>To be signed by-</p> <ul style="list-style-type: none"> <li>• CEO/Managing Director <i>Pavan Khaitan</i></li>   <li>• CFO <i>Roshan Garg</i></li>   <li>• Auditor of the Company B S R &amp; Co. LLP <i>Chartered Accountants</i> Firm registration No.: 101248W/W-100022 Pravin Tulseyan <i>Partner</i> Membership No. 108044</li>   <li>• Audit Committee Chairman <i>D.C. Mehandru</i></li> </ul>	<p align="center"><b>Kvantum Papers Ltd.</b></p> <p align="center"><i>[Signature]</i> <b>Managing Director</b></p> <p align="center"><b>Kvantum Papers Ltd</b></p> <p align="center"><i>[Signature]</i> <b>Roshan Garg</b> <b>President</b> <b>Finance</b></p> <p align="center"><b>BSR &amp; Co. LLP</b> <b>Chandigarh</b></p> <p align="center"><i>[Signature]</i></p> <p align="center"><i>[Signature]</i></p>





  
***Kquantum Papers Ltd***  
*The Paper Makers*

**18th Annual Report  
2014-2015**



  
***Kquantum Papers Ltd***  
*The Paper Makers*

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



**BOARD OF DIRECTORS**

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

**SENIOR EXECUTIVES**

Roshan Garg President (Finance)  
R K Tandon President (Works)  
Somesh Jawa President (Marketing)  
D K Chawda Vice President (Engineering)  
Raghu Reganti Vice President (Projects)

**COMPANY SECRETARY**

Vivek Trehan

**STATUTORY AUDITORS**

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

**COST AUDITORS**

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

**BANKERS**

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

**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

**CIN & CONTACT DETAILS**

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

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*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.**



## NOTICE

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of Kquantum Papers Limited will be held at Paper Mill, Saila Khurd-144529, Distt. Hoshiarpur (Punjab) on Friday, the 18<sup>th</sup> September 2015 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 31<sup>st</sup> March, 2015 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on the Preference and Equity Shares.
3. To appoint a Director in place of Shri Jagesh K Khaitan (DIN: 00026264), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION:  
“Resolved that pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), be and are hereby re-appointed as the Auditors of the Company to hold office for five years i.e. from the conclusion of this Annual General Meeting till the conclusion of 23<sup>rd</sup> Annual General Meeting to be held in the year 2020, subject to ratification at every Annual General Meeting, at such remuneration as may be fixed by the Board of Directors.”

### SPECIAL BUSINESS

5. 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 Section 196, 197, 198 and 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of Central Government, if required, and pursuant to the recommendation of Nomination and Remuneration Committee and the Board, the consent and approval of the Company be and is hereby accorded to the re-appointment of Shri Jagesh K Khaitan (DIN No. 00026264), as Chairman of the Company w.e.f. 17<sup>th</sup> July 2015 for a period of five years on the remuneration, commission and other terms & conditions, as contained in the draft agreement/draft letter of re-appointment and as set out in the Explanatory Statement annexed hereto.  
  
RESOLVED FURTHER that consent of the shareholders of the company be and is hereby accorded for the remuneration and perquisites within the limits as set out in the draft letter of re-appointment/draft agreement be paid and allowed to Shri Jagesh K Khaitan (DIN No.00026264), during his tenure as Chairman of the Company for any financial years as Minimum Remuneration notwithstanding any loss or inadequacy of profits, during such financial year subject to necessary compliance of Schedule V and other applicable provisions of the Companies Act, 2013.  
  
RESOLVED FURTHER that the Board of Directors/Nomination and Remuneration Committee be and are hereby authorised to alter or vary the terms of appointment of Shri Jagesh K 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 V to the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto.  
  
RESOLVED FURTHER that any one of the Directors or the Company Secretary of the Company be and is hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”
6. To consider and if thought fit, to pass with or without modifications, the following resolution as SPECIAL RESOLUTION:  
“RESOLVED that in accordance with the provisions of Section 73 and Section 76 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the rules prescribed thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) approval of the shareholders, be and is hereby, accorded to the Board of Directors of the Company to borrow money from public/shareholders by way of Fixed Deposits subject to compliance of all the conditions stated under Section 73(2) and Section 76 of the Act or any other applicable provisions of the Act, if any and subject to maximum limits provided under the Act read with the Companies (Acceptance of Deposits) Rules, 2014.  
  
RESOLVED FURTHER that the Deposits accepted by the Company may be cumulative or non-cumulative, Secured or unsecured, as per the scheme framed/approved by the Company and carrying rates of interest for periods varying from one year to three years, which shall not exceed the maximum rate of interest prescribed by the Reserve Bank of India and as specified in the Circular in the form of advertisement inviting deposits to be approved by the Board of Directors of the Company.  
  
RESOLVED FURTHER that the Board of Directors, be and are hereby, authorised to do all such acts, deeds and things as may be necessary to give effect to the above said resolution and to settle any question, difficulty or doubt that may arise in this regard.”

7. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION:  
“RESOLVED that pursuant to Section 148(3) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and other applicable provisions if any, consent of the shareholders be and is hereby accorded for the payment of remuneration of Rs. 1,00,000/- (Rupees One lac only) to M/s R.J. Goel & Co., Cost Accountants, Delhi (Firm Registration No. 000026), who were appointed as Cost Auditors by the Board of Directors in their meeting held on 26.05.2015 for carrying out Cost Audit of the Company for financial year 2015-16, be and is hereby approved and ratified.”

By Order of the Board  
**For Kuantum Papers Ltd**

**Vivek Trehan**  
Company Secretary

Regd. Office:  
Paper Mill, Saila Khurd  
Distt. Hoshiarpur, Punjab  
Dated: August 08, 2015

**NOTES:**

1. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself. The proxy need not be a member of the company. A blank form of proxy is enclosed and if intended to be used, it should be deposited duly completed at the Registered Office of the company not less than forty eight hours before the scheduled time of the meeting.  
A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.
3. The details as required under Clause 49 of the Listing Agreement in respect of the Director retiring by rotation and, being eligible, seeking re-appointment, are annexed herewith.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 12<sup>th</sup> September 2015 to Friday, the 18<sup>th</sup> September, 2015 (both days inclusive).
5. Shareholders of the Company are informed that pursuant to the provisions of the Companies Act, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. Accordingly the amount of dividend which remained unpaid/unclaimed for a period of 7 years for the year 2006-07 has already been transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. Shareholders who have not encashed their dividend warrant(s), for the years 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. Unpaid/unclaimed amount for the year 2007-08 will be transferred to the 'Investor Education & Protection Fund' in October 2015. Unpaid dividend, outstanding, for the year 2007-08, as on date, is Rs. 5,24,865/-.
6. 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 14993 shareholders, out of which 4180 shareholders holding 97.01% of the capital are in dematerialised form and the balance 10813 shareholders holding 2.99% of the capital are in physical form. The shareholders having shares in physical form are requested to dematerialize the shares.
7. In terms of Section 56 of the Companies Act, 2013 and the applicable provisions, the shareholders of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit the requisite nomination form.
8. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to President (Finance), atleast one week before the meeting.
9. Members are requested to bring their copies of Annual Report at the meeting, as extra copies will not be supplied.

10. 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.
11. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company during normal business hours on any working day except Saturdays, upto the date of the meeting.
12. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
13. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
14. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN to the Company/Registrar.
15. Members who hold shares in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar, for consolidation into a single folio.
16. **Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communication including Annual Reports, Notices, Circulars, etc. from the Company electronically.**
17. **Voting through electronic means:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35-B of the listing agreement, Company is offering e-voting facility to its members. Detailed procedure is given in the enclosed letter.

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

##### **Item no. 5**

- I. Shri Jagesh K Khaitan was appointed as Chairman of the Company w.e.f. 17<sup>th</sup> July 2010 for a period of five years by the members of the Company in their meeting held on 24<sup>th</sup> September, 2010. As his term is upto 16<sup>th</sup> July 2015, Nomination and Remuneration Committee and Board have proposed to re-appoint Shri Jagesh K Khaitan as Chairman of the Company w.e.f. 17<sup>th</sup> July 2015 for a period of five years at a salary given below:

##### **(i) Salary**

Salary @ Rs. 4,00,000/- per month in the grade of Rs. 4,00,000-25,000- 5,50,000

##### **(ii) Perquisites and allowances**

- a) The Chairman 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 his annual salary.
- b) 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.
- c) 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.
- d) 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.

##### **(iii) Commission**

The Chairman shall be entitled to commission in addition to the salary, perquisites and allowances, as mentioned above, with reference to the net profit of the Company in a particular financial year as may be determined by the Board of Directors at the end of each financial year subject to the overall ceilings as stipulated in Section 197 and all other applicable provisions of the Companies Act, 2013.

- II. Shri Jagesh K Khaitan will not be entitled to sitting fee for attending meetings of the Board or Committee(s) thereof.
- III. Shri Jagesh K Khaitan shall be liable to retire by rotation.  
The Board of the Company on recommendation made by the Nomination and Remuneration Committee has approved the appointment and remuneration, subject to the approval of the members.

Your Directors recommend the resolution for approval by the members of the Company.



The resolution at Item No. 5 of the Notice alongwith explanatory statement thereto may be treated as abstract of the terms and memorandum of interest pursuant to the provisions of the Companies Act, 2013.

**Justification for appointing Shri Jagesh K Khaitan as Chairman of the Company after attaining the age of 70 years**

Sh. Jagesh Khaitan, aged 70 years, a Graduate with Marketing Management and Strategic Management courses from IIM, Ahmedabad, has been associated with the edible oil industry/paper industry for the last 46 years and has been the Chairman of Kuantum Papers Ltd. since 17<sup>th</sup> July 2010.

His vast experience and knowledge is coming to the aid and benefit of the Company. His astute direction adds value to the operations and helps in formulating the policies of the Company.

He has 46 years of varied experience and in view of his contribution to the organization, he would be undoubtedly an asset for the organization in future.

Shri Jagesh K Khaitan is interested or concerned in the proposed resolution. Shri Pavan Khaitan and Shri Umesh Kumar Khaitan, being related to Shri Jagesh K Khaitan, may also be deemed to be interested in the said resolution. None of the other Directors and/or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The particulars/statement as required pursuant to clause 49 of the Listing Agreement and the Schedule V of the Companies Act, 2013 are annexed with the Notice.

The members are requested to consider and approve the resolution set out at item no. 5 as Special Resolution.

**Item No. 6**

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

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

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

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

The Board recommends the resolution set out at item no. 6 for approval of the Members as Special Resolution.

**Item No. 7**

Pursuant to section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company are required to approve and ratify the payment of remuneration of Rs. 1,00,000/- (Rupees One Lac only) to the Cost Auditors as approved by the Board of Directors in their meeting held on 26.05.2015 for the Financial Year 2015-16.

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

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

By Order of the Board  
**For Kuantum Papers Ltd**

**Vivek Trehan**  
Company Secretary

Regd. Office:  
Paper Mill, Saila Khurd  
Distt. Hoshiarpur, Punjab  
Dated: August 08, 2015



**Details of Director seeking appointment/re-appointment at the 18th Annual General Meeting (Pursuant to clause 49 of the Listing Agreement)**

Name of Director : Sh. Jagesh K Khaitan  
 Din : 00026264  
 Date of Birth : 10 February 1945  
 Nationality : Indian  
 Qualification : Graduate with Marketing Management and Strategic Management courses from IIM, Ahmedabad  
 Date of appointment : 23.06.2007 as Director and Chairman since 17 July 2010

**Brief Resume and nature of his expertise**

Sh. Jagesh K Khaitan, aged 70 years, has been associated with the industry for the last 46 years. He is the Chairman of Kquantum Papers Ltd. since 17 July 2010.

Shri Khaitan was also an active member of American Oils Chemists' Society, USA and also associated with various trade associations and Chamber of Commerce & Industry and is member of Managing Committee of PHD Chamber of Commerce & Industry.

He is also on the Board of Directors of various companies including KDDL Ltd. He has been conferred the honour of "Legend" by Globe Oil India in recognition of his services and contribution to edible oil industry. Also he was the recipient of a prestigious award 'UDYOG RATNA' honored by PHD Chamber of Commerce & Industry given by the then Chief Minister of Punjab, in the year 2005, towards his excellent and dedicated contribution to the State of Punjab through the industry.

His vast experience and knowledge is coming to the aid and benefit of the Company. His astute direction adds value to the operations and helps in formulating the policies of the Company.

**Other companies in which he holds the Directorships and Memberships of Committees of the Board**
**Directorships of the Board**

KDDL Limited  
 Esteem Finventures Ltd.

**Committee(s) Membership**
**Audit Committee**

KDDL Ltd.- Chairman

**Nomination and Remuneration Committee**

KDDL Ltd.- Member

**CSR Committee**

KDDL Ltd.- Member

No. of Shares held in the company as on 31.03.2015 -1,44,758

**Statement as required under Schedule V of the Companies Act, 2013**
**I. General Information**

- Nature of Industry : Manufacturing of writing and printing paper
- Date or expected date of commencement of commercial production: The Company was incorporated on 28<sup>th</sup> May 1997. The commercial production of the unit was started in the year 1980. At that time it was a division of another company and demerged on 1.04.2006 and the business was transferred/vested in the present company.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable

1. Financial Performance based on given indicators		(Rs. Lacs)
		<b>2014-15</b>
	Sales Turnover (Gross)	52,779.85
	Capital Employed	74,151.76*
	Net worth	57,106.12*
	Profit after tax	2,503.79
	* includes land revaluation reserve amounting to Rs. 41,294.33 lacs.	
2. Foreign Investments or Collaborations, if any	Not Applicable	

**II Information about the Appointee:**

Sh. Jagesh K Khaitan, Chairman

<b>1. Background Details</b>	<p>Sh. Jagesh Khaitan, aged 70 years, a Graduate with Marketing Management and Strategic Management courses from IIM, Ahmedabad, has been associated with the edible oil industry/paper industry for the last 46 years. Earlier he was the Vice-Chairman &amp; Managing Director of Amrit Banaspati Co. Ltd., having business interest, inter alia, in edible oil and allied products.</p> <p>He is a Promoter Director of the Company.</p>										
<b>2. Remuneration</b>	<p>Remuneration comprises of salary, perquisites, retirement benefits and commission, the details of which are given below :</p> <p style="text-align: right;">(Rs. Lacs)</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;"><b><u>2014-15</u></b></td> </tr> <tr> <td>Basic Salary and allowances</td> <td style="text-align: right;">: 72.00</td> </tr> <tr> <td>PF &amp; Perquisites</td> <td style="text-align: right;">: 8.71</td> </tr> <tr> <td>Commission</td> <td style="text-align: right;">: <u>16.35</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>: <u>97.06</u></b></td> </tr> </table>		<b><u>2014-15</u></b>	Basic Salary and allowances	: 72.00	PF & Perquisites	: 8.71	Commission	: <u>16.35</u>	<b>Total</b>	<b>: <u>97.06</u></b>
	<b><u>2014-15</u></b>										
Basic Salary and allowances	: 72.00										
PF & Perquisites	: 8.71										
Commission	: <u>16.35</u>										
<b>Total</b>	<b>: <u>97.06</u></b>										
<b>3. Recognition or Awards</b>	<p>He has been conferred the honour of "Legend" by Globe Oil India in recognition of his services and contribution to edible oil industry. Also he was the recipient of a prestigious award 'UDYOG RATNA' honored by PHD Chamber of Commerce &amp; Industry given by the then Chief Minister of Punjab, in the year 2005, towards his excellent and dedicated contribution to the State of Punjab through the industry.</p>										
<b>4. Job Profile and Suitability</b>	<p>He is the Chairman of Kvantum Papers Ltd. since 17<sup>th</sup> July 2010 and is responsible for strategic Decisions and planning and is running the affairs of the Company under the supervision of the Board of Directors of the Company. He is also the Member of various Board Sub-committees.</p>										
<b>5. Remuneration proposed</b>	<p>As per details given in the notice in Resolution no. 5 and the Explanatory Statement.</p>										
<b>6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).</b>	<p>Remuneration package is commensurate with his competence, wide experience and responsibility in the Company and also with remuneration paid by comparable companies for similar positions.</p>										
<b>7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.</b>	<p>Only to the extent of his entitlement towards his remuneration and is related to Shri Umesh Kumar Khaitan and Shri Pavan Khaitan.</p>										

**III. Other Information**

1. **Reasons for inadequate profits**  
Not applicable, as the Company has posted a net profit after tax of Rs. 2503.79 lacs for the year ended 31.03.2015.
2. **Steps taken or proposed to be taken for improvement**  
Not applicable, as the Company has adequate profits.
3. **Expected increase in productivity and profits in measurable terms**  
Not applicable, as the Company has adequate profits.

**IV. Disclosures**

1. **All elements of remuneration package such as salary, benefits, bonuses, stock option, pension, etc.**  
The information and disclosures of the remuneration package of the Chairman have been mentioned in the Annual Report in the Corporate Governance Report and the proposed remuneration details are given in the notice in Resolution no. 5 and the Explanatory Statement.
2. **Details of fixed component and performance linked incentives alongwith the performance criteria**  
The Chairman is only entitled to commission in addition to the salary, perquisites and allowances, as mentioned above, with reference to the net profit of the Company in a particular financial year as may be determined by the Board of Directors at the end of each financial year subject to the overall ceilings as stipulated in Section 197 and all other applicable provisions of the Companies Act, 2013.
3. **Service Contract, notice period , Severance fees**  
The information has been mentioned in the Annual Report in the Corporate Governance Report and the proposed remuneration details are given in the notice in the Explanatory Statement. He satisfies the conditions set out under section 196(3) of the Act for being eligible for his appointment and he is not disqualified from being appointed as Director in terms of Section 164 of the Act.
4. **Stock option details, if any**  
The Company does not have any stock option scheme.



## DIRECTORS' REPORT

### To the Members,

Your Directors take pleasure in presenting the 18<sup>th</sup> Annual Report on the business and operations, together with audited statements of Accounts of your Company, for the financial year ended 31 March 2015.

### FINANCIAL HIGHLIGHTS

The summarized financial results of the Company for the financial year 2014-15 are given hereunder.

	<b>2014-15</b>	<b>2013-14</b>
Sales & other income	<b>53,086.75</b>	50,872.03
Operating Profit	<b>6,480.67</b>	7,745.24
Interest	<b>2,028.66</b>	2,159.87
Gross Profit	<b>4,452.01</b>	5,585.37
Depreciation	<b>1,282.73</b>	1,853.68
Profit before tax	<b>3,169.28</b>	3,731.69
Provision for		
- Current Tax	<b>(667.20)</b>	(790.28)
- Deferred Tax charge for the year	<b>(431.18)</b>	(813.31)
- Deferred Tax charge for prior years	--	436.27
- MAT credit entitlement	<b>432.89</b>	790.28
Net Profit after tax	<b>2,503.79</b>	3,354.65
Adjustment on a/c of revised useful life of Fixed Assets	<b>57.33</b>	--
Balance b/f from previous year	<b>7,199.33</b>	4,037.00
Profit available for appropriations	<b>9,645.79</b>	7,391.65
<b>Appropriations:-</b>		
- Proposed Dividend on		
(a) Equity shares @ Re. 1.00 Per share	<b>87.26</b>	--
(b) Preference Shares @ Re. 1.00 Per share	<b>300.00</b>	164.38
(c) Tax on dividend	<b>77.44</b>	27.94
Balance carried to Balance Sheet	<b>9,181.09</b>	7,199.33

### DIVIDEND

Your Directors have recommended a dividend of Re. 1.00 per share (previous year Nil) on the Equity Shares of Rs. 10/- each and Re. 1.00 per share (previous year Re. 1.00 per share) on the Non-cumulative Redeemable Preference Shares of Rs. 10/- each, for the year ended 31 March 2015 amounting to Rs. 387.26 lacs and to pay a dividend tax of Rs. 77.44 lacs thereon.

### OPERATIONS

The production of paper during the year under review was 99,550 metric tonnes, as against 97,572 metric tonnes in the previous year. The quantitative figure for the sale of paper was 99,189 metric tonnes this year, leaving a closing stock of 399 metric tonnes, as against the sale of 97,534 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 :

For the year under review, the company has recorded satisfactory performance in its working results even in the midst of adverse circumstances emerging from import of paper and stagnancy in the sales prices. This performance is due to the improved operational efficiencies, productivity, quality and higher volumes of premium quality paper products like copier and surface sized paper, and despite the increase in input prices of agri- materials. The high volatility in US \$ and consequent high depreciation in the Indian currency and high interest costs have led to the higher costs of imported pulp and other materials which lent influence onto the squeezed margins.

The company recorded gross sales turnover and other income at Rs. 53,086.75 lacs, up by 4.35%; operating profit at Rs. 6,480.67 lacs, down by 16.32%, Profit before Tax at Rs. 3,169.28 lacs, down by 15.07%. Net profit after tax is down by 25.6% and stands at Rs. 2,503.79 lacs.

In spite of the markets remaining subdued during the entire period of last year, the initiatives taken by your company in the recent years in improving productivity and efficiency have led to achieving of the above operational performance. The results of cost reduction initiatives and operational efficiencies will be more visible in the current financial year 2015-16 as your company has continued the initiatives to optimize capacity utilization, cost reduction, innovation of new products and is further undertaking modification and up-gradation of the paper machines and other equipments for improving the product quality.

The Mill Expansion Plan implemented in the previous years, has made your company not only one of the most cost competitive paper mills, but also as one of the large paper player in the writing and printing segment. Further continuous innovative initiatives have enabled the company to manufacture papers of distinctive prime quality, which is competing with the premium quality of other large paper mills.

Writing & printing paper segment have witnessed optimum capacity utilizations levels over the past few years due to steady demand growth. This led to large capacity additions in recent years and demand is taking its time to absorb these capacity accretions, which is leading to the sluggish sales realizations. Despite this trend, your company has been able to operate at almost optimum levels of production and sale, and has been able to offset the associated negatives to a large extent.

As per CRISIL Research, in 2014-15, paper demand slowed down on account of muted industrial activity as well as lower corporate spending on advertisement. However, CRISIL expects demand to grow by 5.5-6.0 per cent in 2015-16 due to economic recovery. Over the long run, CRISIL Research expects demand for paper to grow at about 6.5 per cent CAGR (2014-15 to 2019-20) to 18.5 million tonnes in 2019-20. Government spending on education, corporate spending on advertisement and stationary, and healthy growth in services sector will drive demand for W&P.

On the supply front, capacity additions are expected to slow down over the next 5 years on account of aggressive expansions in the last 5 years. CRISIL expects capacity additions of about 2.0-2.5 million tonnes over the next 5 years (as compared to 3.0 million tonnes in the last 5 years) of which premium segments such as coated paper and boards will account for a major proportion. CRISIL Research expects profitability of W&P and paperboard players to improve in 2015-16 on account of lower raw material cost and improving demand scenario.

As per CRISIL research, demand for W&P paper is projected to grow at a CAGR of about 5.7 per cent to 5.4 million tonnes in 2019-20 from 4.1 million tonnes in 2014-15; the segment wise growth is detailed below:

- Within the W&P segment, copier paper is expected to grow at the fastest pace of 12 per cent CAGR (as compared to nearly 11 per cent CAGR over the last 5 years) on account of a rise in corporate spending on stationery.
- During the same period, demand growth for coated paper is expected to remain healthy at 7.5 per cent CAGR led by an increase in circulation of magazines coupled with increasing use of higher quality paper in print media.
- Demand for creamwove and maplitho paper, which is linked to growth in the education sector, is expected to grow at a steady pace of about 3.0 per cent CAGR in the next 5 years as more new educational institutions are likely to come up in the country, as an outcome of the Indian Government's Right to Education (RTE) initiative. Creamwove continues to be the largest contributor to the W&P demand. Additionally, initiatives like Rashtriya Madhyamik Shiksha Abhiyan and Sarva Shiksha Abhiyan will continue to boost the paper demand.
- Gross enrollment ratio in elementary schools to reach nearly 91 per cent in 2019-20 from about 84 per cent in 2014-15.

The detailed performance of Company's operations for the year ended 31 March 2015 has been stated in the Management Discussion & Analysis Report, which appears as a separate statement in the Annual Report.

## **FINANCE**

### **(a) Finance**

The Banks have sanctioned loan of Rs. 4,100.00 lacs during the year under review and the same have also been disbursed. The company has also raised low cost external commercial borrowings (ECB) funds from Export Development, Canada amounting to USD 3,350,000 (INR 2,096.79 lacs) for putting up Oxygen Delignification System and related equipments.

### **(b) Working capital**

The working capital limits amounting to Rs. 8,325.00 lacs (fund based Rs. 3,500.00 lacs and non-fund based Rs. 4825.00 lacs) have been appraised and sanctioned by the Banks during the year under review.

### **(c) Fixed Deposits**

As on 31 March 2015, your Company had Fixed Deposits of Rs. 2,176.37 lacs. There were no overdue deposits as on 31 March 2015.

The above deposits have been accepted for a period of 1 year to 3 years as per the Fixed Deposit Scheme duly approved by the Board in its meeting held on 8 August 2014 pursuant to the compliance of the provisions of Companies Act, 2013 read with

the Companies (Acceptance of Deposit) Rules 2014.

Details of Deposits:

(a) Accepted (including renewals) during the year- Rs. 1,396.02 lacs

(b) Remained unpaid or unclaimed as at the end of the year- Nil

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

#### **CREDIT RATING**

CARE's (Credit Analysis & Research Limited) has assigned ratings for the Long term and Short term Bank facilities and Fixed Deposits of the company as under:

<b>Facilities</b>	<b>Amount (Rs./Cr)</b>	<b>Rating</b>
Long term Bank Facilities	135.06	CARE BBB(Triple B)
Short term Bank Facilities	48.25	CARE A3+ (A Three Plus)
Fixed Deposits	30.00	CARE BBB (FD) [Triple B (Fixed deposit)]

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

There is no change in the nature of business.

#### **MATERIAL CHANGE**

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

#### **SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES**

Your Company does not have any subsidiary/joint ventures or associate company within the meaning of the Companies Act, 2013.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to Section 135 of the Companies Act, 2013, and the relevant rules, the Board of Directors of your Company has constituted a CSR Committee under the Chairmanship of Mr. Pavan Khaitan, Managing Director. The other members of the Committee are Mr. D.S. Sandhawalia and Mrs. Neena Singh. The CSR Policy has been framed by the Company which is placed on the Company's website.

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

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

#### **VIGIL MECHANISM**

Section 177(9) of the Companies Act, 2013 and Clause 49 of the Listing Agreement inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called the 'Whistle Blower Policy' for Directors and employees to report concerns of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. In line with this requirement, the Company has framed a "Whistle Blower Policy". The same is placed on the Company's website.

#### **RISK MANAGEMENT COMMITTEE**

In line with the new regulatory requirements, the company has framed a 'Risk Management Policy' to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure. A Risk Management Committee under the chairmanship of Mr. Pavan Khaitan, Managing Director, has also been constituted to oversee the risk management process in the Company. The other members of the Committee are Mr. D.S. Sandhawalia, Director and Mr. Roshan Garg, President- Finance & CFO.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's risk management systems and programs comprises of various processes, structures and guidelines which assist the Company to identify, assess, monitor and manages its risks, including any material changes to its risk



profile. To achieve this, the Company has clearly defined the responsibility and authority of the Company's Management and the Risk Management Committee to oversee and manage the risk management Programs. The company has taken Industrial All Risk Policy to insure its fixed assets and inputs that cover known and unknown risk including fire. Details of the various risks, which can affect the Company's business and the management's perception, are more elaborately given in the 'Management Discussion & Analysis' attached to this Report.

#### **INTERNAL FINANCIAL CONTROL SYSTEM**

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

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

#### **RELATED PARTY TRANSACTIONS**

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

The details of the related party disclosures and transactions as prescribed in Form AOC-2 are given in the Note No. 4.5 of the notes on Financial Statements. All the related party transactions are done at arm's length and pertain to the FY 2014-15 period only as approved in the Board Meeting held on 26 May 2015.

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

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

#### **DIRECTORS**

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

During the year under review, Justice S.S. Sodhi (Retd), Sh. D.C. Mehandru, Sh. Yashovardhan Saboo, Sh. D.S. Sandhawalia and Mrs Neena Singh were appointed as Independent Directors, for a period of five years, w.e.f. 8 August 2014 by the Company.

#### **DECLARATION BY DIRECTORS**

The company has received declaration from all the independent Directors under Section 149(7) of the Companies Act, 2013 in respect of meeting the criteria of independence provided under Section 149 (6) of the said Act.

#### **INDUCTIONS & TRAINING OF BOARD MEMBERS**

The company is familiarizing the Independent Directors with regard to their role, rights, responsibilities, industry scenario and business model of the company at regular intervals.

#### **PERFORMANCE EVALUATION OF THE DIRECTORS AND MEETING OF INDEPENDENT DIRECTORS**

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

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

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

During the year under review, a meeting of Independent Directors was held on 13 February 2015 wherein the performance of the Non Independent Directors and the Board as a whole vis-à-vis the performance of the Chairman of the Company was reviewed.

#### **NOMINATION AND REMUNERATION POLICY**

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

#### **PREVENTION OF SEXUAL HARASSMENT POLICY**

The Company has in place a 'Prevention of Sexual Harassment Policy' pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary, trainees) are covered under this policy. No complaint has been received in the year 2014-15.

#### **NUMBER OF BOARD MEETINGS**

During the year, 5 (five) Board meetings were convened and held. The details of the Board meetings and the attendance of the Directors are provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

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

As required under section 134(3) (c) read with Section 134(5) of the Companies Act, 2013 and clause 49(3) (D) (4) (a) of the Listing Agreement, your Directors state that:

- (i) in the preparation of the annual accounts for the year ended 31 March 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures;
- (ii) such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March 2015 and of the profit of the company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **COMPOSITION OF AUDIT COMMITTEE**

The Board has constituted the Audit Committee, which comprises of Mr. D.C. Mehandru as the Chairman, alongwith Mr. Jagesh K Khaitan, Justice S.S. Sodhi (Retd), Mr. Yashovardhan Saboo, Mr. D.S. Sandhwalia and Mr. Pavan Khaitan as the members. During the year, 4 (four) Audit Committee meetings were convened and held. The details of the Audit Committee meetings, attendance of the members and terms of reference are provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

#### **AUDITORS & AUDITOR'S REPORT**

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

The company has received a certificate from the Statutory Auditors to the effect that their reappointment, if made, would be within the prescribed limit under section 139 (1) of the Companies Act, 2013 and they are not disqualified for appointment within the meaning of Section 141 (3) (g) of the said Act.

Pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), shall be re-appointed as the Auditors of the Company to hold office for five years i.e. from the conclusion of 18<sup>th</sup> Annual General Meeting till the conclusion of 23<sup>rd</sup> Annual General Meeting to be held in the year 2020, subject to ratification at every Annual General Meeting, at such remuneration as may be fixed by the Board of Directors.

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

#### **COST AUDITORS**

M/s R.J. Goel & Co., Delhi were appointed as Cost Auditors for conducting the cost audit of the Company for the year ended 31 March 2015. The Company's Cost Audit Report for the year ended 31 March 2014 was filed on 10.09.2014 (Due date 30.09.2014). The said firm has been appointed as Cost Auditors of the Company for the financial year 2015-16 as well.

#### **SHARE CAPITAL**

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

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

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

Details pertaining to the shares in '**Unclaimed suspense account**' in terms of Clauses 5(A)(I)(g) and 5(A)(II)(h) of the Equity Listing Agreement are given in the Corporate Governance Report annexed with this report.

#### **POSTAL BALLOT**

Pursuant to Section 110 of the Companies Act, 2013 read with relevant Rules thereunder, the Company had conducted Postal Ballot (including e-Voting) from 24 February 2015 to 25 March 2015 for seeking the approval of members. The details are given in the Corporate Governance Report.

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

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

#### **EXTRACT OF THE ANNUAL RETURN**

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

#### **SECRETARIAL AUDITORS**

Pursuant to Section 204 of the Companies Act, 2013 M/s S.K.Sikka & Associates, Company Secretaries have been appointed as Secretarial Auditors to conduct Secretarial Audit of the Company for the financial year ending 31 March, 2015. They have submitted the Secretarial Audit Report which is annexed to this Board's Report as Annexure-3.

#### **CORPORATE GOVERNANCE**

A Report on Corporate Governance along with a Certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the listing agreement with stock exchanges is annexed and forms part of the Annual Report.

#### **PERSONNEL**

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

#### **PARTICULARS OF EMPLOYEES**

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

The information required pursuant to the Provisions of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, requiring disclosure of particulars of the employees in receipt of remuneration in excess of Rs. 60 lacs per annum, is given in the statement annexed herewith as Annexure-4.

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

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

#### **ACKNOWLEDGMENT**

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

For and on behalf of the Board

Place: Chandigarh  
Dated: August 08, 2015

**Jagesh K Khaitan**  
Chairman



## **ANNEXURE-A**

### **Corporate Social Responsibility (CSR)**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

#### **(i) Vision**

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

#### **(ii) Strategy**

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

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

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

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

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

2. The Composition of the CSR Committee:

Mr. Pavan Khaitan, Managing Director, Chairman

Mr. D.S. Sandhwalia, Member

Mrs. Neena Singh, Member

3. Average net profit of the company for last three financial years - Rs. 2135.40 lacs.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) - Rs. 42.71 lacs.
5. Details of CSR spent during the financial year.
  - (a) Total amount spent in financial year 2014-15: Rs. 31.95 lacs
  - (b) Amount unspent, if any: Rs. 10.76 Lacs

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

(Rs. in Lacs)

Sr. No.	Project or activity	Sector	Locations	Amount outlay (budget) project or program wise	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent : Direct or through Implementing Agency
1.	Education	Literacy	Sailakhurd	18.00	12.18	12.18	Direct
2.	Environment protection	Environment	Chandigarh	4.00	4.00	4.00	AIESEC
3.	Providing Health facility	Health	Sailakhurd	2.00	0.75	0.75	Direct
4.	Suvidha Centre	Rural Development	Garhshankar	7.50	3.02	3.02	Direct
5.	Sewerage System	Rural Development	Sailakhurd	24.00	12.00	12.00	Indo Canadian Village Improvement Trust
	Total			55.50	31.95	31.95	

6. Give details of implementing agency.

AIESEC is a non-governmental not-for-profit organisation in consultative status with the United Nations Economic and Social Council (ECOSOC), affiliated with the UN DPI, member of ICMYO, and is recognized by UNESCO. AIESEC is the world's largest youth-led network creating positive impact through personal development and shared global experiences. Their vision is "Peace and the fulfillment of humankind's potential".

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

7. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount:

The implementation of the projects was in progress as on 31 March 2015 and the balance unspent amount of Rs. 10.76 lacs as mentioned at point 5 (b) above has been spent in the quarter ended 30 June 2015 (FY 2015-16).

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

Sd/-

**Pavan Khaitan**

Chairman - CSR Committee

**ANNEXURE-1**
**STATEMENT CONTAINING PARTICULARS PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**
**1. CONSERVATION OF ENERGY**

- a. Energy Conservation is of prime importance to the Company. New areas of power savings are continuously identified and action being taken wherever feasible. Efforts are made for optimum utilization & reduction of electricity consumption. Initiatives taken during FY 2014-15 on implementation of energy conservation projects include:
- Replacement of old higher energy consumption electricity lights with efficient LED lights.
  - Installation of auto day /night light on-off and motion sensors.
  - Replacement of transparent roof top sheets in place of asbestos sheets for availability of natural light in phased manner.
  - Usage of LP steam in place of MP Steam to enhance power generation.
  - Covering with thermal insulation on steam pipe lines.
  - Replacement of old high energy consuming pumps / motors with energy efficient pumps/motors in phased manner.
  - Replacement of old transformers with new energy efficient transformers.
  - To reduce power consumption, steps have been initiated for installation of VFDs (AC drives).
  - Automation of various processes through DCS and PLC to avoid manual operations.
- b. The Company has devised a system of regular energy audit. Energy conservation is an ongoing process and new areas are continuously identified and investments are made, wherever necessary.
- c. The adoption of energy conservation measures has helped the Company in reduction of production costs.
- d. Total energy consumption and energy consumption per unit of Production of paper for the year 2014-15 is given in the table below.

**POWER & FUEL CONSUMPTION**
**1. ELECTRICITY**
**(a) Purchased**

	<u>2014-15</u>	<u>2013-14</u>
Units (lacs KWH)	305.83	302.22
Total amount (Rs. lacs)	2,235.81	2,167.67
Rate/Unit (Rs./KWH)	7.31	7.17

**(b) Own generation**

	<u>2014-15</u>	<u>2013-14</u>
Through Steam Turbine/ Generator		
Units (lacs KWH)	911.72	885.58
Cost/Unit (Rs./KWH)	3.70	3.81

**2 COAL (for Boiler)**

	<u>2014-15</u>	<u>2013-14</u>
Quantity (Tonnes)	69,288	70,944
Total cost (Rs. lacs)	4,111.41	4,005.57
Average rate (Rs.)	5,934	5,646

**3. OTHERS**

	<u>2014-15</u>	<u>2013-14</u>
Rice Husk (for Boiler)		
Quantity (Tonnes)	69,454	74,344
Total cost (Rs. lacs)	3,214.85	3,356.41
Rate/Unit (Rs. MT)	4,629	4,515

**4. CONSUMPTION/TONNE OF PRODUCTION**

	<u>2014-15</u>	<u>2013-14</u>
Production (Tonnes)	99,550	97,572
Electricity/Tonnes (KWH)	1,223	1,217
Furnace Oil/tonne (KL)	0.002	0.002
Coal/Tonne (MT)	0.696	0.727
Others Rice husk (MT)	0.698	0.762

## II. TECHNOLOGY ABSORPTION

### Research & Development and Environment

The recognition of R&D Division by Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Govt. of India, has opened up new avenues for the company to diversify its R&D activities beyond paper manufacturing and to participate in various collaborative research projects with institutes of National & International repute.

The recent achievement in this direction is the association of Kquantum Papers Ltd and Deptt of Microbiology, Punjab University Chandigarh for sponsored project on "Application of bacterial laccases for waste paper recycling by deinking and bio-bleaching of pulp in paper industry by Department of Biotechnology (DBT). The R&D division of the company will be playing a key role in this prestigious project as industrial partner to implement the findings of the project on industrial scale for the benefit of whole paper industry.

The approval & grant of the demonstration project conceptualized and developed in association with R&D Division of the company on "Cellulosic Ethanol Pilot Plant for Rice Straw Management" worth Rs. 18.63 Crores by Department of Biotechnology (DBT), Govt. of India under Biotechnology Industry Partnership Programme (BIPP) is another feather on the company's head. This project is aimed to provide a techno-economically viable option to the country to prevent open field burning of paddy straw by using straw as a renewable feedstock for producing cellulosic ethanol. The potential of this technology can be visualized from the fact that use of paddy straw from Punjab only for cellulosic ethanol production, can meet the demand of whole country to implement 10% ethanol blending programme of the Govt. of India.

Product diversification to include speciality papers has been another area of research focus for the company. Based on research concluded in the recent past, in near future, company expects to include new varieties / grades in its product range.

The company plans to continue its focus on value addition & product recovery from various process waste streams including glucosamine & biogas generation from waste activated sludge and development of online sludge board drying system as a part of environmental research.

The company has continued to remain completely compliant unit with respect to various pollution and environmental norms prescribed by various statutory authorities.

The expenditure on R & D has been as follows:

	(Rs. in lacs)	
	<b>2014-15</b>	<u>2013-14</u>
(i) Capital	0.12	5.91
(ii) Recurring	92.95	76.48
(iii) Total	93.07	82.39
(iv) Total R&D expenditure as a percentage of turnover	0.18	0.16

### Technology absorption, adaptation and innovation

The Company has not imported any technology for its products.

## III. FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars with regard to foreign exchange earnings & outgo appear in note nos. 4.16 & 4.17 to the Accounts.

For and on behalf of the Board

Place: Chandigarh  
Dated: August 08, 2015

**Jagesh K Khaitan**  
Chairman



**Form No.MGT-9**  
**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31st March, 2015**

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

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

SN	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Writing and Printing paper	2802	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - Not applicable**

Sl.No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares	Applicable section
1	NIL	NIL	NIL	NIL	NIL

**IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)**
**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	331281	-	331281	3.80	331281	-	331281	3.80	-
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	5803788	-	5803788	66.51	5803788	-	5803788	66.51	-
e) Banks / FI									
f) Any Other....									
<b>Sub-total (A) (1):-</b>	<b>6135069</b>	<b>-</b>	<b>6135069</b>	<b>70.30</b>	<b>6135069</b>	<b>-</b>	<b>6135069</b>	<b>70.30</b>	<b>-</b>
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>	<b>6135069</b>	<b>-</b>	<b>6135069</b>	<b>70.30</b>	<b>6135069</b>	<b>-</b>	<b>6135069</b>	<b>70.30</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>6135069</b>	<b>-</b>	<b>6135069</b>	<b>70.30</b>	<b>6135069</b>	<b>-</b>	<b>6135069</b>	<b>70.30</b>	<b>-</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	250	-	250	0.00	250	-	250	0.00	-
b) Banks / FI	-	642	642	0.01	-	642	642	0.01	-
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>250</b>	<b>642</b>	<b>892</b>	<b>0.01</b>	<b>250</b>	<b>642</b>	<b>892</b>	<b>0.01</b>	<b>-</b>
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1363034	1186	1364220	15.64	1320560	1186	1321746	15.15	-0.49
ii) Overseas	-	-	-	-					
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	611827	254155	865982	9.92	660762	247579	908341	10.41	0.49
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh "	325385	-	325385	3.73	297385	-	297385	3.41	-0.32
c) Others (specify)									
Trusts		1934	1934	0.02	-	-	-	-	-0.02
Foreign Nationals		6656	6656	0.08		6656	6656	0.08	-
Clearing Members	5396	-	5396	0.06	33830	-	33830	0.38	0.32
NRIs	15660	5169	20829	0.24	17294	5150	22444	0.26	0.02
<b>Sub-total (B)(2):-</b>	<b>2321302</b>	<b>269100</b>	<b>2590402</b>	<b>29.69</b>	<b>2329831</b>	<b>260571</b>	<b>2590402</b>	<b>29.69</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2321552</b>	<b>269742</b>	<b>2591294</b>	<b>29.70</b>	<b>2330081</b>	<b>261213</b>	<b>2591294</b>	<b>29.70</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>8456621</b>	<b>269742</b>	<b>8726363</b>	<b>100.00</b>	<b>8465150</b>	<b>261213</b>	<b>8726363</b>	<b>100</b>	<b>-</b>

**ii) Share Holding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	J K Khaitan (HUF)	354	0.00	0.00	354	0.00	0.00	-
2	Jagesh K Khaitan	144758	1.65	0.00	144758	1.66	0.00	-
3	Usha Khaitan	12828	0.15	0.00	12828	0.15	0.00	-
4	Aparna Khaitan	26076	0.30	0.00	26076	0.30	0.00	-
5	Abha Khaitan	55150	0.63	0.00	55150	0.63	0.00	-
6	Pavan Khaitan	26866	0.31	0.00	26866	0.31	0.00	-
7	Umesh Kumar Khaitan	36248	0.42	0.00	36248	0.42	0.00	-
8	Ashutosh Khaitan	21001	0.24	0.00	21001	0.24	0.00	-
9	Shreeparna Khaitan	8000	0.09	0.00	8000	0.09	0.00	-
10	Combine Overseas Ltd.	1514250	17.35	0.00	1514250	17.35	1.78	-
11	Esteem Finventures Ltd	<u>4289538</u>	<u>49.16</u>	11.46	<u>4289538</u>	<u>49.16</u>	11.46	-
		<b><u>6135069</u></b>	<b><u>70.30</u></b>		<b><u>6135069</u></b>	<b><u>70.30</u></b>		

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

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	No Change	No Change	No Change	No Change	No Change

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

Sl. No.	Name	Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	ABC Papers Pvt. Ltd.		392473	4.50	392498	4.50
2	A S Bajaj Sales and Marketing (P) Ltd.		250000	2.86	250000	2.86
3	AmbaTradecom Pvt. Ltd.		210458	2.41	210458	2.41
4	Pankaj Singal		175000	2.01	175000	2.01
5	Bansal Dye Chem Pvt. Ltd.		162500	1.86	162500	1.86
6	Delhi Iron & Steel Co Pvt Ltd		122080	1.40	-	-
7	Anmol Polymers Pvt. Ltd.		-	-	122055	1.40
8	Religare Finvest Ltd.		46000	0.53	-	-
9	Suresh Dindyal Khatri		38500	0.44	45500	0.52
10	Madhu Arora		27000	0.31	27000	0.31
11	R N Rubesh		23830	0.27	20330	0.23
12	Rathinasamy Narayanasamy		-	-	18594	0.21

v) **Shareholding of Directors and Key Managerial Personnel :**

Sl.No.	For each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>Shri Jagesh K Khaitan</b>				
	At the beginning of the year	144758	1.65	144758	1.65
	At the end of the year	144758	1.65		
	<b>Shri Pavan Khaitan</b>				
	At the beginning of the year	26866	0.31	26866	0.31
	At the end of the year	26866	0.31		
	<b>Shri Umesh K Khaitan</b>				
	At the beginning of the year	36248	0.42	36248	0.42
	At the end of the year	36248	0.42		
	<b>Shri Ashutosh Khaitan</b>				
	At the beginning of the year	21001	0.24	21001	0.24
	At the end of the year	21001	0.24		
	<b>Justice S.S.Sodhi</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil		
	<b>Shri D.C.Mehandru</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil		
	<b>Shri Yashovardhan Saboo</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil		
	<b>Shri D.S.Sandhwalia</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil		
	<b>Mrs. Neena Singh</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil		
	<b>Shri Roshan Garg (KMP)</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil		
	<b>Shri Vivek Trehan (KMP)</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil		



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

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

## V. INDEBTEDNESS

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

Rs. Lacs

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured	Deposits	Total
i) Principal Amount	11651.05	1685.16	1984.12	<b>15320.33</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	7.88	41.48	<b>49.36</b>
<b>Total (i+ii+iii)</b>	<b>11651.05</b>	<b>1693.04</b>	<b>2025.60</b>	<b>15369.69</b>

Change in Indebtedness during the financial year

• Addition	5837.79	2568.42	855.93	<b>9262.14</b>
• Reduction	3197.39	225.63	655.77	<b>4078.79</b>
<b>Net Change</b>	<b>2640.40</b>	<b>2342.79</b>	<b>200.16</b>	<b>5183.35</b>

Indebtedness at the end of the financial year

i) Principal Amount	14291.45	4026.85	2176.37	<b>20494.67</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	8.98	49.39	<b>58.37</b>
<b>Total (i+ii+iii)</b>	<b>14291.45</b>	<b>4035.83</b>	<b>2225.76</b>	<b>20553.04</b>

## VI. Remuneration of directors and key managerial Personnel

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

Sl. No.	Particulars of the Remuneration	Name of MD/WTD/Manager		Total Amount
		Sh. Jagesh K Khaitan	Sh. Pavan Khaitan	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	87.64	90.00	177.64
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	3.55	1.52	5.07
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	-	-	-
	a) as % of profit	Nil	Nil	Nil
	b) Others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	<b>91.19</b>	<b>91.52</b>	<b>182.71</b>
	Ceilings as per Act	As per Act	As per Act	

*B. Remuneration to other Directors*

Amount in Rs.

Sl. No	Particulars of the Remuneration	Name of Directors							Total Amount
		Justice S.S. Sodhi (Retd)	Sh. D.C.Mehandru	Sh. Yashovardhan Saboo	Sh. D.S. Sandhwalia	Mrs. Neena Singh	Sh. Umesh K Khaitan	Sh. Ashutosh Khaitan	
1	<b>Independent Directors</b>								
	Fees for attending Board/Committee meetings	2,30,000	2,35,000	1,35,000	2,45,000	1,65,000	-	-	10,10,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	2,30,000	2,35,000	1,35,000	2,45,000	1,65,000	-	-	<b>10,10,000</b>
2	<b>Other Non Executive Directors</b>								
	Fees for attending Board/Committee meetings	-	-	-	-	-	75,000	25,000	1,00,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-	75,000	25,000	<b>1,00,000</b>
	<b>Total (B) = 1 + 2</b>	-	-	-	-	-	-	-	<b>11,10,000</b>
	<b>Total Managerial Remuneration</b>	-	-	-	-	-	-	-	<b>1,93,80,945</b>
	Overall Ceilings as per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act

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

Sl. No.	Particulars of the Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31.27	11.79	43.06
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.07	-	0.07
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	a) as % of profit	-	-	-
	b) Others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>31.34</b>	<b>11.79</b>	<b>43.13</b>

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

Type	Section of the Companies Act	Brief Description	Details of penalty/punishment/compounding fees imposed	Authority {RD/NCLT/Court}	Appeal made, if any (give details)
A. COMPANY -- Not Applicable					
Penalty					
Punishment					
Compounding					
B. DIRECTORS -- Not Applicable					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT -- Not Applicable					
Penalty					
Punishment					
Compounding					

**SECRETARIAL AUDIT REPORT**  
**FORM NO. MR-3**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**

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

To,  
The Members,  
Kvantum Papers Limited

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

Based on my verification of Kvantum Papers Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31 March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of :

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder ;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investments, Overseas Direct Investment and External Commercial Borrowings ;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (6) Apprentices Act, 1961
- (7) Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- (8) Industrial Employment (Standing Orders) Act, 1956
- (9) Minimum Wages Act, 1948
- (10) Payment of Bonus Act, 1965
- (11) Payment of Wages Act, 1936
- (12) Motor Vehicle Act, 1988
- (13) The Water (Prevention & Control of Pollution) Act, 1974
- (14) The Water (Prevention & Control of Pollution) Cess Act, 1977
- (15) The Central Excise Act, 1944
- (16) Employees' State Insurance Act, 1948
- (17) Employees' Provident Fund & Misc. Provisions Act, 1952
- (18) Central Sales Tax Act, 1956 & Punjab VAT Act, 2005
- (19) Air (Prevention & Control of Pollution) Act, 1981
- (20) Payment of Gratuity Act, 1972
- (21) Indian Electricity Act, 1910 & Rules 1956



- (22) Indian Boiler Act, 1923
- (23) Hazardous Waste (Management & Handling) Rules 1989 under EP Act, 1986
- (24) Explosive Act, 1884 and Rules made thereunder
- (25) Industrial Development & Regulation Act, 1951
- (26) Contract Labour Regulation & Abolition Act, 1971

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.  
(Not applicable for the audit period)
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

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

**I further report that**

As per the requirement of sub section 135 of the Companies Act 2013, the Company was required to spend at least two percent of its average net profits for the three immediately preceding financial years, in pursuant of its Corporate Social Responsibility (CSR) Policy. Till 31 March 2015, the Company has spent Rs. 31.95 lacs out of Rs. 42.71 lacs due towards to the provision of Section 135 of the Companies Act, 2013 and Rules framed thereunder.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation / reconstruction etc.
- (iv) Foreign technical collaborations.

**I further report that** during the audit period, the Company has taken the following major decisions:

- (i) The Company has obtained approval of shareholders under Section 180(1)(a) of the Companies Act, 2013 by way of Special Resolution through Postal Ballot to create mortgage and/or charge on whole or substantially the whole of the Company's undertaking upto an amount of Rs. 500 Crores.
- (ii) The Company has obtained approval of shareholders under Section 180(1) (c) of the Companies Act, 2013 by way of Special Resolution for borrowings upto Rs. 500 Crores.

Place : Chandigarh  
Date : 8 August, 2015

**Sushil K Sikka**  
Company Secretary  
FCS 4241  
CP 3582

To,  
The Members  
Kvantum Papers Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Chandigarh  
Date : 8 August, 2015

**Sushil K Sikka**  
Company Secretary  
FCS 4241  
CP 3582

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

S.No.	Requirements of Rule 5(1)	Details															
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	<table border="1"> <tr> <td>Mr.Jagesh K Khaitan</td> <td>70.86 : 1</td> </tr> <tr> <td>Mr. Pavan Khaitan</td> <td>71.37:1</td> </tr> </table>	Mr.Jagesh K Khaitan	70.86 : 1	Mr. Pavan Khaitan	71.37:1											
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Mr. Pavan Khaitan	71.37:1																
(ii)	The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year	<table border="1"> <thead> <tr> <th>Name</th> <th>As per Payout</th> </tr> </thead> <tbody> <tr> <td>Mr. Jagesh K Khaitan (Chairman)</td> <td>35 %</td> </tr> <tr> <td>Mr. Pavan Khaitan (Managing Director)</td> <td>65%</td> </tr> <tr> <td>Mr. Roshan Garg (CFO)</td> <td>14%</td> </tr> <tr> <td>Mr. Vivek Trehan (Company Secretary)</td> <td>19%</td> </tr> </tbody> </table>	Name	As per Payout	Mr. Jagesh K Khaitan (Chairman)	35 %	Mr. Pavan Khaitan (Managing Director)	65%	Mr. Roshan Garg (CFO)	14%	Mr. Vivek Trehan (Company Secretary)	19%					
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Mr. Vivek Trehan (Company Secretary)	19%																
(iii)	The percentage increase in the median remuneration of employees in the financial year	5 %															
(iv)	The number of permanent employees on the rolls of company	1,057 employees as on 31.03.2015															
(v)	The explanation on the relationship between average increase in remuneration and company performance	The average increase in the remuneration is 9.31% of all employees The profit before tax of the company has been lower by 15%.															
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	The remuneration of the managerial personnel has varied as in para (ii) above pursuant to the revision in the remuneration of Sh Jagesh K Khaitan and Sh. Pavan Khaitan w.e.f 1 April 2014. The profits of the company have been lower by 15%.															
(vii)	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer	<table border="1"> <thead> <tr> <th>Details</th> <th>31.03.2015</th> <th>31.03.2014</th> </tr> </thead> <tbody> <tr> <td>Market Capitalization (Rs./crores)</td> <td>65.70</td> <td>39.31</td> </tr> <tr> <td>Share Price BSE (Rs.)</td> <td>75.29</td> <td>45.05</td> </tr> <tr> <td>EPS (Rs.)</td> <td>24.57</td> <td>36.24</td> </tr> <tr> <td>Net worth</td> <td>571.06*</td> <td>176.26</td> </tr> </tbody> </table>	Details	31.03.2015	31.03.2014	Market Capitalization (Rs./crores)	65.70	39.31	Share Price BSE (Rs.)	75.29	45.05	EPS (Rs.)	24.57	36.24	Net worth	571.06*	176.26
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\* includes land revaluation reserve amounting to Rs. 412.94 crores during the year.

S.No.	Requirements of Rule 5(1)	Details
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the salary/wages of the employees was 6.90% (other than Managerial Personnel) compared to increase in the remuneration of Managerial Personnel by 35% as mentioned in paras (ii) and (vi) above.  There are no exceptional circumstances in increase in the managerial remuneration.
(ix)	Comparison of each remuneration of the Key Managerial Personnel against the performance of the company	As per details mentioned in para(ii) above.
(x)	The parameters for any variable component of remuneration availed by the directors	The remuneration of the whole time directors is fixed except commission which is variable and linked to the profits of the company.
(xi)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not applicable.
(xii)	Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid during the year is as per the Remuneration Policy of the company.

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

Name (age in years)	Description	Gross Remuneration Paid (in Rs.)	Qualification	Date of Commencement of employment (experience in years)	Previous employment
1. Sh. Jagesh K Khaitan (70 Yrs.)	Chairman	97,05,712	Graduate with Marketing Management & Strategic Courses from IIM, Ahmedabad	17 July 2010 (Total Exp. 46 Yrs.)	Vice Chairman & Managing Director Amrit Banaspoti Co. Ltd.
2. Sh. Pavan Khaitan (47 Yrs.)	Managing Director	1,01,27,895	Chartered Accountant	1 April 2007 (Total Exp. 22 Yrs.)	Managing Director, Amrit Banaspoti Co. Ltd.

## MANAGEMENT DISCUSSION & ANALYSIS

### 1. An overview of the Economy and Business Environment

The global economy in FY 2014-15 witnessed divergent trends among major economies and stress on major oil producing countries as a direct result of sharp decline in energy prices, especially in the second half of the year. But the sharp decline in oil prices since mid 2014 is expected to support global activity and help offset some of the headwinds to growth in oil-importing economies including that of India.

Global growth forecast is at 3.5 percent in 2015 and 3.8 percent in 2016, with uneven prospects across the main countries and regions. Growth in emerging market economies is softening, reflecting an adjustment to diminished medium-term growth expectations and lower revenues from commodity exports, as well as country-specific factors. The outlook for advanced economies is showing signs of improvement, owing to the boost to disposable income from lower oil prices, continued support from accommodative monetary policy stances, and more moderate fiscal adjustments.

Indian economy growth picked up in 2014, inflation markedly declined and the external position was comfortable, helped by positive policies and lower oil prices. The outlook for the country is for economic strengthening through higher infrastructure spending, increased fiscal devolution to states and continued reform to financial and monetary policy.

With the new Government at Centre, the Indian economy is steadily reviving helped by positive policy actions, lower global oil prices and 'make-in-India' campaign driven by the Govt. and there is an environment of optimism in the corporate sector. The economy revival is also supported by multiple factors including attractive demographics and the propensity to spend, India is becoming one of the fastest growing market economies. The growth forecast is projected at 7.5% in 2015-16 driven by stronger investments following improvements in the business confidence and climate, aided by policy interventions. Besides, the proposed implementation of Goods and Service Tax (GST) in the financial year beginning 1 April 2016 is expected to lead in a new indirect tax regime, simplifying the movement of the goods and services across the country, shrinking delivery times and widening the product markets.

### 2. Industry structure and Development

Global W&P paper demand as per CRISIL Research, to fall by 0.5-1.0 per cent CAGR to 95-100 million tonnes between 2014-19. Demand from Japan will continue to decline due to substitution from online media. In US and Europe, W&P paper demand will also decrease albeit at a slower pace of about 6 per cent CAGR and 4 per cent CAGR, respectively. Coated paper is largely being impacted by digital substitutions, which is a structural shift; consequently, demand in the segment will continue to decline. However, uncoated paper, which, in addition to being used in education is also used in business as well as commercial print media, is more influenced by economic cycles rather than behavioural change or digital substitution. Consequently, with better economic growth in US and Europe, growth in the uncoated paper segment is expected to support W&P paper demand. W&P paper demand in Asia and Middle East will continue to drive overall demand and is expected to grow by about 2 per cent CAGR between 2014 and 2019. In China, demand for school books, which account for about 25-30 per cent of W&P demand, will continue to grow at a steady pace driven by increase in government spending on education as well as rising literacy in lower tier cities and rural areas.

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

The Indian paper industry accounts for about 2.6% of the World's production of paper. The estimated turnover of the Industry is INR 50,000 crore approximately and its contribution to the exchequer is around INR 4,500 crore. The operating capacity of the industry currently stands at 12.75 million MT. As per industry estimates, over all paper consumption has now touched 13.10 million MT. Demand of paper has been hovering around 7% for some time. So far, the growth in paper industry has mirrored the growth in GDP. India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth and is estimated to touch 13.95 million tonnes by 2015-16 and about 18.50 million tonnes by 2020 primarily due to continued increase in the number of school going children in the rural areas and an overall faster economic growth. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita, would lead to an increase in demand of 1 million tonnes of paper.

Policy factors have a key role to play in the growth of the domestic paper industry. The government's committed focus on literacy and expansion of organized retails distribution network have a positive impact on the consumption and demand of paper in India. In the last five years, the paper industry has invested over Rs. 20,000 crores on capacity enhancement and technology upgradation and is now waiting to reap the benefits of these investments.

Writing & printing paper segment have witnessed optimum capacity utilizations levels over the past few years due to steady demand growth. This led to large capacity additions in recent years and demand is taking its time to absorb these capacity accretions and leading to the sluggish sales realizations.

As per CRISIL Research, in 2014-15, paper demand slowed down on account of muted industrial activity as well as lower corporate spending on office stationery and advertisements as corporate sector continued to reduce overheads to support profitability by cutting down spending on office stationery and advertisement. However, CRISIL expect demand to grow by 5.5-6.0 per cent in 2015-16 due to economic recovery. Over the long run, CRISIL Research expects demand for paper to grow at about 6.5 per cent CAGR (2014-15 to 2019-20) to 18.5 million tonnes in 2019-20. Demand for W&P will be driven by government spending on education, corporate spending on stationery and healthy growth in services sector.

On the supply front, capacity additions are expected to slow down over the next 5 years on account of aggressive expansions in the last 5 years. CRISIL expect capacity additions of about 2.0-2.5 million tonnes over the next 5 years (as compared to 3.0 million tonnes in the last 5 years) of which premium segments such as coated paper and boards will account for a major proportion. CRISIL Research expects profitability of W&P and paperboard players to improve in 2015-16 on account of lower raw material cost and improving demand scenario.

As per CRISIL research, demand for W&P paper is projected to grow at a CAGR of about 5.7 per cent to 5.4 million tonnes in 2019-20 from 4.1 million tonnes in 2014-15; the segment wise growth is detailed below:

- Within the W&P segment, copier paper is expected to grow at the fastest pace of 12 per cent CAGR (as compared to nearly 11 per cent CAGR over the last 5 years) on account of a rise in corporate spending on stationery.
- During the same period, demand growth for coated paper is expected to remain healthy at 7.5 per cent CAGR led by an increase in circulation of magazines coupled with increasing use of higher quality paper in print media.
- Demand for creamwove and maplitho paper, which is linked to growth in the education sector, is expected to grow at a steady pace of about 3.0 per cent CAGR in the next 5 years as more new educational institutions are likely to come up in the country, as an outcome of the Indian Government's Right to Education (RTE) initiative. Creamwove continues to be the largest contributor to the W & P demand. Additionally, initiatives like Rashtriya Madhyamik Shiksha Abhiyan and Sarva Shiksha Abhiyan will continue to boost the paper demand.
- Gross enrollment ratio in elementary schools to reach nearly 91 per cent in 2019-20 from about 84 per cent in 2014-15.

Demand for Creamwove Paper (the most widely-used variety in Indian school textbooks) is expected to grow at a steady pace as more new educational institutions are likely to come up in the country due to the outcome of the Indian Government's Right to Education (RTE) initiative. Although maplitho, coated paper and copier paper have higher realizations, the volume of creamwove makes it the largest segment in paper. Creamwove continues to be the largest contributor to the W & P demand. Additionally, initiatives like Rashtriya Madhyamik Shiksha Abhiyan and Sarva Shiksha Abhiyan will continue to boost the paper demand.

The growth and development of education in the country and strong economic growth are driving demand for writing & printing paper. Coupled with this increasing emphasis on education in the country, corporate spending on stationery and advertisements, GDP growth and the increasing presence of modern retail formats and convenience stores is also driving the demand for writing & printing paper.

However, there has been a gradual shift in demand from the traditional creamwove and maplitho to higher varieties such as copier and coated paper. Despite a gradual decline in share to 43 per cent from 50 per cent in 2007-08, creamwove continues to be the largest contributor to the total W&P demand. On the other hand, demand for coated paper and branded copier has been increasing over the years to 35 per cent in 2013-14 from 27 per cent in 2007-08. Creamwove is the lowest value segment, while maplitho, copier and coated paper are higher-value segments.

Office printing continues to be the next biggest end-use segment after education. Demand for office stationery and printing will further increase as the performance of the Indian economy improves.

Within W&P paper, demand for copier paper is likely to record the strongest growth. With rise in urbanisation and office spaces, there is a greater demand for good quality copier paper from the office printing segment.

CRISIL Research expects demand for specialty paper to grow at about 9 per cent CAGR between 2014-15 and 2019-20 as compared to 8.4 per cent CAGR in the last 5 years; demand will reach 0.9 million tonnes in 2019-20 from 0.6 million tonnes in 2014-15. The main varieties of specialty paper are tissue paper, decor paper, thermal paper, cigarette paper and business card paper. Their usage has been growing in line with growth in the economy, rise in organised retail penetration and increase in urbanisation.



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

Of the total paper and paper board demand, writing & printing paper accounts for about 31 per cent, industrial paper accounts for about 46 per cent, newsprint accounts for about 19 per cent, and speciality paper accounts for the balance 4 per cent.

In other segments, the growth is primarily driven by the GDP growth in the overall economy. Writing & printing paper consumption has been growing steadily over the years. While India accounts for nearly 17 per cent of the world's population, it consumes only 5 per cent of the global paper production. In India the per capita consumption of paper is low at about 11 kg as compared to about 22 kg in Indonesia, 42 kg in China and world average of around 58 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 expected to grow at about 6.5 per cent CAGR between 2014-15 and 2019-20. In spite of advancement in technology, like the usage of iPads, Galaxy Tabs, Smart Phones, the increased preference for online storage and dissemination of data, the paper industry is poised for a consistent growth in the demand for paper in next few years. Despite the higher level of technology being used in the corporate sector, there has been no decline in the paper consumption, but infact the paper demand continues to rise at a modest pace. The envisaged growth in the value-added printing & writing paper segment in India presents an invaluable opportunity, and your company plans to leverage it by tapping its institutional strength in distribution supply chain, cost competitiveness and premium quality paper alongwith its branding image.

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

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

The company has further continued its initiatives to optimize capacity utilization; optimization of operational cost; innovation on specialty products, copier paper; modification and up-gradation of equipments and paper machines for further improving the product quality.

Raw material costs account for around 60 per cent of the operating income of mills in the paper industry. Wood and wood based pulp are the main raw materials required for manufacturing W & P paper, especially in the higher end of value chain such as maplitho and coated paper. India's wood resources are limited; therefore, cost of wood is much higher in global comparison. Since there is conspicuous absence of Government's enabling policies favouring industrial/production plantation, securing future wood supplies will be Industry's biggest challenge. However, in line with this increase in production, demand for raw materials will also go up. The different raw materials used to produce paper are - agri-residues, wood/ bamboo pulp, imported pulp and wastepaper (domestic and imported).

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

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

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

The third alternative source of raw material for the paper industry is agri-residues such as bagasse, wheat and rice straw, wild grass and other such agricultural wastes. Bagasse is the most widely-used agri-residue in the paper industry. However, availability of bagasse has been declining due to its increased use in power generation by sugar companies. Despite agri-

residues being seasonal in nature, this is the segment of raw material which your company has mastered processing of, and has therefore gained an edge in the industry.

Paper manufacturers are finding it difficult to pass on the increase in raw material cost to end users. The operating profitability of Indian paper companies will remain under challenge due to the high input costs such as power, chemicals and manual labour. The imported raw material will also now cost dearer because of high volatility in US \$ and consequent high depreciation in the Indian currency.

Further, the changes in the government policies and the paperless initiatives taken by the Govt. of India, coupled with Green initiatives in Corporate Governance leading to paperless compliances by the companies, is indicative of a slight threat area to the paper industry.

#### **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 manual labour. However, depreciation in the Indian currency is likely to keep raw material costs high in import dependent operations. High financial costs coupled with lower margins will significantly affect the cash flows.

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

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

The paper industry consumes a large amount of energy and water. Energy costs account for about 15-17 per cent of costs. Energy costs vary depending on the fuel used for generating power. The cost of power has increased as a result of inadequate supply and increase in tariff for industrial consumers. The prospect of availability of good quality fuel is diminishing. However, the company has got itself registered with Coal India Limited and has been meeting part of its requirements in co-generation plant through procurement of coal, thus mitigating the cost affect to some extent.

India's wood resources are limited; therefore cost of wood is much higher in global comparison. In the absence of Government's enabling policies favoring industrial/production plantation, securing future wood supplies is Industry's biggest challenge. To 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 which has been doing very well. At the Nursery, clonal varieties of fast growing hard wood trees are grown and distributed to farmers for them to plant the hard wood trees in the farmer's land and get the hardwood post the harvest. We are also continuing our efforts for growing of plantations by touching base with the farming community and making them aware of the financial benefits attached to social farm forestry.

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

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

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

#### **5. Outlook**

Paper plays a key role in the communication and as a packaging material. Demand for the paper is closely linked to the prevalent economy conditions. Paper industry continues to have reasonably bright prospect in India during next 5 years as the demand of paper and paper products grow in line with the GDP growth. Paper continues to enjoy a relatively healthy demand on account of (i) lifecycle of a paper product from manufacture to consumption and disposal is short, as paper is used

more in the nature of consumption good and not as a durable (ii) Wide usage, right from an individual to a corporate entity 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 initiatives taken by your company in the recent years for technology up-gradation, improving operating parameters, optimising operational costs, wider product mix, and value added products for its customers will enable the company to face challenges in coming years.

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 paper demand.

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

## **6. Company's Financial Performance & Analysis**

The production of paper during the year under review was 99,550 metric tonnes as against 97,572 metric tonnes in the previous year. The quantitative figure for the sale of paper was 99,189 metric tonnes this year, leaving closing stock of 399 metric tonnes, as against the sale of 97,534 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;

For the year under review, the company has recorded satisfactory performance in its working results even in the midst of adverse circumstances emerging from import of paper and stagnancy in the sales prices. This performance is due to the improved operational efficiencies, productivity, quality and higher volumes of premium quality paper products like copier and surface sized paper and despite the increase in input prices of agri- materials. The high volatility in US \$ and consequent high depreciation in the Indian currency and high interest costs have led to the higher costs of imported pulp and other materials which led to the squeezed margins.

The company recorded gross sales turnover and other income at Rs.53,086.75 lacs, up by 4.35%; operating profit at Rs. 6,480.67 lacs, down by 16.32%, Profit before Tax at Rs. 3,169.28 lacs, down by 15.07%. Net profit after tax is down by 25.6% and stands at Rs. 2,503.79 lacs.

The initiatives taken by your company in the recent years in improving productivity and efficiency have led to achieving of the above operational performance. The results of cost reduction initiatives and operational efficiencies will be more visible in the current financial year 2015-16 as your company has continued the initiatives to optimize capacity utilization, cost reduction initiatives, innovation of new products and is further undertaking modification and up-gradation of the paper machines for improving the product quality vis-a-vis cost reduction initiatives.

The Mill Expansion Plan implemented in the previous years, has made your company, not only, one of the most cost competitive paper mills, but also as one of the large paper player in the writing and printing segment. Further continuous innovative initiatives have enabled the company to manufacture papers of distinctive prime quality, which is competing with the premium quality of other large paper mills.

## **7. Internal Control Systems**

Your Company implements internal control systems to provide reasonable assurance that the assets are safeguarded and transactions are properly authorized, recorded and correctly reported. It is a common practice to lay down a well thought business plan for each year. From the annual business plan, detailed budgets for revenue and capital for each quarter is determined. The actual performance is reviewed in comparison with the budget and deviations, if any, are addressed adequately. The internal control mechanism is well established. The internal control system is supplemented by regular management reviews and periodical reviews by 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 for review.

#### **8. Human Resources**

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

#### **9. Cautionary Statement**

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

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on Corporate Governance

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

### 2. Board of Directors

The Board of Directors consisted of 9 directors, as on 31.03.2015, comprising of a Chairman, a Managing Director and seven non-Executive Directors. Out of seven, five non-Executive Directors were independent directors as on 31.03.2015. 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 2014-15		Whether attended the last AGM	No. of directorships in other public limited companies	No. of Committee positions held in other Companies	
		Held	Attended			Chairman	member
Jagesh K Khaitan, Chairman	Promoter, Executive	5	5	Yes	2	1	2
Justice S.S. Sodhi (Rtd)	Independent, Non-Executive	5	5	Yes	-	-	-
D.C. Mehandru	-do-	5	5	Yes	1	-	2
Umesh K Khaitan	Promoter, Non-Executive	5	2	Yes	9	3	-
Yashovardhan Saboo	Independent, Non-Executive	5	3	No	9	-	5
D.S. Sandhawalia	Independent*, Non-Executive	5	5	Yes	-	-	-
Mrs. Neena Singh	Independent, Non-Executive	5	5	Yes	3	-	-
Ashutosh Khaitan	Promoter, Non-Executive	5	1	No	2	-	-
Pavan Khaitan, Managing Director	Promoter, Executive	5	5	Yes	1	-	-

\* Independent Director since 8.8.2014.

(b) During the financial year 2014-15, Five (5) Board Meetings were held on 15 May 2014, 14 July 2014, 8 August 2014, 13 November 2014 and 13 February 2015. 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;

- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Staff matters, including senior appointments and significant developments relating to labour relations and human resource relations;
- Materially important legal proceedings by or against the Company including Show cause, demand, prosecution notices and penalty notices which are materially important;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Share transfer and dematerialization compliances;
- Fatal or serious accidents or dangerous occurrences and materially significant effluents or pollution problems;
- Materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- Non-compliances of any regulatory or statutory provision or listing requirement on non-payment of dividend or delay in share transfers;
- Insider trading related disclosure procedures and such other matters;
- Details of any joint-venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business;
- Details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- To approve various policies, codes and committees pursuant to the Companies Act, 2013, the relevant rules, listing agreement, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other Regulations and requirements of other regulatory bodies, if any.

**(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 2014-15 that may have potential conflict with the interests of the Company.

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

**(e) Details of remuneration paid to the directors during the financial year 2014-15**

(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	72,00,000	8,70,474	16,35,238	-	97,05,712
Pavan Khaitan	Son of Jagesh K Khaitan	76,80,000	7,03,642	17,44,253	-	1,01,27,895
Justice S.S.Sodhi (Rtd)		-	-	-	2,30,000	2,30,000
D.C.Mehandru		-	-	-	2,35,000	2,35,000
Umesh K Khaitan	Father of Ashutosh Khaitan	-	-	-	75,000	75,000
Yashovardhan Saboo		-	-	-	1,35,000	1,35,000
D.S.Sandhwalia		-	-	-	2,45,000	2,45,000
Mrs. Neena Singh		-	-	-	1,65,000	1,65,000
Ashutosh Khaitan	Son of Umesh K Khaitan	-	-	-	25,000	25,000



### 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 of the Listing Agreement and the Companies Act, 2013. The following functions are performed by the Audit Committee:

- Oversight of the company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment /removal of external auditors, fixing audit fees and approving payments for any other service;
- Reviewing with management the annual financial statements and Auditor's Report thereon before submission to the Board with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
- Reviewing with the management Quarterly/Half-yearly and other financial statements before submission to the Board for approval;
- Reviewing with the management, external and internal auditor, the adequacy of internal control systems and recommending improvements to the management;
- Reviewing the adequacy of internal audit function;
- Discussing with internal auditors of any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigation by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board;
- the recommendation for appointment, remuneration and terms of appointment of auditors of the Company and approval of payment to statutory auditors for any other services rendered by the statutory auditors ;
- Discussing with the external auditors before the audit commences on the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern and review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- Reviewing the Company's financial and risk management policies ;
- To review the functioning of the Whistle Blower Mechanism ;
- Initiating investigations into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any ;
- Recommending the appointment of cost auditors, fixing cost audit fee and reviewing the cost audit report ;
- To recommend various policies, codes and committees pursuant to the Companies Act, 2013, the relevant rules, listing agreement, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other Regulations and requirements of other regulatory bodies, if any, wherever required ;
- Approval or any subsequent modification of transactions of the company with related parties ;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Monitoring the end use of funds raised through public offers and related matters ;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board ;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate ; and
- Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

The Company continues to derive immense benefit from the deliberations of the Audit Committee. As on 31 March, 2015, the committee comprised of the following six directors of the Company – four non-executives & independent and two executive & non-independent. During the financial year 2014-15, Audit Committee met 4 times i.e. on 15 May 2014, 8 August 2014, 13 November 2014 and 13 February 2015 and the attendance of the Directors on the above meetings was as follows :

Director	Position	Category	No. of meetings held	No. of meetings attended
Shri D.C. Mehandru	Chairman	Independent, Non-Executive Director	4	4
Shri Jagesh K Khaitan	Member	Non-Independent Executive Director	4	4
Justice S.S. Sodhi (Retd.)	Member	Independent, Non Executive Director	4	4
Shri Yashovardhan Saboo	Member	Independent, Non Executive Director	4	2
Shri D.S. Sandhawalia*	Member	Independent, Non Executive Director	4	2
Shri Pavan Khaitan	Member	Non-Independent, Executive Director	4	4

\* Shri D.S.Sandhawalia was appointed as Audit Committee member on 8.8.2014 and attended the meetings held on 13.11.2014 & 13.2.2015.

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

The Company Secretary acts as Secretary of the committee.

All the members of the Audit Committee, except Shri Yashovardhan Saboo, were present at the last AGM held on 8<sup>th</sup> August, 2014.

#### (b) **Nomination and Remuneration Committee**

The Nomination, Remuneration and Evaluation Policy has also been framed by the Company in compliance with Section 178 of the Companies Act, 2013 read with rules framed thereto and Clause 49 of the Listing Agreement. The primary objective of the Policy is to provide a framework and set standards for their nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the Senior Management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

#### **Terms of reference of the Nomination and Remuneration Committee**

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

As on 31 March 2015, the committee comprised of the following three directors of the Company. Remuneration Committee

met twice on 15.05.2014 and 14.07.2014 and the attendance of the Directors on the above meeting was as follows:

Director	Position	Category	No. of meetings held	No. of meetings attended
Shri Yashovardhan Saboo	Chairman	Independent, Non-Executive Director	2	2
Shri D.C. Mehandru	Member	Independent, Non-Executive Director	2	2
Shri D.S. Sandhwalia	Member	Independent, Non-Executive Director	2	2

**(c) Stakeholders Relationship Committee**

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

As on 31 March 2015, the committee comprised of the following three directors of the Company. During the financial year 2014-15, the Committee met once on 13.02.2015 and the attendance of the Directors on the above meeting was as follows:

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

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

During the year, the Company received 5 complaints which were replied/resolved to the satisfaction of the investors. As on 31 March, 2015, no complaints and/or requests for dematerialization were pending. All valid requests for share transfers received during the year 2014-15 have been acted upon by the Company and no transfer was pending.

**(d) Risk Management Committee**

Pursuant to the requirements of Clause 49 of the Listing Agreement, the company has framed a 'Risk Management Policy' to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure. A Risk Management Committee under the chairmanship of Mr. Pavan Khaitan, Managing Director, has also been constituted to oversee the risk management process in the Company. The other members of the Committee are Shri D.S. Sandhwalia and Shri Roshan Garg.

The Objectives of the Committee are as under:

**Strategic:**

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

**Operations:**

- Consistent Revenue growth.
- #Consistent profitability.
- #High quality production.
- Further develop Culture of Innovation.

**Reporting:**

- #Maintain high standards of Corporate Governance and public disclosure.

**Compliance:**

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

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

**(e) Corporate Social Responsibility Committee**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the rules made thereunder, the Board of Directors have constituted a Corporate Social Responsibility Committee w.e.f. 14.07.2014 comprising of the following Directors. During the financial year 2014-15, the Committee met twice on 13.11.2014 and 13.02.2015 and the attendance of the Directors on the above meeting was as follows:

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

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

**4. General Body Meetings**

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

Financial Year	Date	Time	Place
2011-12	10.07.2012	11.30 am	Regd. Office - Paper Mill, Salia Khurd-144 529, Distt. Hoshiarpur, Punjab
2012-13	13.09.2013	11.30 am	Regd. Office - Paper Mill, Salia Khurd-144 529, Distt. Hoshiarpur, Punjab
2013-14	08.08.2014	11.30 am	Regd. Office - Paper Mill, Salia Khurd-144 529, Distt. Hoshiarpur, Punjab

**Special Resolutions passed in the previous three AGMs**

Financial Year	AGM Dated	Details of the Special Resolutions Passed
2011-12	10.07.2012	Reappointment of Managing Director and his remuneration
2012-13	13.09.2013	i) Payment of remuneration to Chairman, despite inadequacy of profits, for FY 2011-12 ii) Revision in the remuneration to pay commission to Managing Director, in addition to existing salary. iii) Resolution U/S 80 and 81(1A) of the Companies Act, 1956
2013-14	08.08.2014	i) Revision in the remuneration of to Chairman pursuant to the provisions of Section 196, 197, 198 and Schedule V of the Companies Act, 2013 ii) Re-appointment of Managing Director and fixation of his remuneration pursuant to the provisions of Section 196, 197, 198, 203 and Schedule V of the Companies Act, 2013 iii) Resolution U/s 180(1)(c) of the Companies Act, 2013 w.r.t. the Borrowing powers of the Company. iv) To borrow money by way of fixed deposit pursuant to Section 73 and 76 of the Companies Act, 2013

**5. Postal Ballot**

Consequent to approval of the Board in its meeting held on February 13, 2015, the Company on February 23, 2015, pursuant to Section 110 of the Companies Act, 2013 read with relevant Rules thereunder:

a) Completed the dispatch of Notice alongwith Postal Ballot Form and a self addressed postage prepaid business reply envelope to the Members of the Company; and

b) Sent email through National Securities Depositories Limited (NSDL) to the Members whose email IDs are registered with the Company;

for seeking members' approval by way of special resolutions in relation to the following items:

1. Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, to mortgage and/or charge all the immovable and movable properties of the Company.

2. To amend Article 116 of the Articles of Association of the Company pursuant to the provisions of section 14 of the Companies Act, 2013.

3. Partial modification of the ordinary resolution dated 24.09.2010 and special resolution dated 08.08.2014 passed by the members at their respective general meetings approving the terms and conditions of appointment and revision in the remuneration of Sh. Jagesh K Khaitan, Chairman & Managing Director.

Mr. Sushil K Sikka, Practicing Company Secretary (Membership No. FCS-4241 & CP No. 3582), Proprietor M/s S.K.Sikka & Associates, Company Secretaries, was appointed as the Scrutinizer for conducting the postal ballot process.

The Company had successfully conducted/completed the process of Postal Ballot (including e-Voting) which was open from 24<sup>th</sup> February, 2015 to 25th March, 2015.

Particulars of postal ballot forms received from the members using the electronic platform of NSDL were entered in a register separately maintained for the purpose. The postal ballot forms were kept under safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms. All postal ballot forms received upto the close of working hours on 25th March, 2015 were considered for the scrutiny of the Scrutinizer and the forms received after the close of working hours on 25th March, 2015 were not considered for the scrutiny of the Scrutinizer.

Based on the Scrutinizer's Report dated 27.03.2015, the declaration of the result of the Postal Ballot was made by the Chairman & Managing Director which is as under:

Item No. of Notice	No. of Voters	Total No. of valid votes	Total Votes cast in favour	Total No. of votes cast in against
			No. of Shares	No. of Shares
1	152	69,66,457	69,66,027	430
2	152	69,66,457	69,66,370	87
3	152	67,85,097	67,84,964	133

All the resolutions were passed with requisite majority.

## 6. 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, 2013 and in conformity, in all material respects, with the generally accepted accounting principles and standards in India. The estimates/judgements made in preparation of these financial statements are consistent, reasonable and on prudent basis so as to reflect true and fair view of the state of affairs and results/operations of the Company.
- (iii) The Company has well-defined Risk Management Policies for its business, which are periodically reviewed to ensure that the executive management controls risk by means of a properly defined framework.
- (iv) The Company has not raised any funds from the capital market (public/rights/preferential issues etc.) during the financial year under review.
- (v) There was no instance of non-compliance of any matter relating to the capital markets by the Company. No penalties or strictures have been imposed on the company by the stock 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 Agreement.
- (vii) The Company has well-defined Whistle Blower Policy and it is affirmed that no personnel has been denied access to the audit committee.
- (viii) The shareholding of non-executive Directors of the company as on 31.03.2015 is as under:

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

- (ix) In compliance with the terms of Clause 5A(II) of the Listing Agreement the number of equity shares lying unclaimed in the 'Unclaimed Suspense Account' as on 31.03.2015 is 78260. The information as required in pursuance of the listing agreement is given below:

Aggregate no. of the shareholders as on 1.04.2014	3423
Outstanding shares as on 1.04.2014	78652
No. of shareholders requested to transfer shares from Suspense A/c	10
No. of shareholders to whom shares were transferred from Suspense A/c	10
Aggregate no of the shareholders as on 31.03.2015	3413
Outstanding shares as on 31.03.2015	78260



- (i) During the year under review, the Company has credited Rs. 3,48,499/- (pertaining to the year 2006-07) to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

**7. 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 Economic Times (English) and Desh Sewak (Punjabi). The results are not sent individually to the shareholders. The financial results are being regularly displayed on the web-site of the Company.

The investors can register their grievances at Company's e-mail id i.e. [kuantumcorp@kuantumpapers.com](mailto:kuantumcorp@kuantumpapers.com)

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

**8. Code of Conduct**

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

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.kuantumpapers.com](http://www.kuantumpapers.com)

All the members of the Board and senior management personnel have affirmed compliance with the Code for the year ended 31 March, 2015 and a declaration to that effect signed by the Chairman is attached and forms part of this report.

**9. Code of Conduct for prevention of Insider Trading**

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

**10. CEO/CFO Certification**

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

**11. Practicing Company Secretary's Certificate on Corporate Governance**

A certificate has been obtained from the Practicing Company Secretary of the Company regarding compliance with the provisions relating to Corporate Governance laid down in 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 of Kuantum Papers Ltd, hereby declare that all the Board Members and senior management personnel of the Company have affirmed compliance of the Code of Conduct for the year ended 31 March, 2015.

Place: Chandigarh  
Date: August 8, 2015

**Jagesh K Khaitan**  
Chairman

## GENERAL SHAREHOLDERS INFORMATION

### Annual General Meeting

Date	18 September 2015
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 2015-16 (Tentative)**

### Board Meetings to take on record

Financial Results for Quarter ended 30.06.2015	Second week of August, 2015
Financial Results for Quarter ended 30.09.2015	Second week of November, 2015
Financial Results for Quarter ended 31.12.2015	Second week of February, 2016
Financial Results for Quarter ended 31.03.2016	2nd / 3rd week of May, 2016
Book Closure Date	12-9-2015 to 18-9-2015 (both days inclusive)

- **Dividend Payable Date**

The Board has recommended a dividend @ Re. 1.00 per share on the Preference Shares of Rs. 10/- each and @ Re. 1.00 per share on the Equity Shares of Rs. 10/- each for declaration at the 18th Annual General Meeting. Dividend will be paid on or after the date of AGM but before the statutory time limit of 30 days from the date of declaration.

- **Listing**

<b>Name &amp; address of stock exchanges</b>
Bombay Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

The Company has already paid annual listing fee for the year 2015-16 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 2014-15 are given below.

Month	Company's Share Price (Rs.)		BSE Sensex	
	High	Low	High	Low
April 2014	53.40	41.00	22939.31	22197.51
May 2014	71.50	40.05	25375.63	22277.04
June 2014	72.40	62.00	25725.12	24270.20
July 2014	76.80	61.50	26300.17	24892.00
August 2014	112.00	72.75	26674.38	25232.82
September 2014	106.90	71.55	27354.99	26220.49
October 2013	103.00	75.50	27894.32	25910.77
November 2014	114.00	72.05	28822.37	27739.56
December 2014	120.00	78.10	28809.64	26469.42
January 2015	114.80	85.55	29844.16	26776.12
February 2015	134.80	87.00	29560.32	28044.49
March 2015	92.50	71.00	30024.74	27248.45

- **Share Transfer Agent and Demat Registrar**

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

**M/s MAS Services Ltd.**

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

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

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

- **Share Transfer System**

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 31<sup>st</sup> March, 2015**

Sl. No.	Description	No. of equity shares held	Shareholding %	
1.	Promoters			
	<ul style="list-style-type: none"> <li>● Individuals</li> <li>● Bodies Corporate</li> </ul>	3,31,281 58,03,788	3.80 66.51	
2.	Institutional Investors			
	<ul style="list-style-type: none"> <li>● Mutual Funds/UTI</li> <li>● Banks/Financial Institutions</li> <li>● Insurance Companies</li> <li>● FIs</li> </ul>	250 642 - -	0.00 0.01 - -	
	3.	Others		
		<ul style="list-style-type: none"> <li>● Private Bodies Corporate</li> <li>● Indian Public</li> <li>● NRIs/OBCs/Pak shareholders</li> </ul>	13,21,746 12,39,556 29,100	15.15 14.20 0.33
<b>Total</b>		<b>87,26,363</b>	<b>100.00%</b>	

**(b) Distribution of shareholding as on 31st March, 2015**

Shareholding of Nominal Value of Rs.	No. of shareholders	%age of shareholders	No. of shares	%age of holding
1 to 5,000	14672	97.86	4,76,792	5.46
5,001 to 10,000	139	0.93	1,07,100	1.23
10,001 to 20,000	91	0.61	1,38,585	1.59
20,001 to 30,000	30	0.20	73,062	0.84
30,001 to 40,000	10	0.06	35,909	0.41
40,001 to 50,000	9	0.06	42,063	0.48
50,001 to 1,00,000	19	0.13	1,38,371	1.59
1.00,001 and above	23	0.15	77,14,481	88.40
<b>Total</b>	<b>14993</b>	<b>100.00</b>	<b>87,26,363</b>	<b>100.00</b>

- **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, 2015, approximately 97.01% of the shares of the Company have been dematerialized.

- **Reconciliation of Share Capital Audit**

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

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

Not applicable

- **Plant Location**

Paper Mill, Saila Khurd 144529  
Distt: Hoshiarpur, Punjab

- **Address for correspondence**

(a) **Registered Office:**

Paper Mill, Saila Khurd  
Distt. Hoshiarpur, Punjab

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

**M/s MAS Services Ltd.**

T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020  
Ph:- 011-26387281/82/83, Fax:- 011-26387384  
email:- info@masserv.com, website : www.masserv.com

## PRACTICING COMPANY SECRETARY'S CERTIFICATE

### TO THE MEMBERS OF Kvantum PAPERS LIMITED

We have examined the compliance of conditions of Corporate Governance by **Kvantum Papers Limited** ("the Company"), for the year ended March 31, 2015 as stipulated in clause 49 of the Listing Agreement of the Company entered into with the stock exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**SUSHIL K SIKKA**  
Prop.  
FCS 4241  
CP 3582

Place : Chandigarh  
Date : August 8, 2015

## **CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

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

Re: Financial Statements for the year 2014-15 – Certification by CEO and CFO

We, Pavan Khaitan, Managing Director and Roshan Garg, 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 31 March 2015 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 31 March 2015 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, 2013 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**  
President (Finance) & CFO

**Pavan Khaitan**  
Managing Director

Place : Chandigarh  
Dated: 26 May, 2015



## **INDEPENDENT AUDITORS' REPORT**

To the Members of **Kvantum Papers Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kvantum Papers Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
  - e. on the basis of written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 4 (1)(a), 4 (1) (c) and 4 (1) (d) of the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**Pravin Tulsyan**  
Partner  
Membership No. 108044

Place : Chandigarh  
Date : 26 May 2015

### **Annexure to the Independent Auditor's report**

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years . In accordance with the policy, physical verification of fixed assets was carried out for some assets in the current year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No Material discrepancies were noticed on such verification and have been properly dealt with in the accounts.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. There were no stocks lying with third parties at the year-end.
- (b) The procedures for the 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) The Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements 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 systems during the year.
- (v) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 73 to 76 or any other relevant provisions of the Act, and the rules framed thereunder where applicable/the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. As informed to us, there have been no proceedings before the Company Law Board or 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.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of the products covered where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 148(1) of the Act, in respect of products covered and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of these records with a view to ensuring whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 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 wealth tax, duty of customs, value added tax and sales tax which have not been deposited with the appropriate authorities on account of any dispute. Further, according to the information and explanations given to us, except as stated below, there are no dues of income tax, service tax, cess and duty of excise which have not been deposited by the Company on account of disputes:

Name of the statute	Nature of the Dues	Amount Disputed * Rs. Lakhs	Amount Deposited Rs. Lakhs	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	7.57	-	2005 -06 (Assessment year)	Commissioner of Income tax (Appeals)
Income tax Act, 1961	Income tax	522.33	-	2006 -07 to 2012 -13 (Assessment year)	Income tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	447.36	-	2000 -01 to 2007- 08	Commissioner of Central Excise
Central Excise Act, 1944	Excise duty	65.06	-	2008 - 09	Commissioner of Central Excise
The Water (Prevention and Control of Pollution) Cess Act, 1977	Water Cess	117.00	62.40	2012 -13 to 2014 -15	Chairman, Appellate Committee, Punjab Pollution Control Board

\*an amount as per demand order including interest and penalty, whichever indicated in order

- (c) According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current year and immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any debenture holders during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) 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. However, Loan amounting to Rs. 1,768.93 lacs, which has been disbursed at the last quarter of the year, remained unutilized as at 31 March 2015.
- (xii) 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 the year.

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

**Pravin Tulsyan**  
 Partner  
 Membership No. 108044

Place : Chandigarh  
 Date : 26 May 2015

**BALANCE SHEET AS AT 31 MARCH 2015**

	Notes No.	As At 31 March 2015 Rs. Lacs	As At 31 March 2014 Rs. Lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1.1	3,872.64	3,872.64
(b) Reserves and surplus	1.2	53,233.48	9,957.39
		<b>57,106.12</b>	13,830.03
<b>Non-current liabilities</b>			
(a) Long-term borrowings	1.3	12,231.39	6,437.64
(b) Deferred tax liabilities (Net)	1.4	4,197.81	3,796.14
(c) Other long term liabilities	1.5	1,105.15	666.27
(d) Long-term provisions	1.6	72.15	61.27
		<b>17,606.50</b>	10,961.32
<b>Current liabilities</b>			
(a) Short-term borrowings	1.7	4,169.87	4,501.10
(b) Trade payables	1.8	2,426.25	3,740.44
(c) Other current liabilities	1.9	3,770.60	4,603.31
(d) Short-term provisions	1.6	556.18	279.74
		<b>10,922.90</b>	13,124.59
		<b>85,635.52</b>	37,915.94
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	1.10		
(i) Tangible assets		67,296.42	26,443.68
(ii) Intangible assets		-	8.21
(iii) Assets under finance lease		25.95	43.23
(iv) Capital work-in-progress		2,608.78	28.92
		<b>69,931.15</b>	26,524.04
(b) Long-term loans and advances	1.11	2,970.29	2,146.24
(c) Other non-current assets	1.12	10.00	102.71
		<b>72,911.44</b>	28,772.99
<b>Current assets</b>			
(a) Inventories	1.13	4,798.40	4,433.46
(b) Trade receivables	1.14	4,436.58	3,488.97
(c) Cash and bank balances	1.15	2,404.01	356.91
(d) Short-term loans and advances	1.11	1,034.11	837.42
(e) Other current assets	1.16	50.98	26.19
		<b>12,724.08</b>	9,142.95
		<b>85,635.52</b>	37,915.94
<b>Significant accounting policies</b>	3		
<b>Other notes to financial statements</b>	4		

The notes referred to above from 1 to 4 forms an integral part of the financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

**Pravin Tulsyan**

Partner

Membership No.: 108044

Place : Chandigarh

Date : 26 May 2015

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

**Jagesh K Khaitan**

Chairman

DIN - 00026264

**Roshan Garg**

President-Finance & CFO

Place : Chandigarh

Date : 26 May 2015

**Pavan Khaitan**

Managing Director

DIN - 00026256

**Vivek Trehan**

Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015**

	Notes No.	For the year ended 31 March 2015 Rs. Lacs	For the year ended 31 March 2014 Rs. Lacs
<b>Revenue from operations</b>			
Sale of products	4.14	52,779.85	50,529.11
Less : Excise duty		3,005.85	2,847.86
		49,774.00	47,681.25
Other operating revenues	2.1	158.33	223.34
<b>Total revenue from operations</b>		<b>49,932.33</b>	<b>47,904.59</b>
Other income	2.2	148.57	119.58
<b>Total revenue</b>		<b>50,080.90</b>	<b>48,024.17</b>
<b>Expenses</b>			
Cost of materials consumed	2.3	17,960.03	15,329.12
Purchases of stock-in-trade		3.40	243.53
Changes in inventories of finished goods, work-in-progress and stock in trade	2.4	(58.42)	(183.71)
Employee benefits expense	2.5	2,779.28	2,653.60
Finance costs	2.6	2,028.66	2,159.87
Depreciation and amortization expense	1.10	1,282.73	1,853.68
Other expenses	2.7	22,915.94	22,236.39
<b>Total expenses</b>		<b>46,911.62</b>	<b>44,292.48</b>
<b>Profit before tax</b>		<b>3,169.28</b>	<b>3,731.69</b>
<b>Tax expense</b>			
Current tax (MAT)		667.20	790.28
Less : MAT credit entitlement		(432.89)	(790.28)
Deferred tax charge / (credit) for the year		431.18	813.31
Prior period Deferred tax charge / (credit)		-	(436.27)
<b>Profit for the year</b>		<b>2,503.79</b>	<b>3,354.65</b>
<b>Earnings per equity share</b>			
Basic and diluted		24.57	36.24
<b>Significant accounting policies</b>	3		
<b>Other notes to financial statements</b>	4		

The notes referred to above from 1 to 4 forms an integral part of the financial statements

As per our report of even date attached

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

**Pravin Tulsyan**  
Partner  
Membership No. 108044

Place : Chandigarh  
Date : 26 May 2015

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

**Jagesh K Khaitan**  
Chairman  
DIN - 00026264

**Roshan Garg**  
President-Finance & CFO

Place : Chandigarh  
Date : 26 May 2015

**Pavan Khaitan**  
Managing Director  
DIN - 00026256

**Vivek Trehan**  
Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

	Year ended 31 March 2015	(Amount in Rs. Lacs) Year ended 31 March 2014
<b>A Cash flow from operating activities</b>		
Net profit before taxation and extra ordinary items	3,169.28	3,731.69
<b>Adjustments for:</b>		
Depreciation and amortization expense	1,282.73	1,853.68
Net loss on sale of fixed assets	1.12	4.13
Interest and finance charges	2,028.66	2,159.87
Interest income	(100.32)	(79.61)
Foreign exchange gain (unrealized)	(1.41)	(13.28)
Balances written off	10.80	-
Provision for doubtful trade receivables	-	25.69
Liabilities no longer required written back	(115.08)	(159.48)
Operating cash flow before working capital changes	<u>6,275.78</u>	<u>7,522.69</u>
<b>Changes in current assets and current liabilities:</b>		
(Increase)/decrease in inventories	(364.95)	196.98
(Increase) in trade receivables, current assets and loans & advances	(1,197.08)	(4,73.58)
(Decrease) in trade payable, other liabilities and provisions	(820.11)	(2,60.89)
Cash generated from operations before taxes	<u>3,893.64</u>	<u>6,985.20</u>
Income tax paid/tax deducted at source	(665.61)	(778.47)
<b>Net cash generated from operating activities (A)</b>	<u>3,228.03</u>	<u>6,206.73</u>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets and capital work in progress including capital advances	(3,669.47)	(1,265.58)
Sale of fixed assets	1.06	6.82
Increase/(decrease) in fixed deposits having maturity more than three months	(1,971.59)	77.90
Interest received	75.53	80.88
<b>Net cash used in investing activities (B)</b>	<u>(5,564.47)</u>	<u>(1,099.98)</u>
<b>C Cash flows from financing activities</b>		
Change in working capital loan	(32.30)	300.40
Proceeds from short term borrowing from others	15.00	300.00
Repayment of short term borrowings from others	(120.00)	-
Proceeds from long term borrowings from banks	5,821.31	372.21
Proceeds from long term borrowing from promoters and others	2,096.79	671.00
Proceeds from public deposits#	1,396.02	1,254.22
Repayment of long term borrowings from bank	(3,187.52)	(3,646.40)
Repayment of long term borrowings from promoters and others*	(82.40)	(501.47)
Repayment of public deposits*#	(1,203.77)	(1,366.10)
Principal repayment under finance lease	(24.68)	(15.65)
Interest paid	(2,163.36)	(2,399.77)
Dividend paid and tax thereon	(192.32)	(2.00)
<b>Net cash generated/(used) in financing activities (C)</b>	<u>2,322.77</u>	<u>(5,033.56)</u>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<u>(13.67)</u>	<u>73.19</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>135.57</u>	<u>62.38</u>
<b>Cash and cash equivalents at the end of the year**</b>	<u>121.90</u>	<u>135.57</u>

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

\* Refer note 4.5.C (b)

\*\* Refer Note 1.15.1

# Includes public deposits matured and renewed during the year  
As per our report of even date attached.

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

**Pravin Tulsyan**  
Partner  
Membership No.: 108044

Place : Chandigarh  
Date : 26 May 2015

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

**Jagesh K Khaitan**  
Chairman  
DIN - 00026264

**Roshan Garg**  
President-Finance & CFO

Place : Chandigarh  
Date : 26 May 2015

**Pavan Khaitan**  
Managing Director  
DIN - 00026256

**Vivek Trehan**  
Company Secretary

**Notes forming part of financial statements for the year ended 31 March 2015**  
**(Amount in Rs. lacs, unless specified otherwise)**

**1.1 SHARE CAPITAL**

Particulars	As at 31 March 2015	As at 31 March 2014
	Rs. Lacs	Rs. Lacs
<b>1.1.1 Authorized</b>		
2,50,00,000 (previous year 2,50,00,000) equity shares of Rs. 10 each	<b>2,500.00</b>	2,500.00
3,00,00,000 (previous year 3,00,00,000) 10% redeemable preference shares of Rs. 10 each	<b>3,000.00</b>	3,000.00
	<b><u>5,500.00</u></b>	<b><u>5,500.00</u></b>
<b>1.1.2 Issued, subscribed and paid up*</b>		
87,26,363 (previous year 87,26,363) equity shares of Rs.10 each, fully paid up	<b>872.64</b>	872.64
3,00,00,000 (previous year 3,00,00,000) 10% redeemable non-cumulative preference shares of Rs. 10 each, fully paid up	<b>3,000.00</b>	3,000.00
	<b><u>3,872.64</u></b>	<b><u>3872.64</u></b>

\*There are no shares issued for consideration other than cash.

**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) 10% redeemable non cumulative preference shares of Rs. 10 each fully paid up

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number of shares	Amount (Rs. Lacs)	Number of shares	Amount (Rs. Lacs)
<b>Balance as at the beginning of the year</b>	<b>3,00,00,000</b>	<b>3,000.00</b>	-	-
Add : Issued during the year	-	-	3,00,00,000	3,000.00
Less : Redeemed during the year	-	-		
<b>Balance as at the end of the year</b>	<b>3,00,00,000</b>	<b>3,000.00</b>	3,00,00,000	3,000.00

**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 is subject to approval of the shareholders (except for interim dividend) in the ensuing Annual General Meeting.

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

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

The Company has only one class of preference shares having a par value of Rs. 10 per share. Preference shareholders do not hold any voting rights.

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

The preference shareholder acquire voting right on par with equity shareholders if dividend on preference shares remain unpaid for a period of not less than 2 years or for any three years during a period of six years ending with financial year preceding the meeting.

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

The preference shares are redeemable in 5 equal instalments of Rs. 600 lacs each at the end of 16th, 17th, 18th, 19th and 20th year, from the date of allotment, i.e., 13 September 2013 instead of earlier redemption at the end of 8th, 9th, 10th, 11th and 12th year.

## Notes to Accounts

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

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

Name of shareholder	As at 31 March 2015		As at 31 March 2014	
	% 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

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

Name of shareholder	As at 31 March 2015		As at 31 March 2014	
	% of holdings	No. of shares held	% of holdings	No. of shares held
(i) Esteem Finventures Limited	83	2,50,00,000	83	2,50,00,000
(ii) Mr. Pavan Khaitan	10	30,00,000	10	30,00,000

## 1.2 RESERVES AND SURPLUS

Particulars	As at 31 March 2015 Rs. Lacs	As at 31 March 2014 Rs. Lacs
<b>1.2.1 Capital redemption reserve</b>	200.00	200.00
<b>1.2.2 Capital subsidy</b>	100.14	100.14
<b>1.2.3 General reserve</b>	2,457.92	2,457.92
<b>1.2.4 Revaluation Reserve</b>		
Opening balance	-	-
Add : Revaluation reserve credited during the year (also refer foot note to Note No. 1.10)	41,294.33	-
Closing Balance	41,294.33	-
<b>1.2.5 Surplus in the Statement of Profit and Loss</b>		
Opening Balance	7,199.33	4,037.00
Less : Adjustment on account of revised useful life of fixed assets (net of tax) refer note 3.2 (d)	(57.33)	-
Add : Net Profit for the year	2,503.79	3,354.65
	9,645.79	7,391.65
Less : Proposed dividend - equity shares*	(87.26)	-
Less : Proposed dividend - preference shares**	(300.00)	(164.38)
Less : Dividend distribution tax on preference and equity dividend	(77.44)	(27.94)
Closing Balance	9,181.09	7,199.33
	53,233.48	9,957.39

\* Rs. 1 (previous year Rs. Nil) per equity share

\*\* Rs. 1 (previous year Rs. 1) per preference share

## Notes to Accounts

### 1.3 LONG TERM BORROWINGS

Particulars	Footnote	Non Current Portion		Current Portion	
		As at	As at	As at	As at
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
		Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
<b>1.3.1 Secured (refer foot notes)</b>					
<b>(a) Term loans</b>					
from banks	[1]	7,945.70	4,809.51	2,615.38	3,115.36
<b>(b) Finance lease obligations</b>					
for purchase of computers and IT Equipments	[2]	45.60	28.35	37.83	16.17
<b>(c) Vehicle loans</b>					
from banks	[3]	93.75	90.73	60.42	65.86
		<u>8,085.05</u>	<u>4,928.59</u>	<u>2,713.63</u>	<u>3,197.39</u>
<b>1.3.2 Unsecured (refer foot notes)</b>					
<b>(a) Public deposits</b>	[4]				
- from related parties(also refer note 4.5.C. (b))		626.40	356.50	116.00	316.00
- others		821.65	470.30	130.22	165.29
<b>(b) Inter corporate deposits</b>	[5]				
- from a related party (also refer note 4.5.C. (b))		162.00	162.00	-	-
- others		-	80.75	55.75	57.40
<b>(c) Loans from Export Development Canada</b>	[6]	2,096.79	-	-	-
<b>(d) Loans from directors and relatives</b>	[7]				
Mr. Pavan Khaitan (Managing Director) & HUF of Mr.Pavan Khaitan		113.00	113.00	-	-
Mrs. Aparna Khaitan (Relative of director)		226.50	226.50	-	-
Mr. Jagesh K Khaitan (Chairman)		90.00	90.00	-	-
Mrs. Usha Khaitan (Relative of director)		10.00	10.00	-	-
		<u>4,146.34</u>	<u>1,509.05</u>	<u>301.97</u>	<u>538.69</u>
Less: Amount shown under "other current liabilities" (Refer Note 1.9)		-	-	3,015.60	3,736.08
		<u><u>12,231.39</u></u>	<u><u>6,437.64</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

#### Footnotes:

[1] Term Loan of:

a. Rs. 7,065.00 (previous year Rs. 3,339.12) 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 guarantees of directors.

b. Rs. 2,700.00 (previous year Rs. 3,450.00) 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 guarantees 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. 285.37 (previous year Rs. 1,135.75) is 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. The said loans are also secured by personal guarantees of directors.

d. Rs. 510.71 (previous year Rs. Nil) Lakhs is secured by exclusive charge on the building at Industrial Area Chandigarh and is also secured by personal guarantees of directors.

e. During the current year, floating interest rate was in the range of 12.40% to 14% per annum (previous year 13.30% to 14% per annum).

## Notes to Accounts

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

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
As at 31 March 2015	2,615.38	2,485.00	2,650.00	1,150.00	950.00	710.70
As at 31 March 2014	<u>2014-15</u> 3,115.36	<u>2015-16</u> 2,120.51	<u>2016-17</u> 1,389.00	<u>2017-18</u> 1,300.00		

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

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
As at 31 March 2015	37.83	32.30	13.30
As at 31 March 2014	<u>2014-15</u> 16.17	<u>2015-16</u> 18.30	<u>2016-17</u> 10.05

[3] Vehicle loans are secured against hypothecation of the specified vehicles purchased from proceeds of the said loans. The fixed rate of interest in current year and previous year on the loans ranges from 10% to 12.60% per annum. Maturity profile of the vehicles loans is as under (Rs. lacs) :

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
As at 31 March 2015	60.42	48.15	28.33	10.57	6.70
As at 31 March 2014	<u>2014-15</u> 65.86	<u>2015-16</u> 43.65	<u>2016-17</u> 29.49	<u>2017-18</u> 15.07	<u>2018-19</u> 2.52

[4] The rate of interest on public deposits for a maturity period of more than 1 year in current year and in previous year is in range of 11% to 12% per annum Maturity profile of the public deposits for maturity period of more than 1 year is as under (Rs. Lacs)

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
As at 31 March 2015	246.22	580.10	867.95

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
As at 31 March 2014	481.29	285.22	541.58

[5] The fixed rate of interest on inter corporate deposits in current year and previous year is in ranges from 10% to 12% per annum. The inter corporate deposits are payable in 3 years. The inter corporate deposits are considered as long terms and classified as current and non current as per assessment of the management.

	<u>2015-16</u>	<u>2016-17</u>
As at 31 March 2015	55.75	162.00
As at 31 March 2014	<u>2014-15</u> 57.40	<u>2015-16</u> 55.75
		<u>2016-17</u> 187.00

[6] The rate of interest on Loan from Export Development Canada is US libor plus 3.20% per annum. The loan is repayable in one instalment in year 2017-18.

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

### 1.4 DEFERRED TAXES

#### Particulars

	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>
	<b>Rs. Lacs</b>	<b>Rs. Lacs</b>
<b>Deferred tax assets on account of :</b>		
Provision for employee benefits	24.49	22.47
Provision for doubtful debts and advances	18.11	19.73
Expenses allowable on payment basis	59.89	57.44
Finance lease obligation	2.65	15.13
	<b>105.14</b>	<b>114.78</b>
<b>Deferred tax liabilities on account of :</b>		
Difference between depreciation on fixed assets as per books and as per Income Tax Act, 1961	4,302.94	3,910.92
	<b>4,302.94</b>	<b>3,910.92</b>
<b>Net deferred tax liabilities</b>	<b>4,197.81</b>	<b>3,796.14</b>

During the year ended 31 March 2013 while filing its income tax return for the financial year 2011-12, the Company had exercised its option to claim tax holiday exemption for ten years in relation to its certain activities. However, inadvertently, the computation of deferred taxation for the previous year did not consider the consequential impact thereof. In the previous year, deferred tax was corrected and consequential adjustment in the form of deferred tax credit of Rs. 436.27 was recorded. As a result, profit for the previous year after tax was higher by Rs. 436.27.

Also refer note 3 (2) (d)

## Notes to Accounts

### 1.5 OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2015	As at 31 March 2014
	Rs. Lacs	Rs. Lacs
Others		
- Security deposits	1,077.81	645.51
- Interest accrued but not due on borrowings	27.34	20.76
	<u>1,105.15</u>	<u>666.27</u>

### 1.6 LONG TERM AND SHORT TERM PROVISIONS

Particulars	Long-term		Short-term	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
<b>(a) Provision for employee benefits</b>				
Compensated absences	72.15	61.27	7.32	4.84
<b>(b) Others</b>				
Provision for income tax [net of advance tax Rs. 1,798.77 (previous year Rs. 1,133.16)]	-	-	84.17	82.58
Proposed dividend on equity shares	-	-	87.26	-
Proposed dividend on preference shares	-	-	300.00	164.38
Corporate dividend tax on equity & preference dividend	-	-	77.43	27.94
	<u>72.15</u>	<u>61.27</u>	<u>556.18</u>	<u>279.74</u>

### 1.7 SHORT TERM BORROWINGS

Particulars	Footnote	As at 31 March 2015	As at 31 March 2014
		Rs. Lacs	Rs. Lacs
<b>1.7.1 Secured</b>			
<b>(a) Working capital loans from banks</b>	[1]	3,492.77	3,525.07
<b>1.7.2 Unsecured</b>			
<b>(a) Public deposits</b>	[2]	3,492.77	3,525.07
- from a related party		-	10.00
- others		482.10	666.03
<b>(b) Inter corporate deposits</b>	[3]	195.00	300.00
		<u>677.10</u>	<u>976.03</u>
		<u>4,169.87</u>	<u>4,501.10</u>

#### Footnotes:

[1] Working capital loans are secured by hypothecation of all current assets, second charge on the fixed assets of the Company and personal guarantees of directors. The floating rate of interest on the loans is 12.90% to 14.25% per annum (previous year 13% to 14.25% per annum). As at 31 March 2015, the rate of interest is in range from 12.90% to 13% per annum.

[2] The fixed rate of interest on public deposits for maturity period of one year in current year and previous year varies from 10.50% to 11% annum.

[3] The fixed rate of interest on inter corporate deposits is in range of 12% to 13% per annum (previous year 12% per annum)

### 1.8 TRADE PAYABLES

Particulars	As at 31 March 2015	As at 31 March 2014
	Rs. Lacs	Rs. Lacs
<b>(a) Acceptances</b>	525.07	805.81
<b>(b) Other trade payables*</b>	1,901.18	2,934.63
	<u>2,426.25</u>	<u>3,740.44</u>

\* Also refer note 4.4



## Notes to Accounts

### 1.9 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2015	As at 31 March 2014
	Rs. Lacs	Rs. Lacs
(a) Current maturities of long-term debts (refer note 1.3)	2,977.77	3,719.91
(b) Current maturities of finance lease obligations (refer note 1.3)	37.83	16.17
(c) Interest accrued but not due on borrowings	31.03	28.60
(d) Unpaid dividends	14.43	17.96
(e) Other payables		
Statutory dues	160.50	186.10
Creditors for fixed assets	63.47	106.52
Advances from customers	67.62	99.47
Employees dues	377.51	322.77
Others	40.45	105.81
	<u>3,770.60</u>	<u>4,603.31</u>

### 1.10 FIXED ASSETS

Particulars	Gross block			As at 31 March 2015	Depreciation				Net Block	
	As at 31 March 2014	Additions/ Revalu- ation	Disposals		Upto 31 March 2014	Depreciation/ amortization/ for the year	On dispo- sals	Impact of Revision in useful life of fixed assets Refer No. 3.(2) (d)	Upto 31 March 2015	As at 31 March 2015
	(a)	(b)	(c)	(d)=(a+b-c)	(e)	(f)	(g)	(h)=(e+f-g)	(i)=(d-h)	
<b>Tangible assets</b>										
Freehold land #	77.67	41,294.33	-	41,372.00	-	-	-	-	41,372.00	
Buildings	3,784.89	24.45	-	3,809.34	839.44	122.79	-	11.36	2,835.75	
Plant and equipment	34,957.61	773.65	-	35,731.26	11,765.29	1,084.77	-	69.26	22,811.94	
Furniture and fixtures	92.90	9.17	-	102.07	59.46	6.15	-	0.46	36.00	
Vehicles	195.28	61.91	7.08	250.11	33.32	25.83	4.90	0.75	195.11	
Computers	150.94	35.50	-	186.44	118.10	17.70	-	5.02	45.62	
<b>(A)</b>	<b>39,259.29</b>	<b>42,199.01</b>	<b>7.08</b>	<b>81,451.22</b>	<b>12,815.61</b>	<b>1,257.24</b>	<b>4.90</b>	<b>86.85</b>	<b>67,296.42</b>	
<b>Intangible assets</b>										
Brands / trademarks	613.86	-	-	613.86	605.65	8.20	-	613.86	-	
<b>(B)</b>	<b>613.86</b>	<b>-</b>	<b>-</b>	<b>613.86</b>	<b>605.65</b>	<b>8.20</b>	<b>-</b>	<b>613.86</b>	<b>-</b>	
<b>Assets under finance lease</b>										
Computers equipment	105.62	-	-	105.62	62.39	17.29	-	79.68	25.95	
<b>(C)</b>	<b>105.62</b>	<b>-</b>	<b>-</b>	<b>105.62</b>	<b>62.39</b>	<b>17.2900</b>	<b>-</b>	<b>79.68</b>	<b>25.95</b>	
<b>Capital work in progress</b>									2,608.78	
<b>D)</b>									<b>2,608.78</b>	
<b>Grand total (A+B+C+D)</b>	<b>39,978.77</b>	<b>42,199.01</b>	<b>7.08</b>	<b>82,170.70</b>	<b>13,483.65</b>	<b>1,282.73</b>	<b>4.90</b>	<b>86.85</b>	<b>69,931.15</b>	

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

## Notes to Accounts

Rs. Lacs

Particulars	Gross Block				Depreciation				Net Block
	As at 31 March 2013	Additions/ Revaluation	Disposals	As at 31 March 2014	Upto 31 March 2013	Depreciation/ amortization for the year	On disposals	Upto 31 March 2014	As at 31 March 2014
	(a)	(b)	(c)	(d)=(a+b-c)	(e)	(f)	(g)	(h)=(e+f-g)	(i)=(d-h)
<b>Tangible assets</b>									
Freehold land	77.67	-	-	77.67	-	-	-	-	77.67
Buildings	3,483.52	301.37	-	3,784.89	730.63	108.81	-	839.44	2,945.45
Plant and equipment	29,416.62	5,540.99	-	34,957.61	10,244.47	1,520.82	-	11,765.29	23,192.32
Furniture and fixtures	84.92	7.98	-	92.90	56.29	3.17	-	59.46	33.44
Vehicles	103.00	112.07	19.79	195.28	26.01	16.15	8.84	33.32	161.96
Computers	143.93	7.01	-	150.94	108.92	9.18	-	118.10	32.84
<b>(A)</b>	<b>33,309.66</b>	<b>5,969.42</b>	<b>19.79</b>	<b>39,259.29</b>	<b>11,166.32</b>	<b>1,658.13</b>	<b>8.84</b>	<b>12,815.61</b>	<b>26,443.68</b>
<b>Intangible assets</b>									
Brands / trademarks*	613.86	-	-	613.86	427.71	177.94	-	605.65	8.21
<b>(B)</b>	<b>613.86</b>	<b>-</b>	<b>-</b>	<b>613.86</b>	<b>427.71</b>	<b>177.94</b>	<b>-</b>	<b>605.65</b>	<b>8.21</b>
<b>Assets under finance lease</b>									
Computers equipment	53.74	51.88	-	105.62	44.78	17.61	-	62.39	43.23
<b>(C)</b>	<b>53.74</b>	<b>51.88</b>	<b>-</b>	<b>105.62</b>	<b>44.78</b>	<b>17.61</b>	<b>-</b>	<b>62.39</b>	<b>43.23</b>
<b>Capital work in progress</b>									<b>28.92</b>
<b>(D)</b>									<b>28.92</b>
<b>Grand total (A+B+C+D)</b>	<b>33,977.26</b>	<b>6,021.30</b>	<b>19.79</b>	<b>39,978.77</b>	<b>11,638.81</b>	<b>1,853.68</b>	<b>8.84</b>	<b>13,483.65</b>	<b>26,524.04</b>

\* Depreciation for the current year include Rs. 116.56 charged extra based on management best estimate of the future economic benefit.

## 1.11 LOANS AND ADVANCES

(Unsecured considered good, unless otherwise stated)

Particulars	Long-term		Short-term	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs.
(a) Capital advances	533.86	184.68	-	-
(b) Security deposits	100.34	100.34	-	-
(c) Other loans and advances				
Prepaid expenses	48.49	6.50	72.01	37.88
Advances to employees	-	-	6.01	12.39
Advances to suppliers	-	-	224.70	208.70
CENVAT credit receivable	-	-	228.99	177.76
VAT credit receivable	-	-	459.83	281.47
Service tax credit receivable	-	-	22.37	28.05
Gratuity trust fund	-	-	5.43	11.27
MAT credit entitlement #	2,196.65	1,763.77	-	-
Advance tax [Net of provisions aggregating Rs. 992.92 (previous year Rs.992.92)]	90.95	90.95	-	-
Others	-	-	14.77	79.90
Advances to suppliers (considered doubtful)	-	-	9.77	9.77
Less : Provision for doubtful loans and advances	-	-	(9.77)	(9.77)
	<u>2,970.29</u>	<u>2,146.24</u>	<u>1,034.11</u>	<u>837.42</u>

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

## Notes to Accounts

### 1.12 OTHER NON-CURRENT ASSETS

(Unsecured considered good, unless otherwise stated)

#### Particulars

#### Non current portion of balances with banks

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

\*refer note 1.15.2

	As at 31 March 2015	As at 31 March 2014
	Rs. Lacs	Rs. Lacs
	<u>10.00</u>	<u>102.71</u>
	<u>10.00</u>	<u>102.71</u>

### 1.13 INVENTORIES (valued at the lower of cost and net realizable value)

#### Particulars

Raw materials (including packing materials)

Work-in-progress

Finished goods @

Stock-in-trade

Stores and spares

Loose tools

Chemicals and fuels

As at  
31 March 2015

Rs. Lacs

1,662.94

123.34

240.18

4.85

1,469.43

1.34

1,296.32

4,798.40

As at  
31 March 2014

Rs. Lacs

1,463.95

182.77

23.67

103.49

1,312.21

0.99

1,346.38

4,433.46

@ comprises of stock of finished paper of Rs. 176.08 lacs (previous year Rs. 15.77 lacs) and stock of soda ash of Rs. 64.10 lacs (previous year Rs. 7.90 lacs)

### 1.14 TRADE RECEIVABLES

#### Particulars

#### 1.14.1 Receivables outstanding for a period exceeding six months

(Unsecured considered good, unless otherwise stated)

Considered good

Considered doubtful

Less : Provision for doubtful receivables

As at  
31 March 2015

Rs. Lacs

22.15

46.05

(46.05)

22.15

As at  
31 March 2014

Rs. Lacs

3.42

48.28

(48.28)

3.42

#### 1.14.2 Other trade receivables

4,414.43

3,485.55

4,436.58

3,488.97

### 1.15 CASH AND BANK BALANCES

#### Particulars

#### 1.15.1 Cash and cash equivalents

Balances with banks

Current accounts

Fixed deposits with original maturities upto 3 months#

Cash in hand

#### 1.15.2 Other bank balances

Unpaid dividend accounts

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

Fixed deposits with banks with maturity period more than 3 months but upto 12 months\*#

Particulars	Non-Current		Current	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
			90.34	9.46
			20.00	112.53
			11.56	13.58
			<u>121.90</u>	<u>135.57</u>
	-	-	14.43	17.96
	10.00	102.71	-	-
	-	-	2,267.68	203.38
	<u>10.00</u>	<u>102.71</u>	<u>2,282.11</u>	<u>221.34</u>
	<u>(10.00)</u>	<u>(102.71)</u>	-	-
	<u>-</u>	<u>-</u>	<u>2,404.01</u>	<u>356.91</u>

#### Amount disclosed under non-current assets (refer note 1.12)

\*pledged as security for letters of credit/bank guarantees amounting to Rs. 225.69 (previous year Rs. 264.03)

# includes Rs. 1,768.93 being the amount unutilized out of term loan for Rs. 2,096.79 and will be utilized in year ending March 2016.

## Notes to Accounts

### 1.16 OTHER CURRENT ASSETS

(Unsecured considered good, unless otherwise stated)

Particulars	As at 31 March 2015 Rs. Lacs	As at 31 March 2014 Rs. Lacs
Interest accrued on bank deposits	39.65	16.75
Interest accrued on other deposits	11.33	9.44
	<u>50.98</u>	<u>26.19</u>

### 2.1 OTHER OPERATING REVENUES

Particulars	For the year ended 31 March 2015 Rs. Lacs	For the year ended 31 March 2014 Rs. Lacs
Scrap and sludge sales	43.25	63.86
Liabilities no longer required written back	115.08	159.48
	<u>158.33</u>	<u>223.34</u>

### 2.2 OTHER INCOME

Particulars	For the year ended 31 March 2015 Rs. Lacs	For the year ended 31 March 2014 Rs. Lacs.
Interest income		
on bank deposits	59.91	35.83
others	40.41	43.78
Insurance claims received	14.82	14.00
Plantation sales	19.91	12.09
Rental income	13.52	13.88
	<u>148.57</u>	<u>119.58</u>

### 2.3 COST OF MATERIALS CONSUMED

Particulars	For the year ended 31 March 2015 Rs. Lacs	For the year ended 31 March 2014 Rs. Lacs
<b>Raw materials consumed</b>		
Opening stock	1,360.21	2,611.26
Add : Purchases during the year	16,653.65	12,624.42
	18,013.86	15,235.68
Less : Closing stock	1,597.73	1,360.21
	<b>16,416.13</b>	13,875.47
<b>Packing materials consumed</b>		
Opening stock	103.74	65.01
Add : Purchases during the year	1,505.37	1,492.38
	1,609.11	1,557.39
Less : Closing stock	65.21	103.74
	<b>1,543.90</b>	1,453.65
	<u>17,960.03</u>	<u>15,329.12</u>

\*Also refer note 4.15

## 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 2015		For the year ended 31 March 2014	
		Rs. Lacs		Rs. Lacs.
<b>Finished Goods</b>				
Closing Stock				
Manufactured paper	175.88		15.77	
Trading paper	4.85		103.49	
Soda ash	64.30	<b>245.03</b>	7.91	127.17
Less : opening stock				
Manufactured paper	15.77		-	
Trading Paper	103.49		9.37	
Soda ash	7.91	<b>127.17</b>	8.36	17.73
		<b>117.86</b>		<b>109.44</b>
<b>Work in progress</b>				
Closing stock				
Paper	57.19		104.12	
Chemicals	66.15	<b>123.34</b>	78.66	182.77
Less : opening stock				
Paper	104.12		22.01	
Chemicals	78.66	<b>182.78</b>	86.49	108.50
		<b>(59.44)</b>		<b>74.27</b>
Increase / (decrease) (A+B)		<b>58.42</b>		<b>183.71</b>

### 2.5 EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
		Rs. Lacs		Rs. Lacs
Salaries and wages				
salaries, bonus and wages*		<b>2,379.24</b>		2,161.85
compensated absences and other compensation		<b>43.49</b>		73.56
Contribution to				
provident fund and other funds		<b>229.49</b>		224.59
gratuity fund (refer note 4.9)		<b>65.84</b>		146.88
Staff welfare expenses		<b>61.22</b>		46.72
		<b>2,779.28</b>		<b>2,653.60</b>

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

### 2.6 FINANCE COSTS

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
		Rs. Lacs		Rs. Lacs
Interest Expense				
on borrowings from banks*		<b>1,550.82</b>		1,539.08
on borrowings from others*		<b>442.11</b>		573.09
finance charges under finance lease		<b>8.16</b>		5.51
Other borrowing cost		<b>27.57</b>		42.19
		<b>2,028.66</b>		<b>2,159.87</b>

\* refer note 4.3

## 2.7 OTHER EXPENSES

Particulars	For the year ended	For the year ended
	31 March 2015	31 March 2014
	Rs. Lacs	Rs. Lacs
Consumption of stores and spares	1,482.09	1,650.04
Consumption of chemicals	9,676.98	8,783.31
Power and fuel**	9,357.61	9,352.58
Rent (Refer note 4.7)	48.62	44.91
Repair and maintenance		
- Buildings	67.35	54.23
- Machinery	389.61	458.04
- Others	14.90	31.15
Insurance	25.34	30.50
Rates and taxes	61.06	71.69
Legal and professional fees (Refer note 4.2)	292.77	156.61
Loss on sale of fixed assets (net)	1.12	4.13
Commission to directors	33.79	28.84
Pollution control expenses*	453.03	430.03
Foreign exchange loss (net)	45.52	146.12
Corporate Social Responsibility expenses(refer note 4.10)	31.95	1.50
Bank charges	63.26	81.16
Miscellaneous expenses**	870.94	911.55
	<b>22,915.94</b>	<b>22,236.39</b>

\* Comprises of salary and wages Rs. 114.83 (previous year Rs. 108.36), power and fuel expenses Rs. 301.49 (previous year Rs. 304.54) and miscellaneous expenses Rs. 36.71 (previous year Rs. 17.13)

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Background

Kquantum Papers Limited("The Company") is a 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 manufacturing facilities and registered office of the Company are situated in SailaKhurd, District Hoshiarpur in the State of Punjab, with corporate office in Chandigarh.

#### 3.2 Significant accounting policies

##### a. Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013, pronouncements of the Institute of Chartered Accountants of India and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees.

##### 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 as current or non-current, 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.

##### c. Current and Non-current classification

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

All assets and liabilities are classified into current and non-current.



## Notes to Accounts

### Assets

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

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

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

### Liabilities

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

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

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

#### d. Fixed assets and depreciation

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

The Company revalued its freehold land. (Refer Note no. 1.10)

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.

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.

The Company is providing depreciation on its tangible fixed assets on straight line method except on second hand captive power plant on which it is on written down value method.

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

Upto 31 March 2014, depreciation was provided on pro-rata basis at the rates prescribed under Schedule XIV to the Companies Act, 1956 except:

- assets taken on finance lease and leasehold improvements on which depreciation is provided on the straight line method over the useful life of assets as estimated by the management (presently 3 years) or lease term, whichever is shorter; and
- assets individually costing upto Rs. 5,000 were fully depreciated in the year of purchase.

Pursuant to Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has revised depreciation rates, wherever required, on its tangible fixed assets to align with the useful life specified in Part 'C' of Schedule II to the Act. Consequently, the depreciation charge for the year ended 31 March 2015 is lower by Rs. 538.28 lacs. Further based on transitional provision provided in Schedule II, an amount of Rs. 57.33 lacs (after adjustment of related tax impact) has been debited to opening balance of retained earnings in respect of fixed assets where life has expired as on 31 March 2014.

#### e. Capital subsidy

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

#### f. Impairment

The 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.

## Notes to Accounts

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.

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

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

### h. Foreign currency transactions

The Company accounts for effects of differences 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 rates prevailing on the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year, are recognised in the Statement of Profit and Loss.

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

##### Defined benefit 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. Assets are recognised only to the extent that it is likely to be adjusted against future contribution.

##### Other long term employee benefits

Benefits under the Company's compensated absences plan constitute other long term employee benefits. Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss for the period in which the employee has 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 (i.e. amount of tax for the period determined in accordance with the income-tax

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

**m. Leases**

**Operating leases**

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

**Finance leases**

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

**n. Provisions and contingencies**

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

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

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 are interest, ancillary cost and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs incurred by the Company in connection with the borrowing of funds.

Borrowing costs are recognised in the Statement of Profit and Loss in the period in which it is incurred, except where the cost is incurred for acquisition, construction, production or development of an asset that takes a substantial period of time to get ready for its intended use in which case it is capitalised up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

**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.

**q. Cash and cash equivalents**

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

## Notes to Accounts

### 4. OTHER NOTES TO ACCOUNTS

#### 4.1 Contingent liabilities, commitments and other litigation

Particulars	As at 31 March 2015	Rs. Lacs As at 31 March 2014
a) Claims against the Company not acknowledged as debts		
- Income tax matters	529.90	394.73
- Excise duty matters	598.54	1,303.73*
b) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,887.64	176.73

\* Includes Rs. 549.28 in previous year which has been vacated vide order of Commissioner dated 3 April 2014.

#### c) Other pending Litigations

Name of Statute	Nature of the dues	As at 31 March 2015	As at 31 March 2014	Financial year/year's to which it relates	Rs. Lacs Notes
Central Excise Act, 1944	Excise Duty	52.15	52.15	2012-13	{i}
The Water (Prevention and Control of Pollution) Cess Act, 1977	Water Cess	54.60	37.36	2012-13 to 2014-15	{ii}
{i}	Refund case is pending with Commissioner (Excise), Rs. 52.15 is classified under Note 1.11(c), cenvat credit recoverable.				
{ii}	Appeal is pending with Chairman, Appellate Committee, Punjab Pollution Control Board, Patiala. Provision created amounting to Rs. 117 and advances deposited Rs. 62.40 therefore balance Rs. 54.60 is classified under Note 1.9 (e), statutory dues.				
(d)	Further, the Company has filed legal cases against certain parties for recoverability of balances due from them. Appropriate, provision wherever required has been created in the financial statements.				

#### 4.2 Auditors' remuneration (excluding service tax)

Particulars	Year ended 31 March 2015	Rs. Lacs Year ended 31 March 2014
- As auditors	9.75	7.75
- Limited reviews	8.25	8.25
- Certification	0.10	-
- Reimbursement of out of pocket expenses	1.11	1.84
<b>Total</b>	<b>19.21</b>	<b>17.84</b>

4.3 Borrowing cost relating to qualifying assets which has been considered as cost of fixed assets is amounting to Rs. 143.71 (previous year Rs. 248.30)

4.4 The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information presently available with the management, there are no dues outstanding to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any suppliers under the said Act.

## Notes to Accounts

### 4.5 Related party transactions

A. Related parties where control exists : None

B. Other related parties with whom transactions occurred 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 - Mr. Pavan Khaitan, Managing Director
(b) Relatives of individuals mentioned in (a) above	- Mrs. Usha Khaitan - Mrs. Aparna Khaitan - Ms. Deeksha Khaitan - Ms. Malavika Khaitan - Mrs. Shashi Khaitan
(c) Investing party in respect of which the Company is an associate	- Esteem Finventures Limited

### C. Transactions during the year

Nature of transactions	Rs. Lacs	
	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>a) Unsecured loans taken</b>	<b>410.90</b>	<b>899.50</b>
- Esteem Finventures Limited	-	644.00
- Mr. Jagesh K Khaitan #	151.00	55.00
- Mrs. Usha Khaitan#	54.90	5.00
- Mr. Pavan Khaitan#	65.00	37.00
- Mrs. Aparna Khaitan#	140.00	82.00
- Ms. Deeksha Khaitan	-	42.00
- Ms. Malavika Khaitan#	-	34.50
<b>b) Unsecured loans repaid</b>	<b>351.00</b>	<b>3,920.00</b>
- Esteem Finventures Limited@	-	3,262.00
- Mr. Jagesh K Khaitan #@	141.00	120.00
- Mrs. Usha Khaitan#	54.00	-
- Mr. Pavan Khaitan#@	40.00	300.00
- Mrs. Aparna Khaitan#@	110.00	168.00
- Ms. Deeksha Khaitan#	-	38.00
- Ms. Malavika Khaitan#	6.00	32.00
@ Converted into 10% redeemable Preference-shares w.e.f from 13 September 2013	-	<b>3,000.00</b>
- Esteem Finventures Ltd	-	2,500.00
- Mr. Jagesh K Khaitan	-	100.00
- Mr Pavan Khaitan	-	300.00
- Mrs Aparna Khaitan	-	100.00
<b>c) Interest on unsecured loans</b>	<b>131.07</b>	<b>257.53</b>
- Esteem Finventures Limited	16.20	123.78
- Mr. Jagesh K Khaitan	25.21	31.90
- Mrs. Usha Khaitan	7.17	7.22
- Mr. Pavan Khaitan	18.58	30.04
- Mrs. Aparna Khaitan	41.92	42.76
- Ms. Deeksha Khaitan	5.40	4.94
- Ms. Malavika Khaitan	4.59	4.89
- Mrs. Shashi Khaitan	12.00	12.00
<b>d) Managerial remuneration</b>	<b>198.34</b>	<b>131.66</b>
- Mr. Jagesh K Khaitan	97.06	72.13
- Mr. Pavan Khaitan	101.28	59.53
<b>e) Preference dividend proposed</b>	<b>300.00</b>	<b>164.38</b>
- Esteem Finventures Ltd	250.00	136.98
- Mr. Jagesh K Khaitan	10.00	5.48
- Mr Pavan Khaitan	30.00	16.44
- Mrs Aparna Khaitan	10.00	5.48
<b>f) Procurement charges (excluding service tax)</b>	<b>-</b>	<b>239.22</b>
- Esteem Finventures Limited	-	239.22
<b>g) Other Charges (Rent)</b>	<b>0.60</b>	<b>0.60</b>
- Esteem Finventures Limited	0.60	0.60
<b>h) Purchases</b>		
- Esteem Finventures Limited	<b>6,342.66</b>	<b>2,409.11</b>
- Agro Material	6,339.05	2,247.77
- Wrapper/Pulp	-	48.55
- Specialty Paper	3.61	112.79

# includes public deposits matured and renewed during the year.

## Notes to Accounts

D. Balance outstanding Particulars	Rs. Lacs	
	As at 31 March 2015	As at 31 March 2014
<b>Unsecured loans</b>	<b>1,343.90</b>	<b>1,284.00</b>
- Esteem Finventures Limited	162.00	162.00
- Mr. Jagesh K Khaitan	286.00	276.00
- Mrs. Usha Khaitan	69.90	69.00
- Mr. Pavan Khaitan	205.00	180.00
- Mrs. Aparna Khaitan	438.50	408.50
- Mrs. Shashi Khaitan	100.00	100.00
- Ms. Deeksha Khaitan	45.00	45.00
- Ms. Malavika Khaitan	37.50	43.50
<b>Trade Payables</b>	-	<b>312.84</b>
- Esteem Finventures Limited	-	312.84
<b>Interest accrued</b>	-	<b>4.60</b>
- Mr. Jagesh K Khaitan	-	4.09
- Mrs. Usha Khaitan	-	0.51

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

### 4.6 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 (Accounts) Rules, 2014 in relation to segment reporting is not given.

### 4.7 Leases

#### Operating leases

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

Lease payments charged during the year in Statement of Profit and Loss aggregate Rs. 48.62 (previous year Rs. 44.91).

#### Finance leases

The Company acquires certain computer and IT equipment under finance lease which had been capitalized/capital work in progress 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 2015	Interest	Present value of minimum lease payments
Within one year	46.91 (21.04)	8.99 (4.87)	37.83 (16.17)
Later than one year and not later than five years	50.87 (31.56)	4.64 (3.21)	45.60 (28.35)
<b>Total</b>	<b>97.78</b> <b>(52.60)</b>	<b>13.63</b> <b>(8.08)</b>	<b>83.43</b> <b>(44.52)</b>

(Figure in bracket represent previous year amount)



## Notes to Accounts

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

Particulars	Rs. Lacs	
	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit after tax as per Statement of Profit and Loss	2,503.79	3,354.65
Less: preference dividend including tax thereon	359.98	192.32
Net profit attributable to the equity shareholders (A)	2,143.81	3,162.33
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)	24.57	36.24

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

### Defined contribution plans

The Company's provident fund scheme and employee's state insurance (ESI) fund scheme are defined contribution plans. The Company has recorded expenses of Rs. 159.67 (previous year Rs. 155.68) under provident fund scheme and Rs.54.64 (previous year Rs. 53.91) under ESI scheme. These have been included in note 2.5 Employees benefits expenses, in the Statement of Profit and Loss.

### Defined benefit plans

#### Gratuity (funded)

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

#### Changes in the present value of defined benefit obligation

Particulars	Rs. Lacs	
	As at 31 March 2015	As at 31 March 2014
a) Present value of obligation as at the beginning of the year	455.54	380.93
b) Interest cost	38.72	32.38
c) Current service cost	51.74	42.93
d) Benefits paid	(9.26)	(106.05)
e) Actuarial loss on obligation	12.68	105.35
f) Present value of obligation as at the end of the year	<b>549.42</b>	<b>455.54</b>

#### Changes in the fair value of plan assets

Particulars	Rs. Lacs	
	As at 31 March 2015	As at 31 March 2014
a) Fair value of plan assets at the beginning of the year	466.80	384.08
b) Expected return on plan assets	40.85	33.61
c) Actuarial gains/(loss)	(3.55)	0.16
d) Contributions	60.00	155.00
e) Benefits paid	(9.26)	(106.05)
f) Fair value of plan assets at the end of the year	<b>554.84</b>	<b>466.80</b>

## Notes to Accounts

### Expenses recognised in the statement of Profit and Loss

Particulars	Rs. Lacs	
	For the year ended 31 March 2015	For the year ended 31 March 2014
a) Current service cost	51.74	42.93
b) Interest cost	38.72	32.38
c) Expected return on plan assets	(40.85)	(33.61)
d) Net actuarial (gain)/ loss recognized in the year	16.23	105.18
e) Expenses recognized in profit and loss account	<b>65.84</b>	<b>146.88</b>

### Details of current year and previous four years of:

Particulars	Year ended 31 March				Rs. Lacs
	2015	2014	2013	2012	2011
Defined benefit obligation	549.42	455.54	380.93	298.21	237.41
Fair value of plan assets	554.84	466.80	384.08	300.48	238.22
Surplus/(deficit)	5.43	11.26	3.15	2.27	0.81
Experience adjustment on plan liabilities (loss)/gain	(12.68)	(10.41)	(41.28)	(37.49)	(12.50)
Experience adjustment on plan assets (loss)/ gain	(3.55)	(1.75)	(0.55)	22.97	(5.66)

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

Particulars	As at 31 March 2015	As at 31 March 2014
	%	%
Discount rate	8.50	8.50
Expected rate of return on assets per annum	8.75	8.75
Salary escalation rate per annum	8.00	8.00

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

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

### Demographic assumptions

	As at 31 March 2015		As at 31 March 2014	
	Age	Withdrawal rate %	Age	Withdrawal rate %
Mortality	IALM(2006-08)		IALM(2006-08)	
Retirement age	58 Years		58 Years	
Withdrawal rates	Age	Withdrawal rate %	Age	Withdrawal rate %
	Upto 30 yrs.	3	Upto 30 yrs.	3
	From 31 to 44 yrs.	2	From 31 to 44 yrs.	2
	Above 44 yrs.	1	Above 44 yrs.	1

Enterprise best estimate of contribution during next year is Rs. 53.87

## Notes to Accounts

The major categories of plan assets are as follows:

Particulars	Rs. Lacs	
	As at 31 March 2015	As at 31 March 2014
Insurer managed funds*	494.18	404.54
Bonds and government securities	60.56	62.16
Balance with banks	0.10	0.10
	<b>554.84</b>	<b>466.80</b>

\*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.

**4.10** As per requirement of sub section (5) of section 135 of the Companies Act 2013, the Company was required to spend at least two percent of its average net profit for the three immediately preceding financial year, in pursuance of its Corporate Social Responsibilities (CSR) Policy. Till 31 March 2015, the Company has spent Rs. 31.95 towards CSR activities.

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

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Value (Rs. Lacs)	%	Value (Rs. Lacs)	%
<b>Raw materials</b>				
Imported	6,305.02	35.11	5,415.96	35.33
Indigenous	11,655.01	64.89	9,913.16	64.67
<b>Total</b>	<b>17,960.03</b>	<b>100.00</b>	<b>15,329.12</b>	<b>100.00</b>

**4.12** Value of imported and indigenous stores and spares and chemicals consumed during the year

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Value (Rs. Lacs)	%	Value (Rs. Lacs)	%
<b>Stores, spares and chemicals</b>				
Imported	116.39	1.04	135.37	1.30
Indigenous	11,042.68	98.96	10,297.98	98.70
<b>Total</b>	<b>11,159.07</b>	<b>100.00</b>	<b>10,433.35</b>	<b>100.00</b>

**4.13** CIF value of imports

Particulars	Rs. Lacs	
	For the year ended 31 March 2015	For the year ended 31 March 2014
Raw materials	6,071.57	4,454.74
Capital goods	305.13	17.30
Spares/stores	136.32	184.79

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

Particulars	Rs. Lacs	
	For the year ended 31 March 2015	For the year ended 31 March 2014
Paper	51,079.96	48,979.57
Soda ash (by-product)	1,537.06	1,367.30
Traded goods (including high seas sale)	108.61	155.12
Waste board (by Product)	54.22	27.12
	<b>52,779.85</b>	<b>50,529.11</b>

## Notes to Accounts

4.15 Details of raw materials and packing material consumed during the year Particulars	Rs. Lacs	
	For the year ended 31st March 2015	For the year ended 31st March 2014
Wood pulp	6,305.02	5,413.12
Wheat straw	5,566.94	3,648.47
Wood chips	1,498.76	1,223.24
Packing Material	1,543.90	1,453.66
Other raw materials	3,045.41	3,590.63
	<b>17,960.03</b>	<b>15,329.12</b>

4.16 Expenditure in foreign currency (on accrual basis) Particulars	Rs. Lacs	
	For the year ended 31 March 2015	For the year ended 31 March 2014
Travelling and conveyance	8.73	0.92
Interest expense	7.34	-
Legal and professional expenses	34.49	-

4.17 Earnings in foreign currency Particulars	Rs. Lacs	
	For the year ended 31 March 2015	For the year ended 31 March 2014
FOB value of exports	343.17	-

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

Particulars	Currency	As at 31 March 2015		As at 31 March 2014	
		Foreign Currency (in lacs)	Rs. (in Lacs)	Foreign Currency (in lacs)	Rs. (in Lacs)
<b>Payables :</b>					
Trade Payable	USD	8.39	525.07	5.63	338.55
Unsecured loan	USD	33.50	2,096.79	-	-
Interest accrued but not due on unsecured loan	USD	0.12	7.34	-	-

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

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

As per our report of even date attached.

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

**Pravin Tulsyan**  
Partner  
Membership No.: 108044

Place : Chandigarh  
Date : 26 May 2015

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

**Jagesh K Khaitan**  
Chairman  
DIN - 00026264

**Roshan Garg**  
President-Finance & CFO

Place : Chandigarh  
Date : 26 May 2015

**Pavan Khaitan**  
Managing Director  
DIN - 00026256

**Vivek Trehan**  
Company Secretary

**Form No. MGT-11  
Proxy Form**

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

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

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

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

1. Name :  
Address :  
E-mail id :

Signature.....or failing him  
2. Name :  
Address :  
E-mail id :

Signature.....or failing him  
3. Name :  
Address :  
E-mail id :

Signature.....

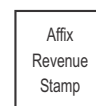
as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 18<sup>th</sup> Annual General Meeting of the Company, to be held on the 18<sup>th</sup> day of September, 2015 at 11:30 a.m. at Salia Khurd, 144529, Distt. Hoshiarpur, Punjab and at any adjournment thereof in respect of such resolutions as are indicated below :

**Resolution No.**

<b>Ordinary Business</b>	
Sr. No.	Item
1	To receive, consider and adopt the audited Balance Sheet of the Company as at 31 <sup>st</sup> March, 2015 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 and Equity Shares
3	Appointment of Director in place of Shri Jagesh K Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
4	Appointment of Auditors of the Company for five years i.e. from the conclusion of this Annual General Meeting till the conclusion of 23 <sup>rd</sup> Annual General Meeting to be held in the year 2020
<b>Special Business</b>	
5	Re-appointment of Shri Jagesh K Khaitan (DIN No. 00026264), as Chairman of the Company w.e.f. 17 <sup>th</sup> July 2015 for a period of five years and to approve his remuneration.
6	To accept Deposits U/s 73 and 76 of the Companies Act, 2013
7	Approval of payment of remuneration to the Cost Auditors.

Signed this.....day of.....2015

Signature of Shareholder



Signature of Proxy holder (s)

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



## ***Kvantum Papers Ltd***

*The Paper Makers*

**CIN : L21012PB1997PLC035243**

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

EMAIL - kvantumcorp@kvantumpapers.com

Website : www.kvantumpapers.com

### **ATTENDANCE SLIP**

Regd. Folio No. / DP ID - Client ID : \_\_\_\_\_

Name & Address of First/Sole Shareholder : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I hereby record my presence at the 18<sup>th</sup> Annual General Meeting of the Company to be held on Friday, the 18<sup>th</sup> day of September, 2015 at 11:30 a.m. at Salia Khurd, 144 529, Distt. Hoshiarpur, Punjab.

Signature of Member/Proxy

**Notes :**

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



# ROUTE MAP

